

CONSTRUCTION - GENERAL

1982

JAN. — DEC.

5 January 1982

33

S A INDUSTRIAL WEEK

New wage structure is big incentive

IN THE absence of an industrial council for the civil engineering industry, a new wage structure has been ap-

proved by the Department of Manpower's Wage Board and the SA Federation of Civil Engineering Contractors,

which comes into effect for the industry's 1250 000 workers on Monday.

Although the determination does not apply throughout the Republic, it affects workers in all major and most smaller centres, including Newcastle, East London, Richards Bay and Kimberley, says Kees Lagaay, director of Safcec.

"The wage schedule of the determination distinguishes 38 categories of employees, which cover over 100 separate activities and embrace every conceivable type of work in the industry from the labourer to the foreman," he says.

In the main metropolitan areas, the minimum wage for labourers set in the determination is 84 cents an hour, rising to R1,43 for grade one construction hands and R2,18 for grade one operators.

"Depending on individual skill, service and experience, a man's wages will be above minimum."

Lagaay says the new classification has enabled the proper rating of employees and has created a potential "ladder of promotion" which will act as an incentive and enable labourers to advance through the different grades.

THE
cave
care
SA

Itali

at I

The

one

me

wo

av

to

pe

U

as

of

he

R

ti

U

l

U

U

U

U

U

U

U

U



The general manager of LTA Construction (Cape), Mr Peter Riddoch, (left) talks to Brigadier J H van der Westhuizen of the Peninsula Administration Board in the courtyard of the company's newly refurbished hostels in Langa.

CAPE TIMES 26/1/82

LTA to spend R1,5m on housing workers

33 124 245

By ALEX PETERSEN

LTA CONSTRUCTION yesterday entered into a new era in their housing for migrant workers with the formal opening of their Langa hostels, which will accommodate about 260 men.

LTA have taken a long lease on the former almost notorious Langa barracks, and at a cost of half-a-million rand have completely refurbished the buildings to a dramatically upgraded standard of accommodation.

The general manager of LTA Construction (Cape), Mr Peter Riddoch, said at the opening that the scheme was the first part of a three-phase operation in the Cape to up-grade housing for the group's workers.

"People are our major asset, and we have realized for some time that it is essential that our workers have suitable accommodation."

The new accommodation houses the men in sets of two-man rooms each centred round a large kitchen/living room.

There is also a large central recreation hall. An indication of the change in density of use is that prior to renovation the barracks on occasion housed over a thousand people.

The second phase of the programme will be the upgrading of the company's migrant housing in Nyanga, also at an estimated cost of about R500 000, while in the third phase will be refurbishing existing buildings or the erection of a new hostel, probably also in Nyanga, depending on further negotiations with the Peninsula Administration Board, whom Mr Riddoch praised for their helpful approach to the Langa scheme.

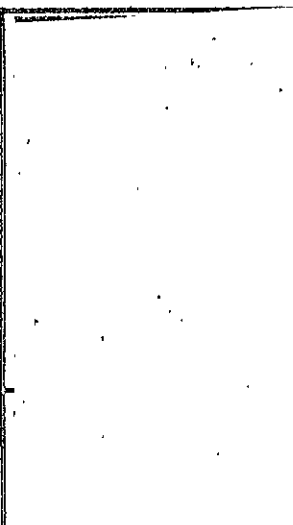
The Langa hostel is leased from the PAB on a long lease. Mr Riddoch told Business Report that to build the equivalent buildings from scratch would cost an estimated R1-million.

He said that companies such as LTA were increasingly realizing the need to put money into black

housing — "We must put our money where our mouth is".

He added that the better housing had already manifested itself in the stability and productivity of the labour force.

The programme is being echoed in other sectors of the LTA group, and an amount of roughly R7-million was being spent during the current two-year period on similar projects throughout the country.



DON'T FORCE WAGES UP—WARNING

(33) S. Tribune
21/2/82

By Frank Jeans

WHILE the authorities' determination to upgrade the black worker in line with his white counter-part is welcomed, there could be some detrimental effect as a result of a new designation law now in force.

Indeed, it is argued, the sweeping legislation in the case of the construction industry, while giving a worker a fixed designation along with commensurate wages, could help to defeat the objectives of stability.

Some construction men believe that such measures would aggravate the current employment situation.

Peter Clogg, managing director of CMGM, the construction arm of Group Five Engineering, says: "The Government says it is backing free enterprise, but it rushes in with legislation, which can only force companies into greater mechanisation."

The big question is that if a worker can suddenly be called a bricklayer with a basic minimum rate of pay is he suddenly more productive.

Clogg believes the open market should still determine what a man gets for a day's work.

Being forced to pay higher wages could

force companies to mechanise.

Clogg hit out at the "bureaucrats who suddenly apply overseas parameters" to the South African work situation.

There is little doubt that the new designation law has its political connotations insofar that the critics of South Africa are not so much concerned about unemployment (they have their own problems in that area) but that we perpetuate the racial differential by paying, say, a black carpenter R1 an hour compared with R7 for a white woodworker.

They fail to consider for a moment, however, the productivity factor.

CMGM has 10 000 employees on its books. Fifteen years ago the wage bill for the 1 000 whites was the same as that of the 9 000 unskilled workers.

Today, there are only about 10 highly paid artisans on the payroll.

danger control valve
aces of machinery or
audience

4.2.7 De CO

Marginal profit
Discounted cash flow
Marketing mix
Festinger's theory of Dissonance
Manpower planning
Product life cycle
Market segmentation
Vernier measuring scale
Manometer
X-Y Digitizer
Permeameter (falling head)

33
27/02/82

33
12/8

WEEKEND POST, FEBRUARY 27, 1982

Cinderella surfer town wakes to building boom

By CLIFF FOSTER

THE building boom which has swept along the coast from Plettenberg Bay has reached Jeffreys Bay with such an impact that black labourers are going to have to be "imported" to keep pace with demand.

The municipality is now busy building a hostel in the black township to accommodate them.

This is just one offshoot of the boom which has seen 270 houses built last year in a municipality which has a permanent population of only about 1 500.

Another is the perpendicular style of price rises. Some beachfront plots have jumped from R12 000 two years ago to R35 000 today — and among the owners some say they would not consider selling for under R30 000.

This is happening in a quiet seaside spot which in the off-season still bears all the signs of a sleepy weekend retreat.

There is still no sewerage, though this is on its way, and the shops are generally of the type that make provision for weekenders' needs.

But we are about to witness, though most likely on a slightly smaller scale, a re-run of what has taken place in the last two years at Plettenberg Bay — one hopes (and almost certainly) without the attendant collapse of the civic services.

The town is preparing to extend its commercial and light industrial undertakings to match the residential growth and there seems no doubt that, in the life of Jeffreys Bay, these early years of the 1980s will be regarded as something of a watershed.

"It's quite phenomenal, the progress that has taken place here," the Town Clerk, Mr Jan Hugo, said this week.

He was referring to the R5 million worth of plans passed by the municipality last year and the R500 000 worth passed so far this year.

"I don't think anybody anticipated the growth. It looks to me as if the Transvalers have really discovered this part of the coastal area."

As in Plettenberg Bay, a very high

percentage of new owners are Transvalers.

"It looks as if the scarcity of money doesn't affect the people building here," Mr Hugo went on.

Twenty-five houses are at present under construction and minimum building standards have been raised from R150 to R200 a square metre this year.

"It's going to be the place for the future," Mr Hugo said.

Nevertheless, he was confident the existing services could stand the pace.

The town's water supply comes from five boreholes, three of which are in use most of the year and the other two are brought on line for the holiday season, when the population swells to between 12 000 and 18 000.

The reservoir capacity is ample and no purification is necessary.

The telephone service, overloaded at Plettenberg Bay, has taken the strain, though on the Kabelous side there are signs that more lines are needed.

The electricity supply is going to be adequate for many years to come.

Many of the newcomers are retired people, but, for those with children, there is a primary school in town to which they can send them. This was extended last year to cope with the influx.

High school children attend school in Humansdorp.

Between 20 and 25 stands in a small industrial estate have been sold off and the council is now considering a second estate.

The first attorney is hoping to set up his practice soon.

So what is happening to all those easy-living surfers who, in an international sense, were the first to put Jeffreys Bay on the map?

"They're no problem," said Mr Hugo.

"You remember a few years back there was a bit of friction between the surfers and the people here.

"But these days you get the chaps coming down and they sleep in the hotel."

Things really are changing fast.



High above the centre of Jeffreys Bay, Mr CHARLIE SYCE (right) is busy building another home. Helping him are Mr WALTER SYCE (centre) and Mr WILSON SNAAP.

Stan 3/3/82

Building trades need new type revolutionary

Stan 3/3/82 (33)

300
300
24 000
300
24 000
300
300
300
300

Dec
01, J
Premi (2)
Jan 3
Jan
04, Jan 1: Insurance B
Years 02 and 03 - same
Dec 31: Income State
01, Jan 1: Insurance B
Bank
01, Jan 1: Insurance B
Premiums Treated as Bu (1)
SOLUTION TO: CL5

The building industry is replanning its entire craft training programme at a cost of millions of rands to raise standards and facilities, reports Mr L E Davis, executive director of the Building Industries Federation of South Africa (Bifsa).

"The new programme will not only ensure that building gets the high-quality craftsmen it deserves, but will allow young men with aptitude and ambition to reach the highest standard in the shortest time," he says.

MANAGEMENT

Many people still think today of a career in the industry as one full of hard labour and mud. Mud and cement there are, but there are now greater opportunities to reach top management positions than in most other industries or professions.

Science and technology have advanced faster in the past 30 years than in all the centuries before.

As living standards rise, so do the demands on the industry's resources; in fact, over the next 20 years it is likely to double its cur-

rent output in money terms."

He says a major revolution in building methods is taking place to meet the growing size and complexity of modern requirements, a revolution where every aid of scientific management is being brought into play, including computers.

The industry, therefore, needs men who can lead and manage the revolution. There is a growing demand for various skills and education to meet the job opportunities it is creating.

A casual glance at any site reveals the intricate nature of building operations today.

The machinery used to swing a section of curtain wall into place, or to throw tons of concrete in a limited time, hide a wealth of leadership, organising ability and craftsmanship.

Such skills are required to co-ordinate all the jobs and processes needed to keep the contract running smoothly, in line with overall plan and progress charts.

But the skills have to

be learned. To meet all the new challenges, the industry has introduced training schemes to teach recruits — craft trades, supervision and management.

TECHNICONS

The industry is playing its part in meeting the country's growing manpower shortage by providing technical training and by offering courses at technicons for construction supervisors and construction surveyors," says Mr Davis.

ACCOUNTING

Black pupils to be groomed for engineering

By Jon Qwelane

Because of the acute shortage of civil engineering technicians and technologists, both the Institution of Civil Engineers and the Federation of Civil Engineering Contractors are to develop black pupils with potential for training in engineering.

The president of the Institution of Civil Engineers, Mr C Skeen believes that "at least 500 graduate engineers and 1000 civil engineering technicians will have to be trained each year to meet the demand."

The profession is currently training only about half this number, and South Africa has produced fewer than 20 black civil engineer graduates, he said.

A committee to implement the project under the leadership of Mr Skeen and Mr Con Roux, chairman of the Civil Engineering Industry Training Board, has determined there are three areas

from which potential trainees could be drawn: the rural areas, the womenfolk and black students.

It's important, says the committee, that in the effort to produce engineers and technicians from the black sector, emphasis be laid on maintaining an acceptably high standard to avoid discrediting the whole effort.

"Some harm has already been done and no further risks should be taken," said Mr Brian Phillips, training manager of the Civil Engineering Industry Training Board.

The committee has also recommended the development of a detailed strategy aimed at increasing the intake and achievement level of blacks as civil engineering technicians and civil engineers over the next decade.

The primary objectives would include:

- Increasing the status and attractiveness of a career in civil engineering in the minds of

blacks.

- Increasing the number of black matriculants able to enter the field.

- Improving the deficiencies in teaching skills with particular emphasis on mathematics, science, language and engineering drawing.

- Increasing the exposure of black schoolchildren to engineering practice and principles with the objective of enhancing their awareness of the role of technology in society.

- Improving the limited technician facilities available to blacks in engineering and increasing the numbers of blacks studying civil engineering by removing racial barriers in tertiary education, both at technikons and at universities.

The regional office for the Department of Education and Training has given access to SAICE and SAFCEC speakers to address educationists and vocational guidance teachers.

Merit 'only criterion' in training

MAGUS 4/3/82 33

(179) Property Editor (246)

THE building industry is on the threshold of concluding agreements with the trade unions which will embody the principle of advancement with merit — and merit alone — being the only criterion, says the president of the Building Industries Federation, Mr Leon Glaser, of Cape Town.

Mr Glaser was speaking at Belhar where the first sod was turned for the site of a new building training centre.

The agreements would be uniform throughout the country, he said.

Once the agreements had come into force, an apprentice who did not pull his weight and did not pass his theory or his practical would stay at the lowest grade of artisan and would not become a craftsman or master craftsman.

The way to the top jobs would also be open to those who did not have the academic qualifications for an apprenticeship. Other routes would be open to them if they had manual dexterity.

CHEAP LABOUR

'The old concept that labour is cheap in South Africa must be got rid of and it must be realised that the steps on the road to productivity include proper training at all levels from the general worker right up to and including the managing directors. We cannot afford to squander our human resources any longer,' Mr Glaser said.

The building industry needed to train an extra 200 000 workers if it was to fulfil its tasks in constructing the building needs of the country by the year 2000.

More than 700 apprentices will be trained each year at the new Belhar centre.

Want to be an engineer?

33

Sowetan 5/3/82

THE South African Institution of Civil Engineers will today hold a buffet lunch and introductory discussion on the Soweto Education Project at Jabulani Technical High School.

The project is aimed at indentifying some 80 pupils now in standard 8 at Soweto secondary schools who have the potential aptitude and interest in engineering as a career.

The selected pupils will be exposed to engineering and related topics through visits to projects and engineering offices and talks and film shows by members of the profes-

sion.

A winter school will be run for a week during the vacation.

For candidates showing continuing aptitude and interest, this enrichment programme will continue until matriculation, in the hope that a reasonable percentage of these matriculants will take up engineering educa-

SOWETAN REPORTER

tion with a view to becoming civil engineers or engineering technicians and technologists.

Engineering clubs will also be introduced at the schools and a group of 200 pupils in Standard 6 will be identified from whom subsequent candidates for the enrichment programme will be drawn.

The project is being undertaken jointly by the South African Institution of Civil Engineers and the South African Federation of Civil Engineering Contractors in close collaboration with the Department of Education and Training.

The programme is the result of "deep concern" in the civil engineering industry about the manpower available to meet future growth needs and the limited number of blacks entering this field, said the chairman of the education and training committee, Mr C.M. McMillan.

UJET

65 64 62 60 58 56 54 52 50 48 46 44 42 40 38 36 34 32 30 28 26 24 22 20 18 16 14 12 10 8 6 4 2

GENERAL NEWS

Def told
quit UK
r 5 years

The Star Bureau
DON — A British
West Indian teen-
found guilty of
has been ordered
judge to leave the
y and stay away
ve years.

Justice Clay
e the order in
don Crown Court
hearing that Carl
ams (18) and his
er planned a four-
holiday in Jamai-
before returning to
there permanently
the end of the

ne National Council
Civil Liberties yes-
y described the
as "repatriation
e back door."

**Strike wave
spreads on
East Rand**

Labour Staff
Industrial unrest
on the East Rand
worsened this week
with more than 1000
workers striking in at
least seven factories,
mainly for higher
wages.

All the disputes in-
volve Germiston metal
workers, and coincide
with yesterday's dead-
lock in the metal in-
dustries' annual indus-
trial council negotia-
tions — which have
been postponed to
April 14.

At the Rand Scrap
Iron and Metal Com-
pany — one of the
country's largest scrap
metal processors —
about 500 workers
struck yesterday for
higher wages.

The firm's managing
director, Mr Harry
Katz, said all but 150
were fired after refus-
ing to return to work.
Police were called in to
stop "intimidators"
who were throwing
stones and preventing
vehicles entering or
leaving the plant.

DISMISSED

More than 100 black
and coloured workers
are on strike at the
Hawker Siddeley
Machines plant. Ma-
nagement would not
comment, but accord-
ing to workers the
strike began yesterday
for a R1 an hour wage
increase.

At Woltube, also in
Germiston, about 260
workers struck on Mon-

day over a demand
that a white security
guard be dismissed. A
Metal and Allied Work-
ers' Union spokesman
said today the guard
had been dismissed and
the strike was over.

At a small Germiston
manufacturer of
switch gear contacts,
EMES, 40 workers left
the factory yesterday
after management had
refused a R1 hourly
increase.

Police with dogs yes-
terday dispersed strik-
ing workers outside
Fensecure, according to
local sources. About 30
struck on Monday. It
was reported that they
wanted a R2 hourly
wage increase.

Wage disputes have
also been reported at
the Hollosee metal firm
in Germiston and at
Alumco Metal Enter-
prises in Wadeville.

The strike by about
300 workers at Afrox
in Germiston ended
yesterday after man-
agement agreed to
start negotiations on
wages.

The workers, em-
ployed mainly at the
Afrox gas equipment
manufacturing plant,
downed tools on Mon-
day after demanding a
R2.50 an hour increase.
The total workforce at
the complex is about
650.

The Orange Vaal
General Workers'
Union claims majority
worker representation
at Clifford Harris;

Rain — after 5 years

SPRINGBOK — It
rained in Springbok
yesterday — the first
rain for five years in
the little farming cen-
tre in the remote Na-
maqualand area of the
north western Cape.
The rain began at 6
am and...

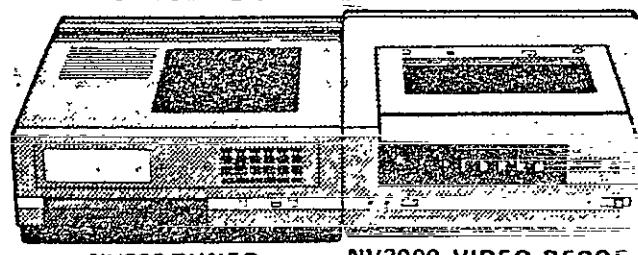
later it was still falling.
Many other areas
around Springbok also
received their first rain
in five years.

A farmer at Gameop
confirmed he had had
several hours of soft,

MOVIES
FROM
MODERN RAD

BUY YOUR VIDEO FROM SA'S LARGEST VIDEO STORE AND GET YOUR MOVIE FREE
Take home a movie free when you feel ill.

NEW! National
TWO IN ONE VIDEO SYSTEM



NV300 TUNER NV3000 VIDEO RECORDER

THE PERFECT HOME & PORTABLE SYSTEM

RECORD YOUR FAVOURITE TV PROGRAMME AT HOME. ADD A CAMERA AND TAKE IT WITH YOU ON HOLIDAY.

THOSE MEMORABLE HOME MOVIES.

BOTH FOR ONLY R1 695

NV3000N

THIS FANTASTIC CAMERA WITH BUILT-IN MONITOR

NV 7000

TOP OF THE RANGE Was R1,095

- REMOTE CONTROL
- 14-DAY TIMER
- DOLBY SOUND
- STILL SLOW MOTION

FINANCE AVAILABLE

BUY FROM US FOR THE BEST DEAL IN TOWN

● OUR FREE MOVIES COULD BE WORTH MORE THAN THE COST OF THE VIDEO

WINDMILL AND



as opposed to
complaints by members
whom can exploit
racial resentments to
the blame at the
of the blacks —
should not unjust-
and an entire com-
munity," he said.

Black artisans can write tests in Durban

Mercury
18/3/82
Mercury Reporter
IT IS not necessary for black artisans in Durban's building industry to travel to Olifantsfontein, near Pretoria, to sit for their national builder's certificate, according to the secretary of the Industrial Council for the Building Industry in Durban, Mr Ken Davel.

Black artisans have been complaining about the new building certificate system, introduced in 1980 when the Black Building Workers Act was repealed, and many believed that the only way they could remain in the industry in Durban was to travel to the Central Organisation for Trade Testing at Olifantsfontein and write the new builder's trade test.

Mr Davel said that the industrial council in Durban had set up its own testing facilities, similar to those at Olifantsfontein, where black builders could write a test to earn a certificate of registration.

He said, however, that it was in the best interests of black artisans to write

the national test in the Transvaal because this would be recognised throughout the country and not only in the greater Durban area.

'This is a bit awkward for blacks, and can be expensive, but at the moment this is the only training centre in the country. The Government has indicated that they might set up more training centres, but I'm not sure when or where,' he said.

Mr Davel added that it was possible that artisans with the Durban industrial council's certificate might be accepted at other areas in the country because it was proof that they were sufficiently skilled in their work.

33
ARCAS 19/3/82

Building worker falls 16 m to death

A BUILDING worker was killed today when he fell 16 m from a construction site scaffolding at the University of the Western Cape.

The dead man's name is being withheld till his next-of-kin have been notified. He was in his thirties.

The accident occurred at building extensions to the Department of Human Ecology at UWC.

33 Star 24/3/82

Threat to jobs as building cools off

Building activity is levelling off and could decline further in the latter part of 1982, with a concomitant increase in unemployment, according to the latest building survey by the Bureau for Economic Research at the University of Stellenbosch.

However, in view of the strict monetary and fiscal policies prevailing, it was unlikely that interest rates would decline significantly in 1982, said the bureau.

The survey found that although serious bottlenecks were still being experienced in the skilled labour supply, it was apparent that the labour shortages had increased during the survey quarter.

Supplies of most building materials, including bricks and cement, had continued to improve.

The bureau's report said: "It is evident that the building industry presents somewhat of an enigma at the moment.

"Building activity has ostensibly failed to react to the record level of nominal interest rates currently being experienced, perhaps because it is still relatively low in real terms.

"Nevertheless, it is apparent that the peak in building demand was reached during 1981. An analysis of certain building activity indicators would suggest that — despite the relatively high

level of activity currently prevailing — a levelling-off in the demand for new building work is to be expected.

"Should the reported cutback in Government expenditure on buildings become more widespread, it is virtually certain to create some measure of unemployment in the industry.

"It would be safe to say that whereas the majority of respondents will experience adequate levels of building activity in the autumn quarter, they can — in the somewhat longer term — expect a reduced demand for building work.

COMPETITIVE

"The remainder of 1982 could therefore possibly be characterised by freely available materials and a further easing in the labour market, as well as a significant increase in competition in tendering.

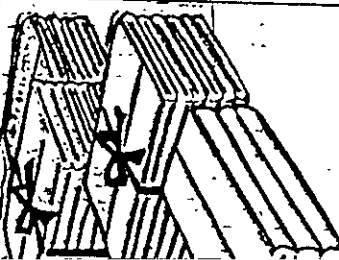
"This implies that profit margins will be squeezed towards the latter part of 1982. Management will therefore have to economise in an endeavour to safeguard profit levels." — Sapa

REGISTERED INDUSTRIAL COUNCILS IN SOUTH AFRICA

AT AT 31 MAY 1981

INDUSTRIAL COUNCIL				TRADE UNION PARTIES		EMPLOYER PARTIES		
Name	Area of Jurisdiction	Main Agreement No. & Date	Period	Variations in Scope	Name	Variations in Scope	Name	Variations in Scope
<p>Worker dies under wet cement ^{CAPL Times 11/6/81} (33)</p> <p>Own Correspondent JOHANNESBURG. — One man was crushed to death and at least four others injured yesterday when several tons of wet concrete plunged five floors down a shaft in a crowded construction site at the R110m unfinished extension to Sandton City. Last night rescue workers were still combing the rubble in an effort to ascertain whether any other people were still trapped. The four injured workers were taken to Tembisa Hospital. One of them was rescued with the jaws of life after his arm was pinned under fallen debris.</p> <p>Narrow escape According to an eyewitness, another man working on the fifth floor had a narrow escape when his overall caught on the edge of a steel girder and he was left hanging in the air "like a piece of meat on a meat hook" until he was rescued. Directing the rescue work was Sandton City's head of construction, Mr Alan Johnston. He said the accident occurred when workers were pouring wet concrete on to scaffolding and formwork on the fifth floor about 1pm. The whole structure gave way and the wet concrete and scaffolding crashed down, taking workers with it and crushing more men working on the ground floor. The general manager of Sandton City, Mr John Jamieson, said there would be an official inquiry into the cause of the accident. Hundreds of subdued workers looked on late yesterday as rescuers unearthed the first body — just over four hours after the accident occurred. A head-count had been taken, but it was not certain whether anybody had been trapped under the debris.</p>								

GE OF POOL
MICALS AT
ARANTEED
EST PRICES



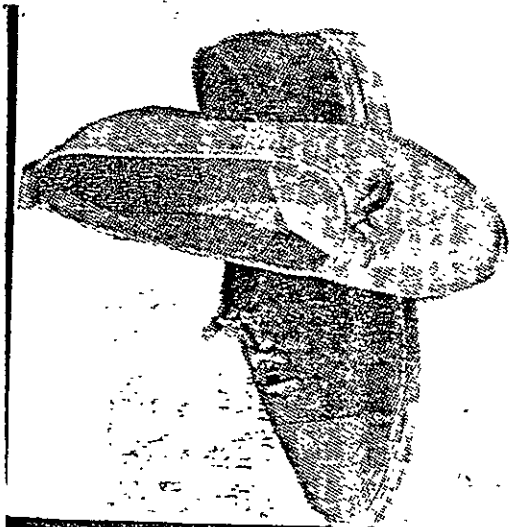
99

9.00 am - 9.00 pm
AYS 8.00 am - 1.00 pm

W
ORE
Satisfaction

D PARKING

D.P.
102



Genuine all leather
casuals

**RUSTENBURG
SHOE SALON**

RONDEBOSCH

39 Main Rd. Tel 69-1867

Bus stop 89

Visa, Mastercard, Buy Aid.

there are more than 20 bred Arab horses.
catering points scattered
around the showgrounds.

Gourmets have a fairly wide selection to choose from and can really go the foreign with a choice of Chinese, Indian, American, German, Portuguese and can, German, Portuguese harness classes.

Worker's death — probe

JOHANNESBURG. — An official inquiry into the accident at a construction site in Sandton City where the man died and four were injured yesterday is to be held soon.

The accident happened yesterday afternoon as four workers poured tons of concrete on to scaffolding and formwork on the fifth floor of the building. The concrete and scaffolding crashed down, trapping labourers on the ground floor. The body of the dead worker was recovered after more than four hours of rescue operations.

HANEPOOT GRAPES

Come and pick your own, sun-ripened Haneboot grapes on Friday 24th and Sat 3rd from 7 am — 5 pm. Bring your own cutlery and containers to take away. No children will be allowed in the vines. Please do not phone on Sundays. Price R8 incl GST per basket of 22 kg, smallest quantity available 11 kg.

#41 directions only please phone 97-1459

TO think of home security
and you'll save on our
showtime specials

- SAFTIDOR** A Size NOW ONLY **R79.00**
- GATES** 688 101 NOW ONLY **R78.00**
- SAFTIGATE** SPECIAL OFFER **R69.00**
- BURGLAR BARS** R6.99
C SIZE 860mm x 445mm

PREPACKED WITH SCREWS FOR ALL STANDARD WINDOWS



moodwex
CASH & CARRY CENTRE

CLAREMONT
Woodmill Centre
(Opp. Woolworths)
TEL: 67-470, 67-3520

PAROW
17 Jones Street
(behind New National Hotel)
TEL: 92-9184, 92-9183

OPEN SATURDAYS

Wages hike could hit ^(3.3) would-be ^{Mercury} _{3/4/82} home-owners

Property Editor

WAGE increases for building workers of up to R1.15 an hour will come into effect in the middle of next month, potentially another blow to would-be home-owners.

But the raises, which will lift minimum wages considerably, may not bite as deeply as might be expected as many reputable builders are paying well above minimum wages to all grades because of the shortage of artisans.

Nevertheless, the acceptance of a higher minimum rate inevitably will cause upward pressure on the top rates and workers could well seek raises in the near future.

One builder estimated that the extra labour and material costs pushed on to the industry in the past 12 days could put R1 000 on a R30 000 home — and those are small by today's standards and prices.

In the past fortnight brick and cement prices have gone up by an average of 17 percent and control on all other building materials has been lifted.

Although new home prices now seem sure to rise appreciably, the final tally may depend on how builders decide to respond with their own profit margins.

Vary

It could be that some homebuilders will prefer to take a lower mark-up at a time when competition for tendering is increasing and when mortgage bond interest rates and the lack of loans have held back many prospective entrants into the property market.

In an average house, the cost of labour accounts for about 50 percent of the total price. But homebuilder Mr Tony Sym, of Canema Homes, said this could vary according to the type of home being built.

At the same time as the rise in wage rates, new levels of grades for workers are being introduced.

From May 13 the two basic definitions of labourer and craftsman will be changed to labourer, artisan, craftsman and master craftsman.

Labourers' wages are to rise from 90 c an hour to R1.04.

The new grades will now receive R3.69 an hour (artisan); R4.15 (craftsman) and R4.61 (master craftsman.)

Sheds in Alexandra

FM 9/1/82

33

It is widely acknowledged that Alexandra township is a disgrace. The streets are littered with garbage, the houses are crumbling and open sewers pollute the place.

Given this environment, private sector companies cannot be expected to completely overcome the township's prevailing conditions when housing their labour in Alexandra.

Having said that, the FM feels there is little excuse for the sort of squalor in which 300 construction workers employed by Darling & Hodgson subsidiary, Combrink Construction, are living in Alexandra.

An investigation of the Combrink hostels last week revealed some appalling conditions. The hostels are pervaded with the stench of rotting garbage and excrement.

Workers sleep in dirty, overcrowded corrugated iron sheds. These are poorly ventilated, intensely hot in summer and extremely cold in winter.

An official of the Peri-Urban Health Board — which monitors conditions in the township — describes the hostels as “rodent infested, appalling, filthy and not fit for human beings. It is lucky that neither cholera

nor typhoid have broken out here yet.”

MD Alex Combrink, a director of Darling & Hodgson, says he is “not proud” of the housing provided by his company and admits that “in the face of the demands of the building boom, the housing needs of the workers have not received adequate attention.”

However, says Combrink, “we have been planning for some time to re-house workers in a new hostel costing between R3m and R4m. We were not able to press ahead with plans because no land was available. We have now been granted land at George Goch and have already appointed a firm of architects. We hope to have completed planning, obtained approvals and re-accommodation at the end of the year. We acquired the land last September when the 99-year leasehold legislation made it

possible.”

Obviously, Alexandra's dependence on an overburdened and inadequate sewerage sanitation and garbage disposal system exacerbates the smell of the hostels. But while garbage in the streets is not Combrink's responsibility, the hostels and ablution blocks clearly are, and they are a disgrace.

Combrink is not the only offender. Accommodation provided by other employers also leaves much to be desired. But the Combrink hostels were the worst seen by the FM.

Six sheds each house 50 men, frequently more. According to the health inspector, “the housing shortage means that there are often illegals living here as well — they simply have nowhere else to sleep. They are packed in so tightly that often four men sleep in steel double-bunks instead of two.”

Says one resident “There are not only rats on the roofs, but on the beds and on the floors. They eat the cardboard we put on the springs beneath our mattresses.” An FM staffer also saw dead rats lying near the overflowing garbage bins.

Combrink points out that Alexandra is overrun by rodents and the company cannot be held responsible for that.

Fowls and goats which wander in and between the sheds, sniffing the garbage piles, old food and excrement, add to the chaos.

The Peri-Urban health official maintains that “the hostels' septic tanks are inadequate, so water and excrement seeps up through the ground. Both waste water and effluent contribute to the stench. Some of the alley-ways alongside the buildings are used as toilets and are unpassable. The men lose self-respect in these conditions.

“We have written to both Wrab and Combrink Construction twice informing them about the appalling, insanitary and unhealthy conditions here, but nothing has been done.”

Counters Combrink: “I am unaware of

this correspondence. When we have been advised telephonically, we have attended to matters immediately. We built a new septic tank last year, in addition to the existing facilities, but if collection of sewerage is not regularly effected by the authorities, we are powerless to do anything about it. The alley-ways were also recently concreted and are cleaned regularly.”

Kitchen facilities are non-existent, although a shed with six filthy rusted tables has been set aside for the purpose. According to the health inspector, “the kitchen is completely non-functional and unrecognisable as a kitchen. Men are forced to keep their food utensils and primus stoves under their beds.” Both cooking and eating are done between the bunks.

At the back of the “kitchen” shed are six sinks. Two were completely blocked with detritus, two were blocked with garbage and one with stagnant water. A sixth appeared to be functional. Combrink is adamant that only one sink was blocked with porridge and the others were all functional. He says: “It is unrealistic to pass judgment on cooking facilities, whatever the environment, immediately after use.”

Minimal facilities

Toilet facilities, in the same shed as the cold showers, are minimal. Some toilets, facing onto a row of 21 showers with no partitions, have doors missing.

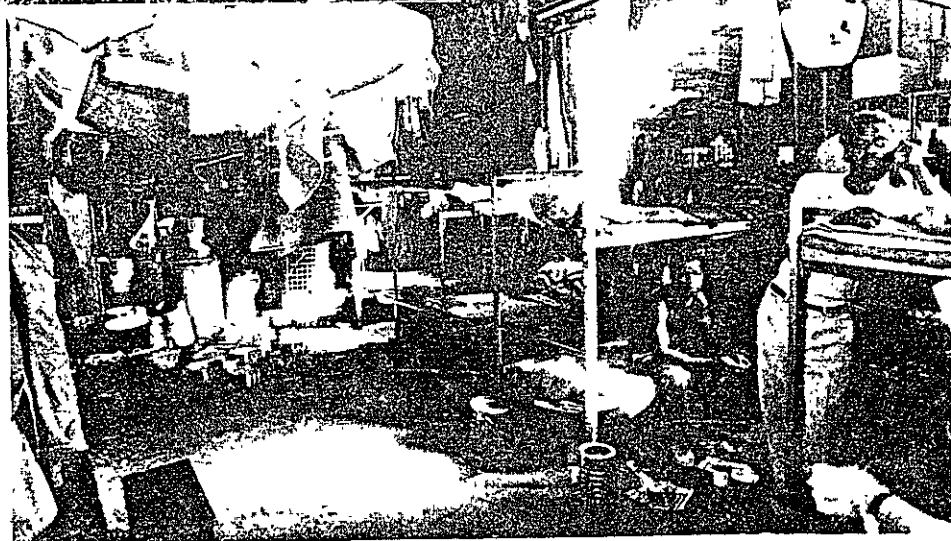
The only facility for hanging washing is the fence, topped with barbed wire, surrounding the compound-style hostel. Combrink emphasises that “the reason for the fence is to offer some measure of security in what is an unsafe township.

“Until we can transfer them to George Goch, we are doing our best to ensure livable conditions in a virtually unlivable township,” he says.

Township manager Gert Steyn comments: “Combrink has always been co-operative in the past. However, we are not at all happy with the way the company is maintaining its hostels. They are filthy. The hostels were built as temporary structures as a result of the housing shortage. Wrab leased land to Combrink, which then erected the temporary structures. But the responsibility for maintenance is theirs. We are no longer permitting the erection of these temporary hostels.”

The hostels are a manifestation of the general state of decay and insecurity resulting from delays in re-planning Alexandra township. But conditions in the Combrink hostels should never have been allowed to deteriorate to the extent that they have. No-one should ask men who do a hard day's work to return to housing provided by private enterprise which is not fit for human habitation.

Adds Combrink: “We are not at all happy at having to accommodate our employees in Alexandra. We recognise the problem and look forward to transferring them to the new hostel in George Goch.”



Hostel exterior (top), interior ... Combrink “not proud”

Building industry troubles

1077 (33)
E. Post 14/4/72

Post Correspondent

JOHANNESBURG — Many artisans have left the building industry in South Africa for other fields because of the unstable situation in the building industry, which has been hit by labour problems

Mr Lou Davis, director of the Building Industries Federation of South Africa, confirmed this today.

He said since the building slump in 1976, at least 40% of artisans had left the industry and were not interested in returning.

The state of the industry had varied violently from too much work to too little and this had driven artisans to more stable fields where they were guaranteed regular work.

Mr Davis said it was estimated that in the next 18 years, the industry needed to train 200 000 people at a minimum cost of R400 million to cover future needs and the backlog that had developed.

ARGLS 19/4/82 (33)

UCT to train 'new style' engineers

Education Reporter

THE University of Cape Town has taken the lead in changing trends in engineering with the establishment of a new chair aimed at the education of the business oriented construction engineer as opposed to the technical engineer.

Dr M C Vorster has been appointed to the civil engineering project and construction manage-

ment chair, the first of its kind at a South African university.

Dr Vorster said that, in the past, engineering courses had been concerned with 'stresses and strains', the construction of facilities rather than design and analysis.

'Engineering also concerns people and profits.

The new course will deal with planning, scheduling, resourcing and budgeting a project.

'Students will be formally taught how to direct and manage the whole project to a given standard in a given time. In the past this has been learned informally.'

Dr Vorster, who has an MBA, helped in 1975 and 1976 to initiate a series of post graduate courses in construction management under the guidance of UCT's graduate school of business and Pretoria

University's civil engineering department.

In 1980 he was appointed senior lecturer and assistant director of the school of business. He was director of construction management programmes for five years.

Last year he was visiting associate professor to the department of civil engineering at Stanford University in California.

Laid-off workers harassed and intimidated, says union

By STEVEN FRIEDMAN
Labour Reporter

EIGHT workers who were laid off by a firm at Vanderbiljpark were told they could not get their jobs back because they had told their union they were retrenched, the union claims

The general secretary of the Building, Construction and Allied Workers' Union, Mr Frank Mohlala, also claims the company, Insulation Products, has been "harassing and intimidating" workers who join the union.

He said the union is considering action against a white employee who was "abusive" to a black worker who had been fired.

The white employee had "shouted at and been abusive" to a woman worker.

Repeated attempts to contact the com-

pany's managing director, Mr Hennie Steyn, over the past few days have been unsuccessful.

Mr Mohlala, who says his union represents about 100 of the 700 workers at the plant, says the workers were fired recently "without being given any reason".

When the union asked management why they had been dismissed, it was told they had been retrenched, but they could have their jobs back after a few weeks had elapsed if they contacted the company.

"They have now been trying for several weeks, but the company will not give them their jobs back," Mr Mohlala said. "They have now been told they cannot have them back because they went to the union when they were fired," he added.

Electricians meet on 'vital' new law

Staff Reporter

MATTERS described as "vital" to the livelihood of members of the Western Cape branch of the Electrical and Allied Trades Union of South Africa will be discussed at a general meeting tomorrow night

A spokesman for the executive committee said yesterday that a new law which did not restrict employers in who they might employ to do installation

work, provided it was supervised by a registered and licensed installation electrician, was tremendously important for members.

He described the implications of the new law, effective since March 1, as vital to the livelihood of members of the union and called for the presence of as many members as possible

At the beginning of March,

what was known as the wireman's licence fell away and was replaced by the installation electrician's certificate.

The spokesman said this meant that companies who had formerly employed a number of electricians with wiremen's licences, now had to have only one licensed and registered installation electrician, who would be responsible by law for what electricians with wire-

men's licences had previously been responsible.

It was important that all union members be informed of the implications of the current situation, the spokesman said, adding that any further comment on the new law could be made only after the meeting.

This would be held at 8pm in the Methodist Church Hall, Klipfontein Road, Hazendal (behind the Athlone bus terminus).

l
e
o
s-
an
nt
ly
rs
pa-

SPECIAL

Registration: Yes
 Founded:
 Area of Operation:
 Officials: Secretary: M.M. Walters.
 Address: 11 Heuwel Street
 Rebeck Kasteel
 6801
 Telephone:

Year	Membership			
	African	Asian	Coloured	White
1980				110
1979				109
1978				110
1977				112
1976				110
1975				105
1974				105
1973				120
1972				..
1971				..
1970				..
				Total

NATIONAL CEMENT EMPLOYEES UNION

Builder found not guilty

29/4/80
33
D. Siphath

EAST LONDON — A local building contractor was found not guilty yesterday of contravening a clause in the building industry regulations preventing employers from allowing their employees to work during the December building holidays.

Mr Gustav Friedrich Carl Sporke, 51, of Bonza Bay Road, Beacon Bay, pleaded not guilty when he appeared before Mr P. Campbell in the magistrate's court.

He was charged with allowing his employees to work from December 14 to 18 last year.

An inspector for the Industrial Council, Mr Bernard Daniel Leach, said he saw Mr Sporke working on a block of flats in Muller street, Southernwood.

On November 27 a letter had been sent to Mr Sporke stating that his application to be exempted from Clause 19 had not been granted by the council.

"I visited the premises in Muller Street on December 14 and 17 and found a number of employees busy with construction work.

"Mr Sporke was not on the site. I spoke to a painter who said he worked for Mr Sporke."

In his defence Mr Sporke said he had applied for an extension to continue his work on the site.

The application was

not granted.

"When it was not granted I sought legal advice and was told to appeal to the local authority first, which I did. I needed extra time because the fire-escape and stormwater drain were not complete because of late plans and unavailability of material," he said.

Mr Sporke denied he was involved in the painting work and said the owners and their private staff and sub-contractors were involved.

He denied the painter mentioned by Mr Leach worked for him. He said a basement for cars would have been flooded if it had rained and the stormwater drain was not made.

It was not possible to complete the work in time, he said. Only when he received a summons did he realise that what he was purported to have done constituted an offence.

He admitted he had a bricklayer, a carpenter and their assistants on the site.

In his finding Mr Campbell said the court could not find there was wilfulness on Mr Sporke's part as well as a degree of negligence.

As a result the State had failed to prove beyond doubt that Mr Sporke had committed an offence related to Clause 19. — DDR

ng and Dyeing

\$
\$
\$
X
X
X
X
X
X

Year	African	Asian and Coloured	White	Total
1970	
1971	
1972	
1973		750		750
1974				
1975				
1976				
1977				
1978				
1979				
1980				

Industrial Council
Registration:
Founded:
Area of Operation:
Officials: Secy
4001
Durban
115A
33 V
Address:

Learning the skills of an artisan



Mr DOC MAHOLA (second from left), a mason who is also qualified as an instructor, is training apprentices who hope to qualify as artisans. They will write trade tests after a 12-week practical training programme at the Emthonjeni Centre.

Course to train staff of Community Council

33 E. Post 4/5/82

Post Reporter

TO ALLEVIATE the serious shortage of skilled artisans in South Africa, the East Cape Administration Board, in collaboration with the Emthonjeni In-service Training Centre, has introduced a course for the training of Community Council staff.

The chief director of the East Cape Administration Board, Mr L C Koch, who opened the course, said it was necessary that employees remained competent in their positions in a fast-changing world.

No company could expect a "particular kind of performance from an employee" until he had been trained properly.

"Money spent on training is a sound investment, as productivity will increase and competent staff are motivated staff," he said.

The maintenance sections have been given priority because they ensured the well-being of the community.

"Without well-trained masons, carpenters and plumbers, no high-quality maintenance work can be done," he said.

Three groups, each consisting of eight to 10 employees, are to undergo intensive 12-week training programmes.

The first group are masons, who were selected on merit from the Port Elizabeth, Uitenhage/Despatch and Grahamstown Community Councils.

The next group will be carpenters, followed by a group of plumbers.

During this 12-week period, the participants will be evaluated to select candidates who can write their trade test at the Technical Test Training Centre of South Africa at Olifantsfontein.

Workers not paid — builder jailed

Appeal
7/5/82

A BUILDING contractor who underpaid his workers was today sentenced to 12 months' imprisonment with six months suspended for five years.

A Cape Town magistrate also ordered Henry Reginald Grace, 35, of no fixed address, to pay back R2 379,99 to the employees concerned and R186,56 to the Industrial Council for the Building Industry before May 31.

Grace was reappearing on charges of underpay-

ment of wages and the non-issue of stamps to labourers and artisans he employed.

Grace, who pleaded guilty, was convicted and sentenced in 1978.

He appealed against the sentence at the time and the appeal was upheld.

The matter was referred back to the magistrate's court for further investigation.

At yesterday's hearing, two artisans told the

court they had worked for Grace in November 1977 and had not been paid for the work they did.

Grace had given them telephone numbers, but could never be contacted when the artisans wanted to ask about their wages.

The two artisans then laid a complaint with the Industrial Council for the Building Industry.

Before passing sentence the magistrate, Mr R H

Peckham, said Grace had exploited his employees. The court could not accept that his business, Jobbers Incorporated, was as unprofitable as he had made out.

The court was not able to force Grace to surrender his certificate of registration, but would set a heavy sentence to make him aware of the seriousness of the crime.

Mr S Shrock appeared for the State, Mr Dave Smit, instructed by Tennant and Co, appeared for Grace.

33

Builder in court on wage charges

Cape Times
2/5/82

ses

Staff Reporter

A BUILDING contractor told a Cape Town magistrate yesterday that he was willing to surrender his building registration certificate to the Industrial Council for the Building Industry, as it had already caused him "enough trouble".

Henry Grace, no age or address given, reappeared on charges of underpayment of wages to labourers, underpayment of wages to artisans and painters, the non-issue of stamps to artisans and labourers, and the non-issue of stamps to labourers. He pleaded guilty to the charges in 1978.

Grace was sentenced in 1978 to six months' imprisonment on the first and fourth charge, and to a further six months on the second and third charge. Three months of both sentences were suspended for five years.

A further condition of the suspension was that Grace repay the secretary of the Industrial Council for the Building Industry R2 566.55.

Grace's appeal against the sentence was upheld and referred to the Magistrate's Court for further investigation.

Mr D Roussouw, an inspector with the council, testified that in 1977 he received complaints from some 50 labourers employed by Grace about unpaid wages.

Mr Yusuf Osman, a plasterer, told the court that in 1977 he had worked for

Grace for a short while.

"I thought I would be paid the normal rate as stipulated by the Industrial Council. I was never paid for the work and all attempts to contact Mr Grace were futile," he said.

Mr George Lincoln, also a plasterer, said he had also been employed by Grace in 1977.

'Went to council'

"When I asked him for my wages he said that he did not carry a bank around with him. He took me to do a job in Claremont and other labourers there told me that they had also not been paid. I also tried to contact him but to no avail. I then went to the Industrial Council."

Grace testified: "I have realized that this time I have reached the end, and carrying on with my business now would get me into more trouble."

"By handing in my building registration certificate I would be unable to employ people and this would affect me seriously, but I would be able to find alternative employment."

At the close of the State's case, the prosecutor, Mr S Shrock, said: "Grace knows that the prison doors are awaiting him and he will promise anything to get a suspended sentence."

Judgment will be passed today. Grace was remanded.

Mr R H Peckham was the magistrate. Mr D Smit appeared for Grace.

Welders Society

Afrikaans student conference

Pretoriase Bakerywer
Operative Bakers, C
National Union of W
National Union of S
National Union of C
National Union of I
National Milling W
Natal Sugar Indust
Natal Baking Indust
General Workers Un
General Workers Un
Food, Beverage & A
Food and Canning I
East London Meat T
Cadbury In-Company
Brewery Employees I
Roland Inmaakerke
Black Allied Worker
Bakery Employees I
Amalgamated Enginee
African Food and C
Food & Beverages
MANUFACTURING
Underground Official
S.A. Technical Offici
S.A. Engine Drivers,
S.A. Electrical Work
S.A. Boilermakers, I
Mine Workers Union
Mine Surface Officia
Mine Coloured Staff
Iron Moulders Societ
Federated Mining Exp
Black Mineworkers Ur
Black Allied Workers
Amalgamated Society
Amalgamated Union o
Amalgamated Enginee
MINING AND QUARRYIN
Trawler and Lime Fl
Orange-Vaal General
National Certified I
Food and Canning Wo
Farmworkers Union
Black Allied Workers Union

AGRICULTURE, FORESTRY AND FISHING

National Federation of Workers
Orange-Vaal General Workers Union
General and Allied Workers Union

Unions have been classified according to the Standard Industrial Classification of All Economic Activities. The full extent of the operation of the following general workers unions has not been established:

UNIONS OPERATING IN 1981 GROUPED ACCORDING TO INDUSTRIAL CLASSIFICATION

Black Allied Workers Union

Cape Explosives Industrial Workers Union

Chemical and Allied Workers Union

Chemical Workers Industrial Union

Chemical Workers Union

Durban Rubber Industrial Union

Engineering and Allied Workers Union

Engineering Industrial Workers Union of S.A.

Federated Mining, Explosives and Chemical Employees Union

Industrial Salaried Staff Association

General Workers Union

Metal and Allied Workers Union

National Union of Engineering, Industrial & Allied Workers

S.A. Chemical Workers Union

South African Allied Workers Union (SAAWU)

Steel, Engineering and Allied Workers Union

Unbogintwini Industrial Workers Union

Weskaapse Plotstof & Chemiese Operateursvakbond

Non-Metallic Mineral Products

Building, Construction and Allied Workers Union

Glass & Allied Workers Union

Glass Workers Union

National Cement Employees Union

National Union of Bricklayers

Transport & General

Base Metal Industries

Machinery and Equipment

Amalgamated Engineering

Black Allied Workers

Electrical and Allied

Electrical and Allied

Engineering and Allied

Engineering Industrial

General Workers Union

General Workers Union

Iron Moulders Society

Metal and Allied Workers

Motor Assembly Contractors

Motor Industry Employees

Motor Industry Corporation

Motor Industry Corporation

Motor Industry Corporation

National Union of

National Union of

Radio Television

S.A. Boilermakers

S.A. Electrical Workers

S.A. Iron, Steel

S.A. Tin Workers

South African

Steel, Engineering

Transvaal, Radio

United African

Jail for man who underpaid staff

Staff Reporter

A BUILDING contractor who underpaid his employees was sentenced yesterday to one year in prison, six months of which was suspended for five years.

He was also ordered to repay the Industrial Council of the building trade R2 566 before May 31.

Henry Reginald Grace, no age or address given, pleaded guilty to underpaying wages of labourers, artisans and painters, as well as the non-issue of stamps to artisans and labourers.

Grace's appeal against the sentence was originally upheld and referred to the Magistrate's Court for further investigation.

Workers complained

Evidence was that in 1977 the Industrial Council received complaints from 50 labourers employed by Grace about underpayment of wages.

Further evidence was that Grace had also neglected to pay his artisans the stipulated minimum wage.

At a previous hearing, Grace told the court he was prepared to surrender his building registration certificate.

Passing judgment, the magistrate, Mr R H Peckham, said Grace had not impressed the court.

"You also showed a callous disregard for your employees — who testified.

Mr Peckham ordered that Grace repay to the Industrial Council of the building trade an amount of R2 566 on or before May 31. R2 380 of the amount is payable to the employees and R186 to the Industrial Council.

Mr Peckham ante-dated the sentence to September 29, 1978 — when Grace was originally sentenced.

Mr S Shrock prosecuted. Mr D Smit appeared for Grace.

nd Welders

ers

roducts

Black Allied Workers Union
Cape Explosives Industrial Workers Union
Chemical and Allied Workers Union
Chemical Workers Industrial Union
Chemical Workers Union
Durban Rubber Industrial Union
Engineering and Allied Workers Union
Engineering Industrial Workers Union of S.A.
Federated Mining, Explosives and Chemical Employees Union
Industrial Salaried Staff Association
General Workers Union
Metal and Allied Workers Union
National Union of Engineering, Industrial & Allied Workers
National Union of Motor Assembly & Rubber Workers of South Africa
S.A. Chemical Workers Union
South African Allied Workers Union (SAAWU)
Steel, Engineering and Allied Workers Union
Unbogintwini Industrial Workers Union
Weskaapse Plotstof & Chemiese Operateursvakbond

Builder jailed for underpaying

33
C. Herald
15/5/82

A CAPE TOWN builder, Henry Grace, was sent to jail last week for underpaying his labourers and artisans and for not paying for stamps for his workers.

Grace, a father of two, was sentenced to two terms of six months' imprisonment. Three months of each sentence was suspended for three years.

He was also ordered to pay back R2 566,55 to the secretary of the Building Industries Industrial Council before the end of this month.

GAUNTLET

According to witnesses Grace told a plasterer who had asked for his wages, "I'm not carrying the bank on me."

The plasterer was not paid.

Mr D Roussouw, a Building Industry Industrial Council inspector

said that Grace had run the gauntlet of his department's investigations for almost four years before he was finally traced to an address in Mowbray two weeks ago.

In 1978 Grace had been convicted of underpaying artisans in his employ, but, on appeal, his case was referred back to court.

He failed to appear and a warrant for his arrest was issued.

Two plasterers, Mr George Lincoln and Mr Yusuf Osman said they had both worked for Grace from November 1977 to November 22, 1977, without being paid. They then left his employ.

CONTACT

They said they had tried to contact Grace by telephone but were unsuccessful. They didn't know his address. They then reported the matter to the Industrial Council.

According to Grace, clients refused to pay on occasions for work done by his men when they were dissatisfied with it.

This was one of the reasons why he found it difficult to pay all his workers.

TROUBLE

Grace said that throughout his time as an employer he had had trouble with the administration of the finances of his business.

He put this down to a lack of business acumen on his part and added that he would now "gladly surrender" his building certificate.

In passing sentence, the magistrate, Mr R H Peckham, said that Grace had exploited his employees and that they were entitled to every cent he owed them.

Mrs Shrock appeared for the State and Grace was defended by Mr D Smit.

1978		
1979		
1980		

Address: 1 Central Court
125 Gale Street
Durban
4001

Officials: Secretary: D. Sibabi

Area of Operation: Transvaal, Natal, Eastern Cape

Founded: 1973

Registration: See note on FOSATU registration, p. 11

Recognition:

- | | |
|----------------------|---------------------------|
| 1) Tensile Rubber | 9) McKennon Chairs |
| 2) Precision Tools | 10) Alusaf |
| 3) Automatic Plating | 11) Vosa |
| 4) Hendrick Trailors | 12) Craft Engineering |
| 5) Hendler | 13) Selchain |
| 6) Kraft Engineering | 14) Stone Street & Hansen |
| 7) William Bros. | 15) Barlows |
| 8) Scottish Cables | |

Membership: 1981 = 24 300

atu Annual
ort Nov.
80/81

Piece of scaffolding kills man

Post Reporter (33)

A MAN was certified dead on arrival at the Provincial Hospital in Uitenhage yesterday after a piece of scaffolding fell on his head.

Major Gerrie van Rooyen, the Eastern Cape police liaison officer, said today the 50-year-old man, Mr Frans Mpati, from Biko Street, Kwanobuhle, employed by an electrical firm, was standing under scaffolding at a factory in

Uitenhage when a piece came loose and fell on his head

Also in Uitenhage yesterday, a 19-year-old man, Mr Richard Salman, of 13 Khahana Street, Kwanobuhle, was taken to the Provincial Hospital with a bullet wound in his back.

According to police, a bus in which Mr Salman was a passenger was stopped by an inspector for being overloaded, and some

of the passengers had to get off

In an incident which followed a shot was fired, hitting Mr Salman in the back. His condition is not serious.

In another incident today, a burglar alarm went off at 4.15am and two members of the patrol dog unit, Sergeants W J van Meyeren and J Killian, went to investigate.

● Turn to Page 3

33 181

Construction workers who continually use vibrating power tools risk losing all sensation in their fingers which may swell and whiten, and in extreme cases — become gangrenous.

In an article in the magazine of the Safety First Association of South Africa, National Safety, the condition known as Raynaud's phenomenon is a warning to workers using

Power tools a gangrene risk

hand-held pneumatic tools.

The vibration of the tools damages and breaks arteries in the fingertips, restricting blood supply.

If the condition advances far enough the fingers may become gangrenous and have to be amputated, but with rest circulation usually returns.

Damage may first be caused by working in cold weather or with hands held above the head.

In Britain, the article says, better design and balance of power tools has reduced the number of workers afflicted by the condition. Investigation is still continuing in South Africa.



VCC

22/6/82 RDM

More trouble hits Richards Bay

Mail Correspondent

DURBAN. — The Richards Bay stoppages spread yesterday as major construction sites were forced to close down when employees from the Enseleni township did not turn up to work.

The strikes at Alusaf and Richards Bay Coal Terminal involving more than 2 000 workers continued, aggravated by the non-arrival at work of about 1 500 construction workers when Enseleni township buses did not operate.

Although, the construction industry appeared to be hardest hit, Enseleni township is one of three serving the Empangeni and Richards Bay area and other industries may have been affected.

Empangeni transport's managing director, Mr J J Steenkamp, said some of their Enseleni buses did not

run due to intimidation.

The managing director of Grinaker Construction in Zululand, Mr R Bennett, said about 700 workers from the construction site extending the Alusaf factory either did not come to work or asked that they be allowed to leave.

Construction of the Richards Bay Coal Terminal was affected on Saturday when 47 D and H Construction employees downed tools.

They appeared in an Empangeni Magistrate's Court yesterday.

The workers pleaded guilty of charges of attending a prohibited gathering — this followed the banning this weekend of all public meetings in the Mtunzini and Empangeni district — and were fined R30 (or 30 days).

The workers had downed tools when the company refused to reinstate 15 of their colleagues who earlier last week approached manage-

ment after one of the workers had been insulted by a foreman, union sources said.

Meanwhile, about 500 strikers from the Richards Bay Coal Terminal held a meeting with their shop stewards yesterday. The shop stewards said the men were determined not to return to work until they had been paid out their pension money.

The Alusaf workers have demanded that their pension money, which is being held in the Seifsa fund, be transferred to a private pension fund.

Alusaf's managing director, Mr Danie van Vuuren, said he had agreed to contact the general secretary of the Seifsa pension fund in an attempt to arrange a discussion with workers.

Mr Van Vuuren said the company still maintained the workers had been discharged but would be willing to consider them for re-employment.

T
e
v
a

f
I
:

Mercury
More workers out on strike

Mercury Reporter *1/6/78*
ABOUT 300 construction workers downed tools this weekend bringing the number of striking workers in Richards Bay to more than 2 500.

The D and H construction workers who had been doing construction work at the Richards Bay coal terminal where about 500 workers have been on strike since Tuesday last week, downed tools on Saturday when the company refused to re-employ 15 workers who

had been dismissed last week, according to union sources

The acting site manager, Mr W Schutte, confirmed the stoppage but would not give any details as he said it was just 'minor and nothing serious'.

A Fosatu spokesman said the workers last Tuesday had sent a delegation of 15 to management after one of the workers had been insulted by a foreman.

She said management had refused to discuss the issue and had told them

they were dismissed.

On Wednesday the workforce had downed tools demanding their reinstatement but had returned to work when the company told them the 15 had not been dismissed, the spokesman said.

'On Saturday when the 15 dismissed workers went to work along with the rest of the workforce they were again told they had been dismissed. The entire workforce then downed tools on site,' she said.

33

7
1
1
5

Handwritten notes at the bottom of the page, including the date '19/1' and other illegible scribbles.

21/6/82 (33) (1982) RDM
Richards Bay stoppage

Mall Correspondent

RICHARDS BAY. — About 300 construction workers downed tools at Richards Bay this weekend, bringing the total of workers on strike in the town to more than 2 500.

The D and H employees who had been doing construction work at the Richards Bay coal terminal downed tools on Saturday when the company refused to re-employ 15 workers who were dismissed on Tuesday last week, union sources said.

The acting site manager, Mr W Schutte, said the stoppage was "minor and nothing serious".

A Federation of South African Trade Unions (Fosatu) spokesman said the workers sent 15 delegates to talk to management after a foreman insulted a worker.

She said management refused to discuss the issue and told them they were dismissed.

On Wednesday the workforce downed tools demanding the reinstatement of the

delegates, but returned to work after the company said the 15 had not been dismissed, the spokesman said.

"On Saturday when the 15 dismissed workers went to work with the rest of the workforce, they were again told they had been dismissed. All workers then downed tools," she said.

The D and H workers join about 1 700 Alusaf workers and Richards Bay coal terminal workers who downed tools last week after a dispute over pensions.

Strikes in Richards Bay spread

Mercury Reporter

RICHARDS Bay work stoppages spread yesterday as major construction sites were forced to close when workers from the Enseleni township did not turn up for work.

As the strikes at Alusaf and Richards Bay Coal Terminal, involving more than 2 000 workers, continued, it appeared that about 1 500 construction workers had joined the stoppages.

Although the construction industry appeared to be hardest hit, Enseleni township is one of three serving the Empangeni and Richards Bay area and it is likely that other industries were also affected.

Empangeni Transport's managing director, Mr J J Steenkamp, said that some of their Enseleni buses had not run due to 'intimidation'.

Workers yesterday also stoned an Alusaf bus in the Esikhawini township but not much damage had been done and nobody had been injured.

Not affected

The managing director of Grinaker Construction in Zululand, Mr R Bennett, said about 700 workers from the construction site extending the Alusaf factory 'either did not come to work or asked that they be allowed to leave'.

He said it appeared as though Enseleni was the only township which had been 'effectively picketed' as workers on the company's other sites and living in areas not effected by the stoppages had continued to work yesterday.

Employer sources said other major construction sites in the area had also been affected.

Meanwhile 47 D and H construction workers, who downed tools at the Richards Bay Coal Terminal on Saturday, appeared in an Empangeni Magistrate's Court yesterday.

They pleaded guilty to charges of attending a prohibited gathering — this followed the banning this weekend of all public meetings in the Mtunzini and Empangeni district this weekend — and were fined R30 (or 30 days).

Disputed

Union sources said the workers had stopped work when the company had refused to reinstate 15 of their colleagues who earlier last week had approached the management after one of the workers had allegedly been insulted by a foreman.

The acting site manager of D and H construction, Mr W Schutte, said yesterday half his workforce, about 60 workers, had turned up to work yesterday. This was disputed by union sources who claim

300 workers were involved in the stoppage.

Richards Bay Coal Terminal shop stewards, after a meeting with about 500 striking workers, yesterday said they were determined not to return to work until they had been paid out their pension money.

Officials from the Fosatu-affiliated Metal and Allied Workers Union and Alusaf shop stewards held a meeting with the company late yesterday but 'nothing was resolved'.

Demanded

Alusaf's managing director, Mr Danie van Vuuren, said he had agreed to contact the general secretary of the Seifsa pension fund in an attempt to arrange a meeting with workers to discuss their grievances.

The Alusaf workers have demanded that their pension money, which is being held in the Seifsa fund, be transferred to a private pension fund.

Mr van Vuuren said the company still stood by its position that the workers had been discharged but would be willing to consider them for re-employment.

'Unfortunately we would not now be able to re-employ them all as we have since employed some workers from outside,' he said.

...from which 100 sev-
eral hours to reach the
facturers, was gutted in
the blaze. Swaziland and South
Africa.

Richards Bay townships 'normal'

26/6/82

~~189~~ ~~332~~ ~~1707~~ ~~33~~ Mercury Reporter

RICHARDS Bay's townships, Enselini and Esikhaweni, 'returned to normal' yesterday but the week-long strikes at Alusaf and Richards Bay Coal Terminal continued, police and employer sources reported.

th
Si
Se
al
6 p
fr
hir
7
Mr
day
apl
ear
the

The major construction firms who had been severely affected earlier this week reported that the majority of their workers had returned.

'Even my tea boy has returned,' an employer said.

About 1 500 construction workers who did not turn up to work at the beginning of the week have been gradually returning to work.

But the 1 700 Alusaf workers and 500 Richards Bay Coal Terminal workers who downed tools last week over pensions have decided to continue their stoppages until their demands are met, according to union sources.

Meanwhile, Alusaf's managing director, Mr Danie van Vuuren, said another 40 workers had applied for re-employment yesterday, bringing the total number of workers in the factory to 650.

Mr van Vuuren said the factory's offices would be open all weekend for those workers who wanted to collect their pay and for applications for re-employment.

Industrial Week 6/7/82
Govt funds basic training scheme

THE Government is to supply R9-million to launch a new scheme which will provide unemployed people with three to eight week training courses.

Workseekers of all population groups between 15 and 30 years old and who have not progressed beyond Standard six are eligible for training, provided they have been registered as unemployed for at least six weeks, could not be placed in employment and have little job experience.

According to the Minister of Manpower, Fanie Botha preparatory steps have already been undertaken and the first training course should get underway soon.

The courses will be of a general nature and geared to employers' needs in various regions.

They will be held in existing facilities, such as group training and in-ser-

vice training centres in the private and public sectors.

Approved candidates will be trained free of charge during which they will receive a subsistence allowance.

But the aim of the courses is that employers will subsequently provide trainees with more specific skills in the work situation.

Botha says that many workseekers are unemployed because they lack basic skills, often because they have left school early.

Under the new scheme workseekers will be trained to a level at which employers could build on through their own in-service training.

"Unemployment causes social problems, and it is our duty to train unemployed people up to a point where they can be

placed on the labour market," says Botha.

The Department also says that it will endeavour to place workseekers in employment on completion of their training.

It is now organising a pilot scheme for the train-

ing of unemployed people at the group training centres in Port Elizabeth and Bloemfontein.

The scheme was planned on the basis of recommendations by the National Training Board and the National Manpower Commission after employers in the private sector had been consul-

By Hugh Poulter

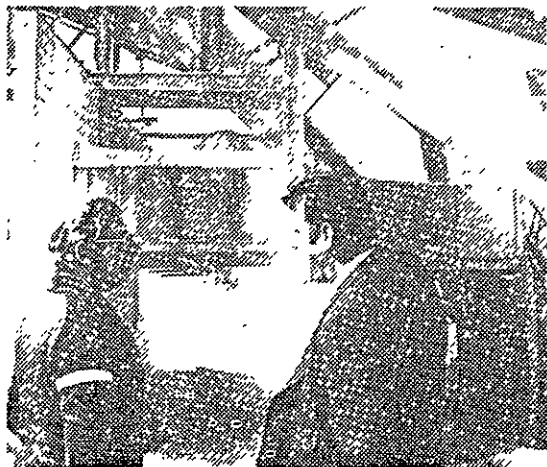
33 Industrial Week 6/7/82
Apprentice centre opens at Estcourt

A MULTI-RACIAL trades training centre has been established by Masonite at its Estcourt mill for the practical training of apprentices.

Approved and registered by the Department of Manpower and Training, the school will have an intake of 12 apprentices annually and will operate on a three-year cycle with the apprentices doing trade tests in their third year. While practical training is given at the centre, the apprentices will all attend block release courses in theory at the various Technikon.

Masonite says that the establishment of the centre was part of a long-range programme to ensure that skilled men were available to maintain the existing plants and to provide for future expansion.

Machine costs slashed by new oil



Piet Greyling (left), manager of Brits Crushers and Action Oil MD Dennis Van Gendingen discuss the success of "re-refined" lubricants in cutting down equipment wear.

SUBSTANTIAL savings in running and maintaining large crusher plants, machinery and heavy vehicles has been attributed by the manager of Brits Crushers to the use of SABS-approved blended lubricants with re-refined base oils, writes Lynn Carlisle.

Piet Greyling of Brits Crushers claims over a 10% saving in lubricants through the use of Action Oil, which he has used continuously for the last 30 months.

With his plant, compressors, rockdrills, and 22 heavy dumpers, pay loaders, working continuously at high temperatures in dusty conditions, he has found it possible to reduce by half the number of mechanics he employs due to a strict maintenance programme and the use of these lubricants.

"Not only are the lub-

ricants

says Greyling. Because Brits Crushers spends an average of R3 500 on lubricants each month — more than 100 000l of Action Oil — the manufacturers have had to donate over R1 000 towards the SA Army Foundation Fund which receives 1c for every litre sold.

"In the past 30 months all I've done is replaced three bearings on crusher plants and my vehicles, which run between 58 000 — 63 000 km a year now need only minor maintenance," says Greyling.

He uses Action Heavy Duty 30 general lubrication for compressors, lathes and other machinery for it eliminates the chance of his staff using the incorrect oils.

"I use the same multi-purpose grease for my machines as it is double refined and contains fewer solids and reduces

compares his company's
 ment of half ton screws
 sling for a major South

SOMITA
 SPEED AND
RTS AFRICA
 MEADOWBROOK, 1010
 EDENVALE, 1610
 TELEX 4-21662

abo
Power Tools
 Made in Germany
 Speed impact drills
 the SB 600/2S
 (6)

That drag to work may cut output

206
33
209

The controversial "labour pool" system which involves the daily supply of millions of labourers from the homelands may cause a significant loss of productivity.

Mr G B Meese of the National Building Institute of the CSIR told the conference on research and development in Pretoria yesterday that long travelling hours between work and home could reduce productivity.

During research into the effects of mild thermal stress on factory workers, Dr Meese and his team also asked workers how early they got up in the morning.

They also investigated the time spent in travelling to work.

In some cases it was found that workers spent more than two hours getting to work. Some fell asleep about 2 pm because of lack of sleep and poor diet.

"We still have to analyse the results of our research," said Dr Meese, "and this could take 18 months. But we assumed from the beginning that travelling and waking times would have some effect on productivity."

There had been no previous studies of the effects on productivity of commuting to and from the homelands, as far as Dr Meese was aware.

Giving what he called "the worst example" of a commuter, Dr Meese said such an employee lived in an un-insulated house, suffered interrupted sleep because of cold and discomfort, rose early in the morning and had to travel a long way to work.

Statistics, unrelated to the CSIR research project, suggest that if travelling time and early waking could be scientifically linked to loss of productivity the problem could be significant.

In Bophuthatswana, 100 million people are bused more than 60 km a year.

In Lebowa more than 42 million people are carried by buses each year.

As in the majority of the national states a normal working day in Lebowa starts very early in the morning.

For instance, the first buses leave the main bus depot at Seshgo at 3.45 am to carry railway workers to Pietersburg.

From 4 am to 7 am more than 48 000 passengers are moved from a single bus depot. Rush hour is over by 7 am.

Six years ago a fleet of 56 buses carried just under half a million people a distance of 305 000 km a month in Lebowa.

It has been estimated by the Lebowa Transport Company that, by the end of the current financial year, these figures will have increased to 1,6 million passengers being carried more than a million kilometres a month.

Loans, not partners — Nafcoc

By Themba Maseko

Blacks felt apprehensive about a policy which denied them the right to own property in "white" areas, but sanctioned white ownership in "black" areas, the president of the National African Federated Chamber of Commerce (Nafoc), Mr Sam Mortsuenyane, said yesterday.

He asked at the organisation's 18th annual conference: "What makes the possibility of white encroachment into the black areas so plausible?"

"Why are there already numerous and well-publicised attempts by white retail chains to establish outlets in black townships?"

Addressing about 500 delegates at the Carlton Hotel, Johannesburg, he said the need for white capital in black areas was accepted, but this should be in the form of loans instead of equity participation by whites in black areas.

On the question of recruitment of labour by black entrepreneurs, he said Nafcoc had asked the Minister of Co-operation and Development, Dr Piet Koornhof, to allow black businessmen to recruit labour from around the country and in neighbouring states.

Amid applause and shouts of "Amandla" the director of Legomo (Pty) (Zimbabwe), Mr

H Mapondera, told the conference that the challenge Africa presented to the black business community transcended "national boundaries and national groups."

Mr Mapondera said: "I am challenging all countries in Africa to start thinking of bringing about an Africa Corporation which will assist us in realising our business thinking."

"We have many able businessmen in this continent frustrated by the limitations placed upon them by petty national and territorial boundaries."

It was time for Africa to enter the age of technology and

trade like other countries, he said. "Africa has to develop itself to a level which should produce success and progress instead of poverty." Mr Mapondera said.

Mr Mortsuenyane revealed that Nafoc has embarked on a project to establish a R3 million national headquarters.

It is envisaged that the centre would include an office block, library, training and lecture rooms, show-room for display of manufacturers' products and a conference hall with a capacity of 1 000. There would also be shops, a parking area, and landscaped gardens.

We aim to train 12 top black matriculants to become engineers.



- We'll give you more than a scholarship**
- The Undergraduate Cadet Scheme is not simply a bursary given to finance a university degree in Engineering. It is much more. You earn a salary while you study and at the same time you also get training towards a management future
 - On being awarded a scholarship you begin work at the company's

- The scheme has been specifically designed to develop Black Matriculants to this level.
- We will give you all the assistance you need to enter one of the participating companies as a graduate and to compete equally with comparable White colleagues for future management positions.

- the University of the Witwatersrand with a B.Sc in Engineering.**
- Training during vacations**
- During the main university vacations, scholarship students will receive either academic assistance with their degrees or take part in special projects and programmes to simulate real-life technical working situations. In short, the problems,

How the scholarship works



We'll give you more than a scholarship

- The Undergraduate Cadet Scheme is not simply a bursary given to finance a university degree in Engineering. It is much more. You earn a salary while you study and at the same time you also get training towards a management future.
 - On being awarded a scholarship, you begin working at the company's Head Office. You start with a unique pre-university year which not only prepares you for your university studies (with courses in the relevant subjects) but also involves you in the working environment of a large company.
 - And, throughout the complete period of your scholarship you enjoy the following:
 - university tuition fees paid by the company;
 - a monthly salary
 - a bonus at the end of every year
 - an annual review of salary
 - annual leave
 - pension and medical aid facilities.
- When, at the end of your course you return full-time to the company, your salary will naturally be commensurate with your graduate status.

Why?

- The companies participating in the Undergraduate Cadet Scheme believe that the future of South Africa depends on creating a society based on stability, justice and equal opportunity.
- They also believe that their own growth depends on the availability of high quality personnel, both Black and White, to fill high level important positions in areas such as Engineering.

- The scheme has been specifically designed to develop Black Matriculants to this level.
- We will give you all the assistance you need to enter one of the participating companies as a graduate and to compete equally with comparable White colleagues for future management positions.

How the scholarship works

- Year 1: Your pre-university year. A unique programme has been devised by Anglo American and the University of the Witwatersrand to prepare the scholarship student for the demands that will be made on him by both the university and his future work environment.
- In this year of intensive academic and vocational preparation the scholarship student will be in the guiding hands of a team of specialist tutors and "mentors".
- The vocational part of this programme covers such subjects as office skills, personal efficiency skills, an introduction to the broad commercial background as well as involvement in practical training projects.
- The pre-university tuition will include Mathematics, English and Communications Skills, Science, Engineering Analysis and Design and training in How to Study at University as well as preparation and orientation for university life.
- At the end of this pre-university year, the scholarship student must decide if he wishes to continue. At that time he will be assessed as to his ability to proceed to university.
- Those who qualify for a technical career will eventually graduate from

the University of the Witwatersrand with a B.Sc. in Engineering.

Training during vacations

- During the main university vacations, scholarship students will receive either academic assistance with their degrees or take part in special projects and programmes to simulate real-life technical working situations. In short, the problems, procedures and people you are likely to encounter at Head Office, in Associated Companies or on the Mines are covered.

The "Mentor" system

- Throughout your Scholarship course you will enjoy the benefits of supervision, guidance and advice from your personal "mentor" - a senior official in the company who will take a personal interest in your progress and career.

Are you!

- Writing matric this year?
- Under 23 years of age?
- A leader?
- Bright and dedicated enough to study for a career in the field of engineering?

I would like to be a cadet. Please post me your application form.

Mark with * address where you will be during July and August.

Home address:.....

..... Tel.....

Name & address of school.....

..... Tel.....

SEND TO: Mrs. Y. dos Santos, Undergraduate Cadet Scheme, Anglo American Corp. of S.A. Ltd. Box 61587, Marshalltown 2107 to arrive before 31 July 1982.

1977
C Times

No bus City workers strike

33

S
in
ot
re
c-
n-
er
r,
id
us
a
s-
at
l-
as
ll
th
ty
as
d.
a
y
-
it
as
re
n-
e
y
te
c-
ll
n-
y,
oll
en
ne
of

Staff Reporter

A GROUP of British artisans working for Murray and Stewart went on strike this week in protest against the company failing to provide them with transport to work.

The 22 joiners refused to report for work yesterday and on Thursday after the company-supplied bus which usually takes them from Sea Point to their jobs in Parow broke down and they had to use public transport.

However, by yesterday afternoon they had elected a committee to negotiate with management and said they would return to work on Monday as an "act of good faith".

A spokesman for the group said the problems with the bus were the latest in a line of promises the company had broken since they started working here three months ago after being recruited in Britain on contract.

Swimming pool

"They showed us beautiful pictures of the hotel we were going to stay in, with swimming pool and all, but it wasn't anything like the place we were moved into.

"They said we could approach them with our problems, but they're just not willing to listen to us.

"The company won't give us our return tickets

back and we feel like prisoners in South Africa. Now, since we never reported for work they've threatened to cut back on our wages.

"We're not used to being treated this way and we're sending letters to our MPs in the UK to get them to raise the matter in Parliament."

Mr G R Knutsen, managing director of Murray and Roberts Building, said that since the bus had broken down it had not been possible to provide transport in the interim. However, the company had spoken to the bus company and they would supply transport again on Monday.

Wages pledge

"I believe a foreman threatened to reduce their wages when they failed to turn up, but this has never been our intention and the incentive scheme for the men will not alter."

Mr Knutsen said only a very small percentage of the staff were involved in the dispute and it would be wrong to take it out of context.

"We don't go to the trouble of recruiting people in the UK only to mess them around."

The men would be entitled to get their return tickets back when their contracts expired in November, he added.

Standard



● A Murray and Roberts Buildings foreman explaining drawings to artisans on site at St John's Place

CAPE TOWN 15/7/82

33

Opportunities in building

EX-SERVICEMEN with a matric certificate and good passes in mathematics and science could make a career in draughting, construction supervision or contract surveying.

Murray and Roberts Buildings (Cape Town) sponsor technician training programmes in these fields.

The construction supervisor is the man between the professional engineer or building contracts manager and the skilled artisan. He knows enough about building design to ensure that the ideas of

the engineer or architect are converted into practical projects.

Costs

He is well enough acquainted with methods to choose those that are suitable for the particular task confronting him. He is conscious of the most effective and efficient ways of doing things and is constantly endeavouring to keep costs at a minimum by careful allocation of the men and machines at his disposal.

The technician in building surveying is con-

cerned with the measurement of the finished work to ensure equitable pricing and payment. Draughtsmen are responsible for detailed drawings that help to convert ideas into reality.

Duration of the courses is four years, one half of which is spent "on site", learning by participation in the work according to a practical training programme. The other half is spent at a technikon. The company pays tuition fees and the technician's salary and a book allowance is provided.

In addition to the technician training scheme, the company sponsors a university bursary loan scheme for civil engineering and building management students which covers tuition fees, book allowance and residence fees.

Bursary holders are employed by the company during the July and December/January vacations.

The company pursues a policy of training and promotion from within and selects many of its future managers from the ranks of students.

Construction workers found dead in site cabin

WPH 20/7/82

33

Mall Correspondent

CAPE TOWN. — Three construction labourers were found dead in their site cabin on a farm near Philadelphia yesterday.

Fellow workers broke the door down after the three failed to report for work.

A police spokesman in Philadelphia said it was presumed that the men, two of them brothers, had died of carbon monoxide poisoning from an open cooking galley in the portable cabin.

They were Mr David Swarts, 30, of Calitzdorp, his brother Mr Arrie Swarts, 21, of Prieska, and Mr Niklaas Kok, 31, also of Prieska.

Workers told police the men had gone to sleep the previous night about 8pm and that nothing was suspected until early yesterday morning when they did not report for work.

Attempts to wake the three men failed and they broke into the cabin. The dead men were still in their beds.

Two views on worker protection

Mercury Reporter 26/7/82

THE general manager of a swimming pool construction company says he is trying his best to get his staff to wear protective clothing and observe safety regulations when using dangerous equipment, but his instructions are being ignored.

But labourers at one of the company's swimming pool construction sites said, however, that protective clothing had never been offered to them, and an angle-grinder operator complained of a persistent chest complaint and said he had spent two days in hospital last year when a tile chip became lodged in his eye.

After concerned members of the public had contacted the Mercury and said that a labourer was using an angle-grinder without any form of protection outside a house in Princess Alice Avenue, the Mercury interviewed the man who said he had never been offered any form of protective clothing.

Mr Gina Mandla, who cuts coping tiles, was enveloped in a cloud of dust while he did his job.

Required

He said he was having problems with his chest, and colleagues confirmed that he had suffered from a bad cough for a long time.

Mr Mandla also said that he had spent two days in hospital last year when a piece of tile had become lodged in his eye.

Mr M Roskam, the deputy director of the Department of Manpower, said in terms of the Factories, Machinery and Building Act, operators of angle-grinders were required to wear protective clothing, which included protection from inhaling harmful dust.

'It is also up to the owner of the equipment to ensure that these regulations are adhered to, failure of which can lead to a fine,' he said.

According to the University of Natal's Department of Chemical Engineering, it was possible that the coping tiles Mr Mandla was cutting contained silica, which if inhaled for long periods could lead to silicosis.

When the Mercury contacted Mr Harry Beckx, general manager of Blue Lake Pools, he said he



MR GINA MANDLA, a swimming pool construction company's labourer, using an angle-grinder without any protective clothing.

was well aware of the requirements of the Act and tried his best to enforce them.

'We have protective clothing, but some of our staff refuse to wear it. It is difficult to keep track of the men because they are spread out on different sites all over Durban, but if I find a man ignoring my instructions I fine him as a form of punishment,' he said.

Mr Beckx said it was a great problem trying to ensure that all his workers complied with safety

regulations, and added that he suspected some of them sold the safety equipment they were given.

Police deaths

GWERU—Four Zimbabwe police officers died and 16 others were injured when their armoured vehicle overturned near Shurugwi at the weekend. Two died at the scene, another was dead on arrival at Gweru hospital, and the fourth died later in hospital. — (Sapa)

BOYS' CREW
T-SHIRT

100% cotton
Sizes: S-M
In white &

R 1

BOYS'
SHORTS

Sizes: 56-
In White &

R 1



WE ACCEPT

Uvongo up in arms over 16 labourers

(125) 202 (33) Mercury 29/7/82

CANDIDATE MUST enter in (1) the number of each question ed (in the order in which it has answered); leave columns (2) and (3).

Internal	External
(2)	(3)
5	

Mercury Reporter
PEOPLE in Uvongo on the South Coast are angry because permission has been granted by the Port Natal Administration Board for 16 black labourers from Durban to be housed in the town while they are building a block of flats.
 This week the Public Works and Health Committee of the Uvongo Town Council lodged an objection to the labourers living in an old house on the construction site.
 The committee said there was a large pool of labour already available on the lower South Coast and it was not necessary to bring labourers from Durban.
 The Town Clerk of Uvongo, Mr Roland Turn-

er, said a formal objection to the arrangement would be sent to the PNAB.
 A spokesman for the board said, however, that he was surprised to hear permission for the blacks to stay in Uvongo had been granted already.
 He said the normal procedure was for the board to approach the municipality in advance to establish whether there were any objections. He promised to investigate.
 Meanwhile, the Uvongo Town Council is to convene a meeting with other municipalities to discuss the enforcement of licensing regulations to prevent over-crowding of coastal holiday resorts at peak periods.
 Mr Turner said a meeting would be convened soon and a report-back would be given to the Natal Municipal Association at its annual meeting.

Date

Degree/Diploma/Certificate for which you are registered (e.g. B.A., B.Sc.) Bus 1

Subject Economics 1a
 (to be copied from the heading on the Examinat

Paper No
 (to be copied from the heading on the Examinat

Section B

NOTE CAREFULLY

1. Enter at the top of each page and in column (1) of the block on this cover the number of the question you are answering.
2. Blue or black ink must be used for written answers. The use of a ball point pen is acceptable. Red or green ink may be used only for underlining, emphasis or for diagrams, for which pencil may also be used.
3. Names must be printed on each separate sheet (e.g. graph paper) where sheets additional to examination book(s) are used.
4. Do not write in the left hand margin.

WARNING

1. No books, notes, pieces of paper or other material may be brought into the examination room unless candidates are so instructed.
2. Candidates are not to communicate with other candidates or with any person except the invigilator.
3. No part of an answer book is to be torn out.
4. All answer books must be handed to the commissioner or to an invigilator before leaving the examination.

Any dishonesty will render the candidate liable to disqualification and to possible exclusion from the University

ARGUS 7/9/82

Women labourers 'underpaid'

53 346
Labour Reporter
THE Industrial Council for the Building Industry intends pressing charges against Besterecta, a construction firm, for allegedly underpaying women working as labourers.

3
t
Last week The Argus reported that about 200 women had been re-trenched from Best-

erecta without notice. Workers interviewed said they had all been doing labourers' jobs but had been paid only 50 c an hour.

The minimum wage specified in the Industrial Council Agreement for labourers, irrespective of sex, is R1,20 an hour. The agreement also specifies

that hourly paid workers be given two hours notice of retrenchment.

A spokesman for the council said statements had been taken from the women concerned.

"The matter is receiving attention and the council will take the necessary action," he said.

Firms ³³

set ¹⁸² to defy ¹⁸² board ¹⁸² on ¹⁸² wages ¹⁸²

S. T. M. M.
12/9/82
Finance
Reporter

CIVIL engineering workers in the Richards Bay-Empangeni area are likely to be paid a minimum wage of R1,01 an hour from the end of this month, despite the fact that the Wage Board will probably lay down a statutory minimum of 89c.

Even now contractors in the area are paying 89c an hour which is well above the existing statutory minimum of 75c.

The 30-odd South African Federation of Civil Engineering Contractors members in the area decided recently to go for a R1,01 minimum wage, because they felt the cost of living for black workers there was just as high, if not higher in some respects, as in Durban.

There had also been some labour unrest in the district — mainly because of money — and it was established that workers' needs were geared to a rand an hour, particularly as some employers in the area pay well above that rate.

Avoid unrest

Contractors felt they had to get to the R1 an hour level to avoid further labour unrest and made application through the Natal branch of Safcec to campaign for urgent change to the wage policy in respect of Richards Bay-Empangeni.

The chairman elect of the Zululand sub-branch of Safcec, Ian Massey, said this week that when the request for a rate of R1,01 was put to the Safcec national executive it was turned down.

"They said no, 89c an hour minimum was all they were prepared to go along with," he said.

As such it is likely that the Wage Board will agree to a statutory minimum of 89c for the area and contractors, should they stick to the decision to pay R1,01 irrespective of the gazetted minimum, will be faced with the problem of paying the extra without any labour index recovery.

Massey said he had spoken to some of the main contractors.

"We were all in agreement that we should pay R1,01 and why we should be paying that. We are trying to get on to a living wage for workers where we can talk about productivity being linked to any increase thereafter.

"If they are only prepared to go to 89c then as far as we are concerned we will have an agreed minimum rate for the area. That's the way we all feel. I think we'll be proved right in the long run."

The Zululand sub-branch is due to have a meeting in the next two weeks when a decision on whether to pay 12c an hour more than the likely statutory minimum will be taken.

Massey believes the contractors will elect to pay R1,01.

Building

trade's

E. Post
second

6/10/82
wage

increase

Post Reporter

THE wages of all employees in the building trade in the Port Elizabeth/Uitenhage area will go up next month.

The wages of journeyman will go up 11%.

This will be the second wage increase in the building industry in three months.

Later this month, amendments to the medical aid fund, sick benefit fund and pension fund agreements are expected to be published.

These will give details of increases in members' contributions from November 1.

The hourly wage for a 40-hour week of journeymen will rise from R3,20 to R3,60 next month.

The rate for less than 40 hours work will be R3,35.

The hourly wage of general employees for a 40-hour week will increase from R1,08 to R1,22, that of semi-skilled workers from R1,19 to R1,33 and that of cleaners from 76c to 85c.

Watchmen will receive an increase from R43,01 for a six-day week to R48,39.

The wages of first-year apprentices will go up from R44,80 a week to R50,40.

Employers in the building trade will also have to increase their contributions to the industry's recruitment and training fund from 50c a week per employee to R1,50 a week.

City builders face jobs blow

AR 645

22/9/82

33

MANY MEN ALREADY LAID OFF

Labour Reporter

THOUSANDS of workers in the construction industry will lose their jobs because of reduced Government spending on sub-economic housing.

The three major mass housing firms in Cape Town — Ilco Homes, Besterecta and Model Development — have already laid off workers

With the Mitchell's Plain contracts coming to an end, hundreds more will be retrenched at the end of the year.

Mr J Demmers, managing director of Ilco Homes, a Durban-based company, said 1 500 workers had

been laid off in Cape Town in the past eight months.

A spokesman for the company said many of the remaining 500 workers would lose their jobs when the Mitchell's Plain contract expired at the end of December.

"Contracts are very tight at the moment. We are carrying on working but, on a much smaller scale," said the spokesman.

He could not specify the numbers that would be retrenched, but confirmed there would be a "gradual reduction" of staff between now and the end of the year.

Besterecta, another firm working on a Government contract in Mitchell's Plain and New Crossroads, has retrenched at least 200 people in the last month.

It is likely that hundreds more could be out of work at the end of the year when the Mitchell's Plain contract comes to an end.

Dr J Evenwal, a director of the firm, said, when commenting on the retrenchment of the 200 workers three weeks ago, that the situation was "serious".

AFFECTED

The building industry was being severely affected by the recession and a "terrible number" of people would soon be without work if there was no improvement, he said.

Model Development has laid off about 2 000 people over the past year from the Mitchell's Plain operations alone, according to a source in the housing industry.

Model Development was recently taken over by Murray and Roberts in an attempt to "keep it on its feet".

NORMAL

However, in spite of the bleak outlook for workers in the mass housing firms, the president of the Master Builders' Association, Mr M E Puttergill, said the situation in the building industry generally was not as bad as it initially appeared.

"The situation in the building industry in terms of employment is normal.

"When contracts come to an end it is natural that workers are laid off. It is important to look at the overall situation in the building industry," he said.

In fact, there had been an increase in employment in the building industry since last year, said Mr Puttergill

70 black pupils get study help

33 Stc 29/9/82

Seventy Standard 8 Soweto pupils who have been selected for their potential for careers in civil engineering are to receive sponsorship and assistance from the civil engineering industry.

The pupils were selected from 250 who attended a three-day career-oriented course in Soweto in June.

The sponsorship is part of a pilot scheme aimed at developing pupils of promise to matriculation stage and at encouraging them to undertake a suitable civil engineering course at a university, techni-

kon or technical college.

The pupils will attend a further three-day course at Thaba Jabula High School from today. The course will include a workshop aimed at helping creativity and improving perception in engineering.

There will also be a feedback session with discussion.

Director of the project, Miss Lente-Louise Louw said support for the scheme had been extremely encouraging and moves were under way to broaden its scope next year.

Bifsa attacks 'vicious'

mortgage rates

SS 12/10/82

Building societies have come under attack from the Building Industries Federation of South Africa.

In a statement accompanying the Bifsa annual report the executive director, Mr Lou Davis, says "The performance of the building society movement in increasing mortgage interest rates to ridicu-

lous levels in order to offset their inability to attract institutional deposits, is a circumstance which makes the average young worker despair of ever owning a portion of South African equity.

On the activities of the societies development companies, Mr Davis said Bifsa had maintained a "critical review" with a view to protecting the interests of those members to whom the shortage of mortgage bond financing presented such a critical threat.

Commenting on Mr Davis's remarks, Mr Keith Gibbs, senior general manager of the South African Permanent Building Society, said: "Societies have always borrowed short and lent long.

The entire movement is structured on this basis.

"The societies can offer lower mortgage rates because of their share portfolios as well as tax benefits. Other than that the rates must be market-related, or the money will flow away.

"It is not necessarily a case of attracting new funds but fair rates are important if you are to retain existing funds."

This pattern applied not only to institutional investors but to man-in-the-street investors, who accounted for 90 percent of society depositors

On prospects for the building industry Mr Davis says. "Despite predictions of a negative growth rate next year for the general

economy followed by a significant upsurge from 1984 onwards, Bifsa can find no sound reason to alter forecasts of a constant steady growth of about 5 percent a year in the long-term."


He warns against allowing financial analysts to "talk the building industry into recession." If they do, he says, the next upswing in prices to satisfy normal building demand will be "mind-boggling"

On costs, Mr Davis makes the point that average builders' profits ("not trading profits enjoyed by marketing and sales agencies") amount to an average of 6 percent on turnover which must be regarded "as moderate, if not downright suicidal"

RIDGID

300 Power Drive

- All metal lightweight construction
- Heavy duty 0.37 kW motor
- Full 25 mm capacity (pipe and solid rod)
- Adapts to threading by using low



DO YOU WANT TO SELL YOUR BUSINESS?

Public companies are looking for acquisitions. If your profits are more than a we

C U ... in US

Firm
1415/10
ordered
to pay
R9 000

Labour Reporter

POWER Installations, an electrical cable laying contractor, was ordered by a Durban magistrate yesterday to pay nearly R9 000 to the Natal Industrial Council for the electrical industry.

Mr E W Hyland sentenced Mr David McCallum, in his capacity as managing director of the company, to four months imprisonment, suspended for six months, on condition he ensures that Power Installations pays the sum in arrears. This followed the company's failure, for almost a year, to pay pension contributions to the industrial council for its Durban labourers.

The firm's managing director, Mr David McCallum, told the Court 'we were unaware of our commitment to the council'.

He said that when the company had been informed by the council that it came under its jurisdiction it had commenced payment for its staff but 'unfortunately we were obliged to pay for the previous year which amounted to a considerable sum of money'.

'I felt this was unfair as we had endeavoured to clarify the matter and a lot of the employees in question had left our employ and we would be unable to recover their portion of the funds,' he said.

Mr McCallum also said that as a 'conscientious employer', it was necessary for him to question the council's laws. He had discovered that his former employees had 'very little chance' of seeing the benefits of their 'hard earned' money.

Plea for more low-income housing

ARGUS 25/10/82

~~23~~ 33

ANY country which could afford R3 000-million a year on defence had to be able to afford to build low-income housing. Professor W F Kilian, head of the department of building management at the University of Cape Town, said at Sea Point today.

Speaking at the opening session of the Building Industries Federation, he said it was clear that the provision of low-income housing was of equal strategic importance.

handsome margin (17 percent compared to 11 percent)"

The authorities had also failed to sterilise some of their funds during the hectic days of 1980 and 1981, and when one considered that the exchequer had the additional windfall revenue from the gold boom during these years, it became remarkable that they were so unsuccessful in controlling the flow of funds to buildings.

WARNINGS

Referring to the warnings that South Africa was threatened by a total offensive, and that enemies of the country were "fanning grievances into a revolutionary flame", Professor Kilian said: "Upwards of 70 percent of construction workers come from black communities and one is forced to realise that the provision of jobs through stimulating construction is of strategic importance."

Professor Kilian also told the Federation that much of the blame for the current cost spiral in building lies with the Government.

Referring to the 114 percent surge in costs between 1978 and 1981, he said: "Government has to accept full responsibility for having failed to curb inflation generally during the long recession of 1974 to 1977 when inflation was at an average of 11 percent a year.

"Virtually all building materials were price controlled yet their prices rose by 22 percent, 17,2 percent and 12,3 percent respectively during 1975-77 beating the relatively uncontrolled prices of consumer items by a

Cape Times 30/10/82 (226) (33)

Pass raids. 50 arrested

Staff Reporter

ABOUT 50 people were arrested by inspectors of the Western Cape Administration Board (WCAB) in pass raids early yesterday morning.

According to a spokesman for the WCAB, the raids were in Table View, Potsdam, Flamingo Vlei and Blaauwberg. Those arrested are being detained for the weekend and are due to appear in the Langa Commissioners' Court on Monday morning.

More than 2 000 people have been arrested by the WCAB in a spate of pass raids which began on September 27 and more than R50 000 in fines has been collected.

The WCAB has said the raids are routine and denied that there is any campaign under way.

● A spokesman for Iico Homes confirmed yesterday that they had instructed the WCAB to raid the company's single men's hostels in Guguletu on

Thursday morning.

He had earlier denied that the WCAB had raided following a complaint from the company, and said they had acted on their own account.

"We are a big company and it is physically impossible to keep track of everything that happens around here," said the spokesman, who is a senior executive of the company but refuses to be named because of company policy.

Concern at accidents on City building sites

33

Staff Reporter

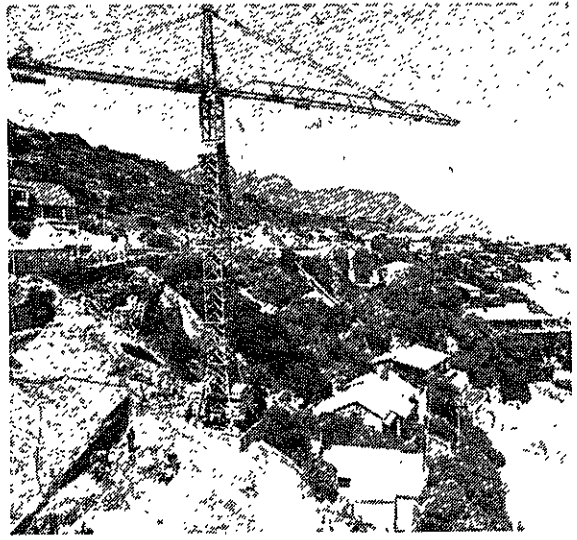
RECENT accidents on overhead building sites in the City centre have caused concern among pedestrians and motorists and highlighted the question of safety measures, particularly in heavily built-up areas.

The Department of Manpower, whose inspectors enforce the safety regulations contained in the Factories, Machinery and Building Work Act, will hold an inquiry today at the Provincial Administration building site where a derrick crashed eight storeys onto three cars parked in Loop Street on October 26.

Five days earlier, a 3-metre steel brace fell from a construction site in Castle Street, smashed six windows and an airconditioning unit in an adjacent building and punched a hole in the bonnet of a parked car. The driver, Mr John Dieman, had left the car seconds before the brace fell.

Claimed lives

Similar accidents caused by falling scaffolding or heavy equipment have claimed lives and injured workers and pedestrians in the past two years.



A 27-metre crane perches on a massive rock at the site of a new seven-storey block of flats above Second Beach, Clifton. The rock has been anchored 26 metres into the earth and the crane mounted on to rails on a thick concrete slab. The crane, which can lift 1,8 tons at the end of its jib, is weighted down by 12 three-quarter-ton concrete slabs.

● On December 29 last year, two men were hurt when the aluminium scaffolding on which they were working at the Good Hope Centre collapsed.

● Two months before, a full concrete bucket crashed from a building site in Loop Street, killing a labourer.

● In December 1980, a falling steel girder killed a construction site workman.

● A man was killed and two others seriously injured when scaffolding collapsed at a Rondebosch building site in January last year.

In an interview, a

spokesman for the Department of Manpower said comprehensive safety regulations for all construction sites were laid down in the Factories, Machinery and Building Work Act.

The Act may soon be repealed by impending legislation on health, machinery and occupational safety.

The spokesman said the Factories Act called for regular tests and inspections of machinery, hoisting gear and heavy equipment used on construction sites.

Hoisting gear had to be used in accordance with design specifications and limits. "If a crane can only lift one ton, it should only be used to lift one ton," the spokesman said.

The City Traffic Manager, Mr Harry Attwood, said construction companies starting work in the City centre had to apply for a hoarding permit to the City Engineer in which they itemized the various stages of the job.

The application is circulated to all departments concerned. They indicate their conditions under which the permit should be issued. If the permit is granted, the company is normally allocated a portion of the road for storage space.

The managing director of Murray and Roberts, Mr Neil Fraser, said the Factories Act laid down regulations for the regular checking and testing of lifting gear, pulleys, ropes, slings and shackles and the correct operation and maintenance of equipment. Safety inspections had to be carried out every three months and record cards had to be kept for all plant and equipment.

Checked daily

The moving parts on cranes were checked and greased daily and their hoist cables tested with and without loads. Daily inspection charts were kept for cranes on all sites.

"We have a very strong safety policy. We try to take every possible precaution, but there is always the human element," Mr Fraser said.

● On Wednesday last week, the Cape Times submitted a number of questions in writing to the City Engineer, Mr J G Brand, about safety measures at overhead construction sites. By yesterday afternoon, no reply had yet been received.

led by FRANK JEANS

Bifsa's aim - to avoid labour conflict

S 21/11/82
33

The construction industry's immediate need is to create stability on the labour front and so avoid conflict with the unions.

This message came across clearly at the Building Industries Federation congress in Cape Town, where speakers urged industrial relations dialogue all the way down the line from management to site office.

At a Press conference, Mr. Pat Morris, the new president of Bifsa, said the federation's aim in the year ahead was the stabilisation of the labour force — the key to which was the provision of adequate housing.

A housing levy on wages will be one of

the suggestions to be closely considered during the Bifsa executive meeting in Bloemfontein later this month.

The federation's vice-president, Mr G H Rowles, said at the congress: "We have no option but to consider the wants of future owners at a price they will be prepared to pay and the Bifsa housing-levy scheme should be based on a combination of options ranging from serviced sites to rental units — maybe even flats.

LABOUR WARNING

"It is therefore imperative that we stop doubting the ability of future owners to choose and pay for what they want."

Tucsa secretary Mr Arthur Grobbelaar told the congress that even at this critical stage of labour negotiation, South African unions would avoid the "dismal record of trade union action in Britain."

Mr Peter Jacobsen, chairman of LTA Construction, said too often company management was either totally opposed to industrial relations or was not enthusiastic about it.

Urging sustained training programmes in industrial training, he said: "This is not a requirement which should be handed down to some junior in the organisation."

The heartbreak stories of those who try to
make it in the city of gold

The great trek north to hardship

w/c ARGUS 13/11/82

33
200
207
204

By SYLVIA VOLLENHOVEN

A YEAR ago Mr Weldon Alexander of Wynberg went job-hunting in Johannesburg. His family never saw him again. He disappeared without trace after an unsuccessful search for work.

With unemployment in South Africa topping the three million mark, Mr Alexander, a plumber and pipefitter, was one of thousands of people — mainly coloured artisans — who joined the trek north in search of better prospects.

His wife, Mrs Maureen Alexander, says the only clue they had was his toolbox, found in a cloakroom at Johannesburg's railway station.

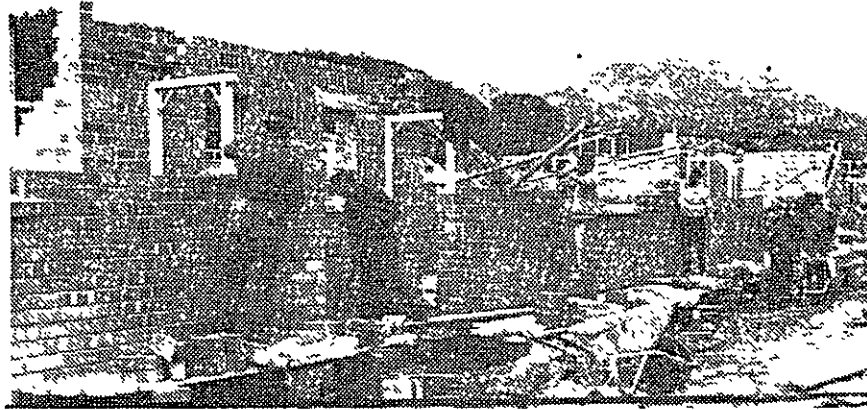
"My only hope now is to ask the SABC to screen his picture and the details on Police File and hope that someone will come up with something," she said this week.

Mugged

Her husband had been working at Sasol and was on his way back home when he was mugged and robbed of his money and rail ticket.

Although his wife sent him another ticket, he was not on the train when it arrived in Cape Town.

There are many heartbreak stories of people from smaller towns and cities trying their luck in Johannesburg. This week economic experts, trade union leaders and sev-



Out of work artisans, especially in the building industry, face bleak job prospects but trying your luck on the Johannesburg job market could be disastrous.

eral hapless "trekkers" warned others not to follow the move to the north unless they first secured jobs, housing and schooling there.

Professor Joubert Botha, a Witwatersrand University professor of economics, told Weekend Argus it was "unwise for Capetonians to pull out their tent pegs" and move to Johannesburg.

Tunnel

"The economy is in a tunnel and until it gets better work opportunities will get less and less everywhere.

"Also the cost of moving and living here in Johannesburg is very high. Housing is an enormous problem," he said.

Professor Botha predicted that the downturn in the economy and the resultant joblessness would continue "for the foreseeable future".

An Athlone bricklayer's wife, Mrs Ronell W

— she did not want to be named — said their stay in Johannesburg had almost ended in divorce.

Problems

"I don't want my personal problems all over the newspapers, but I agree that one should warn all those other people who might think that things are rosy up there," she said in an interview this week.

Her husband Raoul lost his job when the Cape Town building firm he was working for completed a large contract and was forced to lay off some of their workers.

"He tried to get another job but it was just impossible. We have friends in Jo'burg and Raoul went to live with them for a month to find work there," said Mrs W.

She stayed in Cape Town with their four children, but hoped to join her husband who was staying with a family in Coronationville.

"Towards the end of the second month the letters got scarcer and I was so worried. On top of this he told me not to come to Joburg but I left two of the children with my mother and went."

Mrs W said she feared they were becoming estranged and was anxious to know if her husband "had somebody else".

"We had not seen each other for such a long time but from the start we did nothing but argue and fight."

The source of their troubles was that her

husband was feeling inadequate and depressed. He had been unable to find a job and the family he was staying with were not prepared to house his wife and children as well.

Mr W took a low-paying job at a store for a while, thinking he could still look out for better prospects.

Unemployed

"But, after a while of living like that we decided we'd much rather struggle in Cape Town. That place is horrible," said Mrs W, who has since found a job with a city department store. Her husband is still unemployed.

The general secretary of the Building Workers Union, Mr Bob Simmons, said: "At the beginning of the year many people in the building industry were going (to Johannesburg) but the men are now coming back here and telling us of all the problems up there," he said.

Mr Gregory Goede, an unmarried Capetonian living in Hillbrow, said all the coloured families he knew were struggling with either unemployment or lack of housing.

Put her
your p

Fifty workers walk out on Durban excavation site

By Barney Mthombothi

FIFTY machine operators walked out on their jobs this week, bringing work to a standstill after their boss allegedly told them to look for two men who had not reported for work.

The workers, employed by Greystones Enterprises, which is involved in excavation and bulk handling at Glen Anil, Durban, also claimed that R10 was deducted from their pay packets every week supposedly as a pension fund contribution. It was not refunded when they left, they alleged.

Their packets had no payslips and money was often deducted without explanation, they said.

Mr Ken Morrison, a company director, denied the allegations.

He claimed the workers simply walked out after six men were fired for "various misdemeanours" which included taking joy-rides on equipment without permission.

"I still don't know why they walked out. I can only assume there's a bit of intimidation going on," he said.

Workers told the Sunday Tribune that Mr Morrison called them together on Monday and said two of his workers were missing and they (the workers) knew where they were.

The block on this cover question you are answering

- Blue or black ink must be used for answers. The use of a ballpoint pen is not acceptable. Red or green ink for underlining, emphasis or which pencil may also be used.
- Names must be printed on the examination book(s) are used.
- Do not write in the left margin.

Any dishonesty will render the candidate's work null and void.

Strikers cripple Glen Anil operation

"He demanded that we should go and look for them and must never come back if we didn't find them. He closed the gates and even suggested we may have killed them," one of the men said.

Mr Morrison denied the allegations.

The men also complained that they did not get enough protective clothing for handling dusty and at times dangerous substances with the payloaders they operated.

A week ago six workers who were loading pitch pencil — a substance used in making anoids — at Richards Bay harbour were badly affected by the substance. One man was carried from his payloader because he could not see.

The man said he was told by Mr Morrison to report to the office on Monday to be taken to the doctor. When he reported, he claimed Mr Morrison said he should work as there was nothing wrong with him.

The man's skin has been corroded and he said his eyesight had been affected. He became dizzy when it was very hot.

Mr Morrison said he could not get a doctor's appointment on Monday and when he did get it on Tuesday his workforce

had gone on strike. He agreed the substance was "terribly unpleasant".

He said he wanted all the men back but if they did not report for work, he would hire new labour this week.

"The men are very highly trained and very highly thought of in the industry. I'm extremely hopeful they will come back. We haven't made any effort to take on new staff."

He said he did not put slips into the workers' packets to protect them from muggings. They requested it, he said.

Mr Morrison said he had talked to the South African Allied Workers Union in a bid to break the impasse.

"We're more than anything on their (the union) side," Mr Morrison said.

But a SAAWU spokesman said Mr Morrison had been very difficult to talk to.

The Department of Manpower is investigating the men's grievances.

squalification and to possible exclusion from the city

ST enter in each question which it has marks (2) and

External

(3)

Handwritten notes: ~~152~~, S. Tribune, 21/11/82, 33, ~~152~~

es of paper or other material to the examination room so instructed.

communicate with other person except the invigilator.

look is to be torn out. It must be handed to the invigilator before leaving the room.

(55) ~~(17)~~
**Engineering
workers get
wage order**
D. Dispatch
2/12/82

JOHANNESBURG —

For the first time, all 125 000 workers in the civil engineering industry throughout the country except in the national states, are protected by a wage order which lays down legally-binding standards for their work conditions.

Labourers in the "white" rural areas, will now be covered by minimum wage regulations. They now cannot be paid less than 55c an hour.

This follows a government wage order, requested by the SA Federation of Civil Engineering Contractors, which extends standards covering hours of work, overtime, sick pay and other conditions. —
DDC.

SOUTH AFRICA YESTERDAY

Temperatures at 14h00

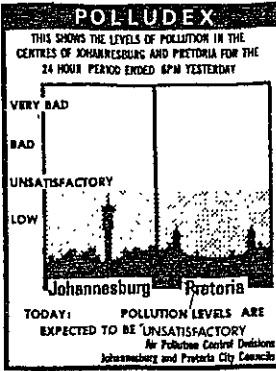
°C	°C	°C
30	Jan Smuts 26	Potchefstroom 21,1
27	Melapruit 25,8	Pretoria 28
27	Pietersburg 23,7	Skukuza 30,4
24	Port Elizabeth 23	Standerton 24

AFRICA Hottest at 14h00: Vredendal 38°C. Coldest at 08h00: Sutherland 12,5°C

SAAL: Hottest at 14h00: Rustenburg 31,2°C. Coldest at 08h00: Standerton 12,5°C

THE WORLD YESTERDAY

	Min	Max	Weather
	°C	°C	
.....	0	3	Clear
.....	12	18	Cloudy
.....	1	8	Cloudy
.....	2	7	Cloudy
Alas ..	18	26	Cloudy
.....	5	14	Rain
Hong ..	16	21	Clear
.....	6	14	Clear
.....	7	17	Clear
.....	3	8	Cloudy
.....	14	17	Clear
.....	-2	9	Cloudy
.....	25	27	Clear
.....	0	1	Rain
.....	-3	3	Clear
.....	7	14	Cloudy
.....	2	6	Cloudy
Janeiro.	20	35	Clear
.....	9	14	Rain
.....	9	13	Cloudy
.....	-4	1	Clear



...composed to a large extent. The man was described as being in his early 50s overalls. Anyone with information should contact the Jeppe police at 618-4931

New deal for 125 000 workers

By **STEVEN FRIEDMAN** Labour Correspondent

FOR the first time, all 125 000 workers in the civil engineering industry throughout the country — except black "homelands" — are protected by a wage order which lays down legally-binding standards for their work conditions.

And labourers in the "white" rural areas, who have never before been covered by minimum wage regulations, enjoy this protection for the first time. They now cannot be paid less than 55c an hour.

This follows a Government wage order which extends standards covering hours of work, overtime, sick pay and other conditions for civil engineering workers in most

"white" areas to several rural areas for the first time.

The order was introduced at the request of the industry's employer association, the SA Federation of Civil Engineering Contractors (Safcec).

In a statement, Safcec welcomed the order and said it meant that "the industry is ahead of many others where industrial council agreements or other wage measures apply only in certain areas and by far the greater part of the country is not covered."

Its director, Mr Kees Lagaa, said yesterday it was difficult to estimate how many workers would enjoy statutory protection for the first time as a result of the order but suggested it could

be in the region of 25%

Safcec concedes the 55c minimum pay for labourers — who are the only workers in the rural areas covered by the new order who now enjoy minimum wage protection — was "moderate".

But Mr Lagaa said it was the industry's practice to introduce low minimum rates in areas where wage orders had just been introduced and then to start raising minimum pay. He said some employers in these areas already paid more than the minimum, but some did pay less.

In the four main industrial areas — the Witwatersrand, Cape Town, Port Elizabeth and Durban — the minimum rate for labourers is R1,01 an hour.

HAMRAD HAMRAD

INSTALL THE MAJOR HOUSE ALARM SYSTEM AND SAVE A FORTUNE!!!

major

THIS SYSTEM CONSISTS OF:

- MAIN CONTROL UNIT R99,95
- MAGNETIC SWITCHES R2,30 EACH
- VIBRATION SWITCHES R3,30 EACH
- KEY SWITCHES R9,40 EACH
- SIRENS FROM R21 — R54,00
- WIRE 10c per metre

MAINS OR BATTERY OR BOTH — NORMAL 12V CAR BATTERY, WHEN ON MAINS — WILL THEN CHARGE BATTERY AUTOMATICALLY.

THIS SYSTEM WORKS OFF YOUR POWER SUPPLY, YET CONTINUES OPERATING DURING A POWER BREAK, FROM THE BATTERY PACK (WHICH IS AUTOMATICALLY RECHARGED WHEN THE POWER IS RECONNECTED) FULL INSTALLATION INSTRUCTIONS ATTACHED

CONTACT HAMRAD FOR FURTHER DETAILS
PRICES EXCLUDE GST

114 BUITENGRACHT ST
CAPE TOWN
TEL 43 5264
45 3601

HAMRAD

J. ESKAF & CO (PTY) LTD

Suppliers to the trade of

WALL-TO-WALL CARPETING

Quality imported rugs and carpets

159 Commissioner Street
Johannesburg
Phone 28-2836

1700 workers are gearing down for a three-day week

23

S. C. News 12/12/82

MORE than 1700 Port Natal Administration Board construction workers are to be put on a three-day week after Christmas because of the recession.

The board's chief director, Mr H A du Plessis, said the short week would prevent more retrenchments.

"The PNAB work for the South African Development Trust, primarily in township construction and site and service schemes, and the money allocated for this has been cut from R20-million to R16,5-million.

"Added to that is the increase in the cost of materials and transport and we've

RECESSION HITS THE PORT NATAL BOARD CONSTRUCTION MEN WITH A VENGEANCE

BY DARYL BAFFOUR

been forced into these economy measures."

The PNAB had tried to keep as many people employed as possible and would continue to do so at least until the end of the current fiscal year.

"It is unfortunate but it

has to be done," Mr du Plessis said.

"We can't overspend Government funds and the money is running out. We can only hope matters will improve soon because housing projects are of strategic importance."

Mr E A Goedeke, senior director of the Drakensberg Administration Board, said his board had already had to make cuts.

"We've been working short-time as and when necessary," he said. "It depends on job priority and how much money is available."

Mr du Plessis said the PNAB had about 3000 men

working on seven township developments. He believed the Government would allocate more funds in the next financial year.

Builders

get

(33)

their

holiday

Mercury

pay 22/12/82

cheques

Labour Reporter

THOUSANDS of building workers yesterday queued in Durban's Old Fort Road to collect their holiday pay.

And although some were pessimistic about the possibility of getting work in the new year due to the recession, employers said the building industry was 'fairly brisk'.

The secretary of the Industrial Council for the Building Industry, Mr Ken Davel, said 3 500 cheques were signed to be paid out yesterday.

Earlier this month 35 000 holiday pay cheques were drawn up but most of these had been handed out by the respective employers, he said.

Mr Davel said the lowest paid labourer received R326 holiday pay.

The vice-president of the Natal Chamber of Industries and major builder, Mr Bill Hamilton, said anyone who was good at the trade would be able to get a job next year.

He added that the whole industry was short of about 3 000 skilled workers.

Although, the public sector had cut back on its building projects, the private sector had 'a lot of work in the pipeline', Mr Hamilton said.

'The building societies have got money again so we are hoping to bounce any recession,' he said.

N.T.

CONSTRUCTION - GENERAL

1982

JAN. — Dec.

(32) Star
Builders buoyant with contracts of R300-m 6/1/82

By Frank Jeans

The building industry faces the coming year with confidence despite high interest rates and tight money. It has contracts worth R300-million achieved in the four weeks from October to November.

The latest figures from the Department of Statistics covering 90 percent of private sector building work reveal that the value of plans passed for the period January-November was R3407-million compared with R3107-million up to October.

Even if a percentage of the contract plans passed do not reach construction stage, the outlook for the industry is healthy.

The January-November figure was close to R1000-million more than the R2418-million for the same period in 1980, and the buoyancy of the industry during the year is underlined by the fact that work to the value

R1547-million was completed — R550-million or about 64 percent better than the R997-million the year before.

It was plus signs all round for the sector with the cost of finance apparently no deterrent to non-residential building.

In the 11-month period, values in this area hit more than R978-million compared with R527-million previously.

Non-residential activity accounted for about R100-million which the builders won over the October-November period.

And although it might be expected that bond shortage and rising rates would find the homebuilders in the doldrums, the statistics show that new houses to the value of R738-million were com-

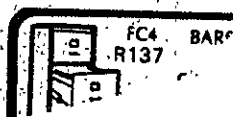
pleted during 1981, compared with R485-million in 1980.

Forward orders in the residential market for the 11 month total R1177-million as against R1030-million in 1980.

Cost-inflation distorts the figures to some extent but even with building costs rising at an estimated two percent a month, these are still outweighed by the demands for work.

US oil bid

NEW YORK — Exxon, the world's largest company, announces spending on projects this much of the search in the desert.



Builders face 22% increase in costs

~~21%~~ (32) Sta 7/1/82

By Frank Jeans

While the building industry is gearing up for what seems certain to be another busy year, the costs burden is being aggravated by new prices for material beginning to filter through.

The latest steel price rise will also push up costs by about 0.25 percent and the trend of soaring costs generally is still apparent.

Mr Lou Davis, executive director of the Building Industries Federation (Bifsa) says it is expected that building costs will again rise in 1982 by about 22 percent.

More encouraging on this front, however, is the prediction of one of the country's major

home builders, Schachat Cullum, estimating that price escalation in 1982, so far as the company is concerned, will not be more than 10 percent, compared with 20 percent during the 1980-81 period.

Schachat Cullum sees this 10 percent as an overall figure covering the cheapest three-bedroom home and the more luxurious range of R100 000 and upwards.

But this increase still represents an extra R5 000 on the R50 000 it takes to build a house today.

Bifsa is dedicated to a year of cost conservation through greater productivity potential based on its extensive manpower training programme.

Mr Davis says: "The industry has no control over the rising cost-

push factors of direct wage demands, increased material costs and the high interest rates on loans."

The Bifsa director believes the high interest rate on borrowed money is going to put severe cash flow restrictions on the building industry and the full responsibility for extensive credit funding could once more "squarely fall on the shoulders of many of our members."

"In the interests of the general public it is to be hoped they will not try to use builders' money by way of holding back financial retentions as working capital for themselves which will inevitably push up costs even further.

"After all, we are builders, not financiers," says Mr Davis.

'Flexible' building code

THE PROPOSED national building regulations for South Africa will have built-in flexibility to provide for local conditions, promises the Department of Industries, Commerce and Tourism.

The proposed uniform building regulations drawn up by the South African Bureau of Standards provoked a country-wide storm of protest from local authorities, builders and others connected with the trade when released last year.

The regulations are to replace those drawn up for each local area. At present these codes differ widely.

Cape Town City Council led the local authorities in protesting against the proposed code. City Engineer Mr. J. G. Brand condemned the draft regulations as 'outrageous, highly objectionable and seriously defective.'

They would lead to a sharp rise in building costs if implemented.

The SABS pointed out that at present each local authority had the right to draw up its own building bylaws. This had resulted in an enormous variety of bylaws in South Africa and often led to the situation where one action was accepted by one local authority and forbidden by another.

After countrywide protests the Department of Industries, Commerce and Tourism promised to set up a committee to investigate complaints and suggestions about the proposed uniform code.

In reply to representation made about the proposed code by the Natal Chamber of Commerce, the department wrote:

'At present there seems to be a widespread and somewhat emotional reaction to the proposed national building regulations.

'I have received numerous letters from various local authorities and

32
promised

w/EARGUS
Proposed
9/1/82

other interested bodies and I can assure you that all valid points raised will be considered at the final evaluation of the various representations.

The redrafted regulations will thereafter probably be republished for further comment to ensure that the regulations are practicable and financially feasible.

The final evaluation will be done with the greatest circumspection and in co-operation with specialists, with the following principles as guidelines:

● Flexibility to provide for the regional variety, but maintaining a reasonable degree of uniformity.

● Provision for the use of different building techniques.

● Provision for the use of a wide variety of building material of approved quality.

● The regulations to be non-technical: technical aspects should be left to the discretion of the specialists in the building industry, such as civil engineers, quantity surveyors, architects, and so on.

All possible steps will be taken to draft regulations which will be suitable for the various local requirements and conditions.

The acting Cape Town City Engineer, Mr. C. F. Freeman said 'The Government's decision to allow flexibility to meet local conditions is certainly a step forward.'

He had had no feedback from the SABS about redrafting of the regulations and had not heard any news about the proposed committee of revision.

Mr. Lou Davis, executive director of the Building Industries Federation of South Africa, welcomed

'Certainly flexibility in the regulations will be needed for local demographic factors but what parameters will be used?'

'If too much flexibility is going to be allowed why have a revised building code at all?'

He also had had no word about the proposed committee of revision.

Fall-off in building seen

W/AR ARGUS (Magazine)
9/1/82
(32)

Alan Cooper, Property Editor

'WHILE there may be some fall-off in the present high rate of building activity in 1982, demand will continue for the foreseeable future and many of the projects still on the drawing boards will be completed and issued shortly for the calling of tenders,' forecasts the President of the Cape Provincial Institute of Architects, Mr H Fish.

The architectural profession during 1981 experienced a period of increasing demand for its services in the commercial, industrial and domestic fields,' he said in a review of the year. A major concern during this period was the increasing escalation in the cost of building works. 'Should these costs continue to escalate in

the coming year certain sectors of development will become uneconomical and the possibility exists of another period of recession in the building and property sectors.

If the predictions of the economic pundits are correct, the economy is due for a downturn.

'Boom periods followed by recession have become part of the pattern in South African property development and it is obvious that a solution to even out these fluctuations in the demand for building services and to create a more stable industry should be found. This probably could be achieved by looking at the following:

- Objective and reliable comment on the supply and demand position of accommodation which could be used as a guide by developers and homeowners. Three years ago it was confidently predicted that the oversupply of office accommodation would take up to 12 years to absorb.

Yet this accommodation is today in short supply with rents rising in certain buildings up to 25 per cent.

- A revision in the programming by the public sector for the erection of essential buildings such as schools, hospitals and administrative buildings where the erection of these buildings should be undertaken during the 'dark' periods in the building industry;

- A brake on the escalating costs of materials which during 1981 rose on an average up to 30 per cent.

- The step-up in training of skilled artisans to provide a stable, competitive and efficient labour force;

- The encouragement and support of small busi-

nesses to create more competition in the industry especially with regard to specialist services and nominated sub-trades;

- A change in the need for elaborate finishes and the use of simpler locally obtainable materials.

ARGHS 13/1/82 (32)

Ilco's 'own cost' homes

Municipal Reporter
CONSTRUCTION giant Ilco Homes is to build 1 350 homes in Mitchell's Plain at its own cost. The land for the project will cost more than R5-million.

Up to now, the Cape Town City Council has used National Housing funds to build houses at Mitchell's Plain. Ilco Homes has been a major contractor in the new suburb.

The new deal between the council and Ilco means Ilco will buy two block sites to build the 1 350 houses at a cost

of R5.6-million.

Deductions from the amount for services and other costs borne by the council means that about R2.4-million in cash will change hands.

The Ilco project is expected to boost the availability of homes for home-owners in Mitchell's Plain following cutbacks in Government funds.

The project must still be officially approved by the City Council and the Department of Community Development.

Easing of home loans may not avert slowdown in building

32 Staw
14/1/82

By Frank Jeans

While the building industry enters the new year confident of sustained activity, a drag is likely to set in which will result in a growth rate of only one percent this year compared with 1981.

If this sluggishness materialises as expected, there will be a compensating factor for builders so far as costs are concerned.

These are expected to run at one percent a month compared with three percent in 1981.

Another hopeful sign for homebuilders is a revival in building society loans later in the year although loan levels are not likely to hit the peaks of the past.

Survey

These facts emerge from the latest survey on the building industry published by the Bureau for Economic Research of the University of Stellenbosch.

Two major factors are expected to contribute to the slowdown in the costs spiral — keener competition among contractors as new work eases off and greater labour productivity.

This cost-saving, despite expected rises in wage rates, will provide a cushion to profits as some builders lose out in the competition for work.

The Bureau gives the following reasons for the buoyancy in the

opening months of the year

● The "overhang" of the record level of plans passed in the 1980-81 period.

● The fixed investment cycle probably has some steam left.

● A net gain of about 21 000 immigrants during January to August last year.

● Building loans rising from R29,6-million in August last year to R40-million by October.

Supply of materials continues to be a headache for the industry, with the main moan centering on the prime commodity — cement.

According to the survey, 73 percent of the country's contractors report unsatisfactory cement supply conditions, which "hamper activities."

This situation might change, however, as the cement producers continue to gear production to meet the demand.

The Cement Marketing Organisation reports that output this year will exceed last year's 6,9-million tons by about 400 000 tons — the prices of which are expected to rise from 11,9 percent to 14 percent.

Penalty clauses for late delivery of projects could mean financial loss brought about by factors over which the builder has little or no control.

Another contentious area for the building industry is on the labour front with severe bottlenecks persisting.

One BER respondent says: "A slight recession might make the industry more efficient. Artisans are assured of employment irrespective of their skill under present conditions."

A particular snag which aggravates the labour situation pertains to black workers.

Building costs outpace inflation

RDM 15/1/82 BY PENNY CUMMINS (32)

THE PRICE of materials and wages in the building industry rose at more than twice the rate of inflation last year.

Last year, estimates Bureau of Economic Research economist Mr. Johan Snyman, building prices rose 36,4%, against an inflation rate of about 14,5%.

This year he thinks a rise of 12% is more likely.

He is aware that Mr Lou Davis of Bifa and Mr Z L Pretorius of the Master Builder and Traders Association have forecast rises of 22% or 28%, but "they are I think referring to builders' costs. I am talking about the cost to the public.

"Labour and materials costs may well rise by about 15%, but I believe that builders will have to absorb the costs as they compete for jobs in a declining market."

"There was an acute shortage of skills and materials last year," says property economist Mr Neville

Berkowitz.

A Pretoria quantity surveyor says: "Customers were so eager to hire a builder that many jobs went through without even being tendered for. Builders didn't need all the business offered them, and some even raised their prices in the hope of losing the extra work.

"We are still experiencing the aftermath of the boom, and there is still a critical shortage of labour and materials. I do not think this will be the case later in the year."

Mr Davis disagrees, saying: "There is no way that the building industry will contract this year.

"The inflation index is linked to consumer spending. Building is capital investment, and the cost is not completely negotiable.

"Admittedly, the building industry is not operating with its back to the wall at the moment. We are working in a reasonable market after the thin years of 1977 and 1978."

Mr Davis says that in the recession builders cut their margins to the bone, and had no opportunity to replace or acquire equipment.

"Our profits are comparable to the US figures of 1,29% net profit after tax on sales and 8,8% on capital and reserves."

Mr Pretorius based his predictions for this year on last year's figure from the Department of Statistics of 30%.

He says: "The acute skill shortage in the industry is continuing, and pay rates are generally in excess of the negotiated settlements.

"Last year material costs rose steeply, especially bricks and cement, which are both price-controlled."

There are two major brick suppliers and three big cement manufacturers.

Mr Snyman blamed much of last year's price rises on the increased cost of bricks and cement.

"Last year there were huge shortages of both commodities. The manufacturers were certainly not competing for custom."

The brakes are on

Predictably, Stellenbosch University sees a significant fall-off in building this year. And, equally predictable, it expects the rate of increase in building costs to fall.

The surprise is the size of the forecast drop — from around 30% last year to 12% in 1982.

The university's Bureau for Economic Research (BER) finds that year-on-year costs, based on tender prices, rose 36,4% in the first quarter of 1981, 32,1% in the second quarter and 32,4% in the third.

Although no figures are available for the last quarter of 1981, the BER predicts an average increase of 30%-32% for 1981. Clearly, therefore, the handsome margins which contractors creamed off through the boom are not expected to be sustained.

As the bureau points out, competition in tendering has the single most important impact on costs. And, as it noted in the previous survey (*Property*, September 25), such competition has been rising steadily since the first quarter of 1981 in line with slower all-round growth.

The upshot as the BER sees it should be a generally freer labour market and an improvement in material supplies. For contractors, it foresees good news and bad. On the one hand, it expects an increase in productivity and a resultant reduction in labour cost input, even though base wages will rise; on the other, margins will be trimmed and work will become increasingly scarce.

Clearly, therefore, the industry is still a long way from finding a solution to the peaks-and-troughs problem which it has faced for so long.

Indeed, many builders have yet to pay the price for the inadequate tender prices which they were compelled to submit in 1978 and 1979. Where such long-term contracts are involved, many could be feeling the pinch. The BER points out that the escalation formulae have not adequately compensated them for inordinate increases in interim labour costs.

And the relief on the labour front expected this year could come too late for many of them, says the bureau. The result: a prob-

able increase in liquidations despite the easing in the labour and material bottlenecks.

Summing up, the BER forecasts an average rise of about 12% in the building cost index during 1982. Base rate for labour will increase on average by just over 14% and material price increases will be about the same.

The drop in the rate of increase to 12%, therefore, will have to be achieved by higher productivity and/or smaller profit margins.

The more widely quoted monthly cost escalation rate will thus drop from around 3% last year to 1% in 1982 — a far more manageable rate.

On the private residential property front, the BER traces the nadir in mortgage fund supply to August last year, when only R29,6m was forthcoming for building loans. The figure increased to R40m by October.

Stimulation in the private sector should start in the third quarter of this year, the BER believes, as more loan funds become available.

So the outlook for would-be homeowners in the second half of 1982 looks a good deal better than it did during the same period last year. Competition among builders in this sector should likewise lead to a far lower rate of increase in production costs and bond finance should be easier to find.

But will the demand be there? If so, there could well be another big surge in house prices late this year. Even short memories will recall what happened the last time strong demand coincided with a plentiful supply of bond money.

BUILDING COSTS

Building Cost Indicators	%	Currently	Forecast
			for 1982
			%
BER Building Cost Index	32,4	(3rd Quarter 1981)	12
BER Building Plant-Index	11,5	(October 1981)	15
Building Materials Prices	11,9	(September 1981)	14
Labour Costs: Skilled	14,6	(August 1981)	14
Unskilled	14,2	(August 1981)	15
Total	14,6	(August 1981)	15
Work Group 24 1 of the Haylett Formulae	15,1	(September 1981)	15
SA Department of Statistics			
Contract Price Index for New Dwelling Houses	33,2	(2nd Quarter 1981)	12

Building up Natal

(32) Meru 16/1/82

L T A is changing the face of Natal with contracts totalling R84 million, including a number of structural landmarks. The 'banana boys and girls' will be living, travelling, watching movies, receiving medical treatment, playing sports and being educated when the projects are completed.

One of the most important landmarks is the Connaught Bridge in Durban, costing R4 700 000 with symmetrical, sweeping carriageways funnelling into the bridge itself high above the Umgeni River.

The new bridge is next to the old bridge built 20 years ago by James Thompson Ltd, a constituent of L T A.

Work on the new structure began in June 1979, and is due for completion early this year.

It has nine spans of 44 m each carried on piers with heavy precast foundations extending 7 m beneath the river bed. The top of the bridge deck is 21 m above the river bed.

The pre-stressed concrete Connaught Bridge has four carriageways with an on-ramp from the old North Coast Road to the north and off-ramps to the south to Quarry Road and Umgeni Road.

THE recent opening of the Prince Mshiyeni Memorial Hospital, Umlazi, marked yet another huge contract for the construction firm L T A. And as construction companies and builders returned to work this week after their annual three-week break, L T A started work again on the new office block on the site of the old Marine Hotel, just one of many contracts in the province on which it is engaged. An article in the latest issue of the group's magazine, Dateline, focuses attention on some of the projects in Natal . . .

Another highly visible contract is the mainline Durban station, worth R18,3 million from South African Railways for the second stage of development after the initial undertaking of R3 200 000.

This involves L T A in completing the mainline station, Road Transport Services terminals and plants, including the finishes.

Work was started earlier last year with partial completion towards the end of 1982 and includes roadways and associated services.

The main feature is a 55 m wide concrete structure including elevated roadways and ramps and suspended slabs at mezzanine, concourse and roof levels.

This comprises reinforced concrete pile caps on existing foundations,

columns, and pre-stressed beams and slabs with internal brick and lightweight partitions. The internal finishes are in brick, plaster and paint.

L T A also will build two concrete-framed structures with cantilevered roofs and raised island platforms on existing roads to serve as police checkpoints.

The most modern hostels in Natal are being built by the company for the Railways at a cost of R18,5 million.

These are at Umlazi and initially will house nearly 4 000 black Railways workers in buildings of high quality finish, including mahogany joinery and aluminium windows.

Included in the complex is a shopping plaza, library and council chamber, together with an air-conditioned community centre containing a large recreation hall and facilities

for boxing, wrestling, billiards and card-playing.

Outdoor sports also are well catered for — there will be a circular amphitheatre seating 6 000 on concrete terraces with three football fields and an outdoor cinema screen.

The stadium at Umlazi Hostel complex will seat 700 in a reinforced concrete grandstand with cantilevered canopy from where they will have an excellent view of the 500 m hard-surface cycle track.

The contract is due for completion in the middle of 1982 and L T A is employing 600 workers on site.

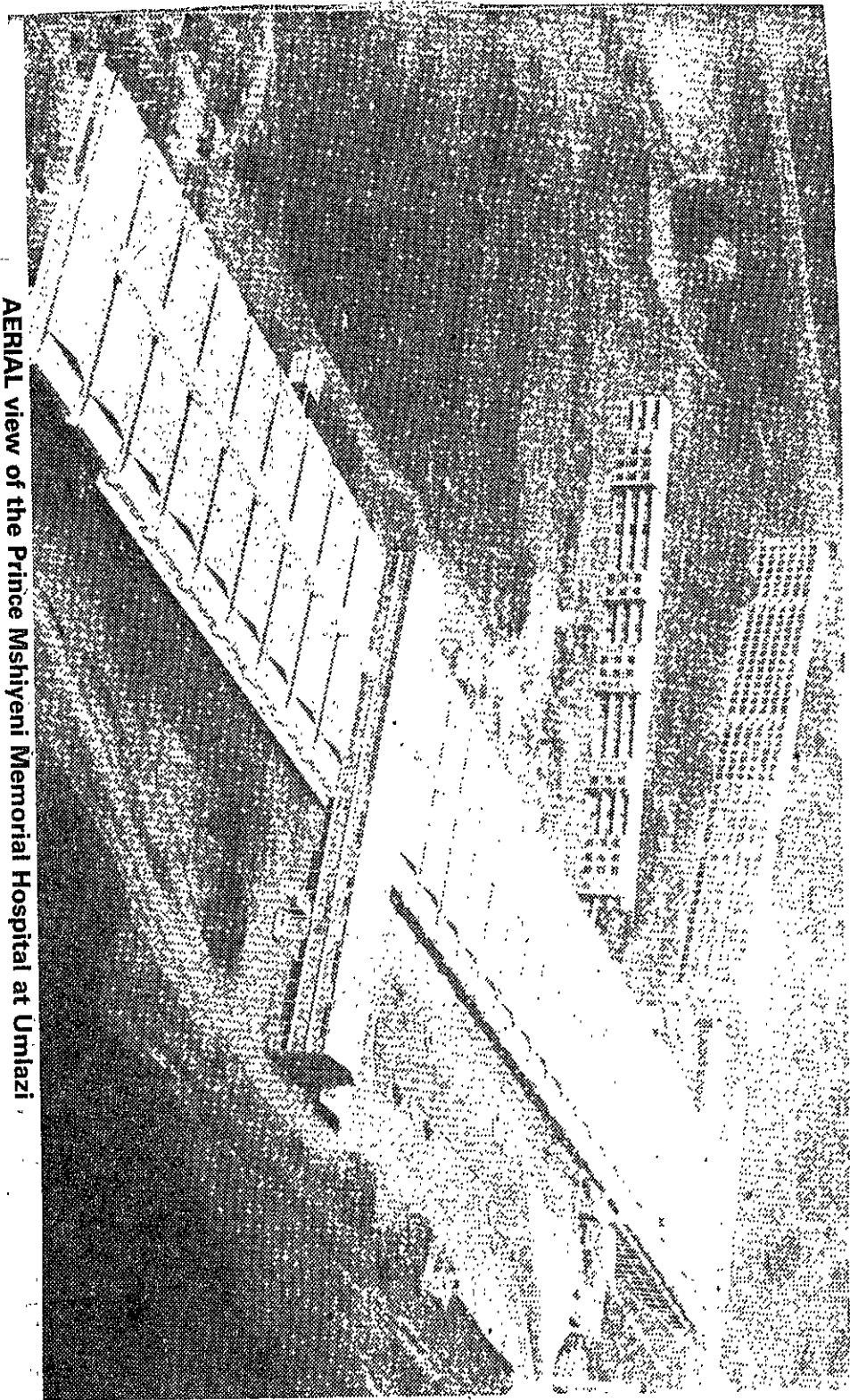
Another major contract for L T A Construction (Natal) at Umlazi was for more than R9 100 000 in extensions to the Prince Mshiyeni Memorial Hospital.

It includes a double-storey garage for hospital vehicles, two fireproof stores, covered parking and a concrete structure for a lift shaft and link floors for a five-storey building with off-shutter finish.

This contract, running to the end of 1983, also involves the completion of constructions erected under a previous L T A contract.

The work will be carried out on the lower levels of the multi-storey service block, visitors' facilities and the single-storey maternity section.

These current L T A activities in Natal, together with other work pending, involve the group in a wide-ranging contribution to the development of the province and will have a direct effect on the lives of many thousands of people.



AERIAL view of the Prince Mshiyeni Memorial Hospital at Umlazi

BUSINESS 3

CONSTRUCTION

27 37 Jan 19/1/82

LTA heads big housing drive

The LTA group is spearheading a national housing drive with the establishment of a new company, LTA Housing.

LTA Housing's activities will be broadened to embrace all forms of housing in the public and private sectors and will include mass housing, staff and worker accommodation and home-ownership schemes.

The company will concentrate on traditional building methods and will be looking at the introduction of new techniques. It will not be involved in industrialised building, leaving this operation to the existing building systems division.

LTA Housing will provide a total package service to suit clients' wants for mass housing and home-ownership schemes.

LTA Conjig's corporate housing section, which builds homes for corporation workers under 99-year leasehold, will be included in the new set-up and will be expanded.

Chairman of LTA Housing is Mr Don Goodey who will be responsible to Mr Peter Jacobsen, executive chairman of the construction division of LTA. Mr Brian Melhuish, managing director of LTA Conjig is operations director.

"LTA companies have developed a high degree of housing expertise and have been successful in the field for many years," says Mr Goodey.

"Capitalising on this, the new company will co-ordinate and control future housing operations."

As in the past, clients will include local and community development authorities, administration boards and large employers such as Escóm, Iscor the SAR and mines.

A gr
bridg
invol
railw
the t
Built



Mr Don Goodey, left, head of LTA Housing, and Mr Brian Melhuish, operations director.

CONSTRUCTION

This feature is produced by the business section of The Star and deals with all aspects of construction, civil engineering and allied fields such as industrial and commercial property.

This will be published twice a month as an integral part of the Business Pages.

The next feature will be published on 2nd February 1982.

Topics to be covered will include:

- Capital Projects; Contracts awarded.
- Construction and Civil Engineering methods and materials.
- Site Accommodation.
- Labour Relations; Training.
- Exhibitions and Conferences.
- Finance.
- Property Administration and Management.
- Industrial and Commercial Property.

For further information phone:
Maggi Taylor 838-4132
or 836-1331 ext 414

The Star

ASK THEM TO SHOW SECTIONAL MANAGEMENT

For tailored sectional title management
facet of property administration

Concor in \$80m Paraguay project

32
RDM
2/11/82

Financial Reporter

CONCOR Construction, together with European contractor Skanska, has been awarded an \$80-million road and bridge contract by the Paraguayan Government.

The contract calls for the construction of 148 km of road linking Pozo Colorado and Concepcion, and a 1.2 km bridge across the Rio Paraguay, the fourth biggest river in South America.

Because of poor drainage and seasonal flooding of the area about 80 km of road between the bridge and Pozo Colorado will be raised 1.5

metres above natural ground level.

The contract will play a vital role in opening up the Gran Chaco and its densely wooded area, used almost exclusively for ranching, to more extensive agricultural and industrial use.

The road will link with the Trans Chaco highway from Asuncion to Bolivia at Pozo Colorado, improving local accessibility to nearby areas and shortening the distance to Brazil and ocean ports.

There are no suitable concrete materials available along the length of the contract, and the contractors will draw their requirements from Concepcion, between 30 km and 100 km upstream.

River barges will play a major role in transporting materials to site.

Concor is working in Brazil as the South African partner in the five-nation Macon Consortium, constructing the R500-million Majes irrigation project.

The Paraguay contract is expected to start in six months, with completion of the bridge in three years and the road in four years.

new part of what they would have spent for no effective
development & in error
4/10

Bifsa attacks proposed cutback in housing funds

Industrial Reporter

THE Building Industries Federation of South Africa (Bifsa) has slammed the drastic cutback in housing funds proposed this week by the Treasury as a "classic example of the stop-go policy that has plagued the building industry for years"

In a statement yesterday the president of Bifsa, Mr Leon Glaser, said it had been common knowledge for many months that a shortage of funds would be experienced this year and the authorities should have taken this into account in their forward planning rather than resort to a sudden cutoff.

"Bifsa has consistently offered to assist and cooperate in planning the building programme for the country but our offer has never been accepted," he said.

'Priority'

"The adequate provision of housing is surely a national priority and should not be subject to the detrimental effects of short-term planning.

"Apart from the fact that the shelving of R500m worth of housing is substantial in terms of the well-publicized housing shortage, it represents about 10 percent of the expected turnover of R5 000m for the industry for the year 1982. As there are still shortages in various areas this cutback will cause a welcome cooling-off period among some firms but will cause considerable harm to those who specialize in this type of work.

"It would have been far more preferable to have spread the work load over a longer period to avoid the costly peaks and valleys which are characterized by shortages and waste resulting in additional cost to the end user.

"A serious effect of an

announcement of this sort is the impact on prospective employees about to enter the industry. Much of the good work done by Bifsa by way of publicity of training schemes is nullified and a detrimental effect on recruitment could easily result."

It was also possible that statements indicating a serious downturn in the work load of the industry would panic manufacturers into restricting capital investment in those sectors which provide the primary materials for building, such as cement and bricks, creating future shortages and rising cost pressures.

"It is strange that private industry should be castigated for the housing crisis particularly in the black townships. Industry has for years been desperate to develop these areas, if only for their own employees, but has been thwarted at virtually every turn by one regulation on another

'Onerous'

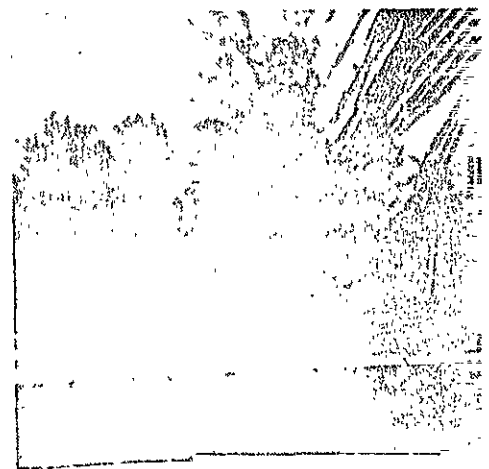
"It is completely unreasonable to expect industry to invest in housing or buildings over which, in terms of present law, they can never hold title. For the same reason it is unreasonable to expect industry to move southwards when the regulations governing the employment of labour are so onerous.

Regulations pertaining to the coloured labour preference policy in the Cape entailed numerous restrictions and it was all but impossible to obtain sites for the housing of black labour.

"With the best will in the world administration board officials are hamstrung and restricted and thus development in these areas is made too onerous for industrialists," Mr Glaser said

large investments, confirmed yesterday that President Mphahlele had spent some time on his farm in the Heidelberg district in mid-1980.

On June 2, shortly before his visit to Villiers' farm, Mphahlele signed



More to the wall?

FM 22/1/82

Liquidators forecast a sharp rise in bankruptcies of smaller companies this year. Construction and engineering concerns are expected to tumble first.

Figures issued by the Department of Statistics confirm that liquidations of registered companies are rising: 1 343 companies were liquidated in 1978; 1 294 in 1979; 1 441 in 1980; and 1 686 by November 1981.

Voluntary liquidations rose from 474 in 1978 to 1 211 in 1981 (up to November) and compulsory liquidations fell from 869 to 475 over the same period. Although a company does not have to be insolvent to go into voluntary liquidation, it normally does so to elude creditors.

There has been a steady fall in insolvencies of private individuals and partnerships — from 1 541 in 1978 to 521 up to August last year. Declines may be attributable to the fact that banks have been reluctant to put people under, but they are likely to take a much harder line this year.

Dun's Gazette — Dun and Bradstreet's chronicle of civil judgments for debt — shows that six out of 26 judgments in the Transvaal were against small construction and engineering companies on January 16, 1981, compared to 12 out of 51 judgments on January 15, 1982.

Although the proportion is roughly the same at 23%, it is expected to increase during the first few months of this year.

Garth Foot of Metrtrust says there will be an increase in liquidations early this year and that under-capitalisation and bad management will be the biggest contributors to the collapse of companies with assets under R50 000.

Says Foot: "The lack of management skills soon plays havoc with the company's ability to survive, especially in hard times. Some managers have never heard of cash flow charts, they do not plan for downturns and, in some cases, do not even see them coming."

"More insolvencies normally occur in January-March as most companies on the brink hold out over the Christmas season. Banks believe we are going to be busy, but I don't think it will be excessive because the mood in SA is still optimistic."

"Bond shortages will hit small construction companies, as has been indicated by the number dealt with by Metrtrust over the last six months. They start with too little capital and take on too much work which cannot be financed. Debtors take longer to pay and creditors start pressing."

Trust Executive David Meaker of Sefrets Trustees places an emphasis on a lower gold price and rising economic instability.

Says Meaker: "Construction is often the first sector to go because smaller companies in the industry are not conversant with financial contracts and do not plan for rising costs and inflation."

Chris van Zyl of the Board of Executors Trustees says insolvencies will definitely increase, but only towards the end of 1982.

Van Zyl adds that a number of construction companies have judgments against them. But small businesses and individuals appear to be filling court rolls at the moment.

CAPE TOWN — The Building Industries Federation of South Africa (Bifsa) has slammed the drastic cutback in housing proposed earlier this week by the Treasury as a "classic example of the stop-go policy that has plagued the building industry for years".

In a statement yesterday the president of Bifso, Mr Leon Glaser, said it had been common knowledge for many months that a shortage of funds would be experienced this year and that authorities should have taken this into account in their forward planning rather than resort to a sudden cut off.

"Bifsa has consistently offered to assist and co-operate in planning the building programme for the country but our offer has never been accepted," he said.

"The adequate provision of housing is surely a national priority and should not be subject to the detrimental effects of short term planning. Apart from the fact that the shelving of R500 million worth of housing is substantial in terms of the well publicised housing shortage it represents about 10 per cent of the expected turnover of R5 000 million for the industry for the year 1982.

"As there are still shortages in various areas this cut back will cause a welcome cooling off period among some firms but will cause considerable harm to those who specialise in this type of work.

"It would have been far more preferable to have spread the work load over a longer period to avoid the costly peaks and valleys which are characterised by shortages and waste resulting in additional cost to the end user. A serious effect of an announcement of this sort is the impact on prospective employees about to enter the industry. Much of the good work done by Bifsa by way of publicity of

D. Dispatch
22/1/82
Bifsa (32)
slams
housing
cutback

training schemes is nullified and a detrimental effect on recruitment could easily result."

It was also possible that statements indicating a serious downturn in the work load of the industry would panic manufacturers into restricting capital investment in those sectors which provide the primary materials for building, such as cement and bricks.

"It is strange that private industry should be castigated for the housing crisis particularly in the black townships. Industry has for years been desperate to develop these areas, if only for their own employees, but has been thwarted at virtually every turn by one regulation or another.

"It is completely unreasonable to expect industry to invest in housing or buildings, over which in terms of present law they can never hold title. For the same reason it is unreasonable to expect industry to move southwards when the regulations governing the employment of labour are so onerous."

Regulations pertaining to the coloured labour preference policy in the Cape entailed numerous restrictions and it was all but impossible to obtain sites for the housing of black labour.

"With the best will in the world administration board officials are hamstringed and restricted and thus development in these areas is made too onerous for industrialists," Mr Glaser said. — (DDC)

Homes: Private sector 'wants freehold title'

AFGQS 12/2/82 32 727

Property Editor

THE Government could not ask the private sector to invest in black housing if freehold title could not be obtained by the investor, the president of the Building Industries Federation of South Africa, Mr Leon Glaser said yesterday.

He was commenting on the Viljoen Commission report which considered the involvement of the private sector in the black housing backlog.

'Firstly it must be clear that the Viljoen report refers specifically to the Soweto housing backlog.

R279-M A YEAR

'Secondly the report suggests that the private sector contributes some R279-m a year for a five-year period to help to wipe out that backlog. This represents only half of one percent of the total national building programme. These sums are not frightening but the private sector must be allowed to operate in building these houses with some safeguards.

Ways and means should be discussed to allow for this amount of money to be forthcoming from the national building programme. But the private sector would only cooperate if it were allowed to do so in the normal private sector manner.

REAL ASSET

'One of the most important conditions would be the need for freehold title so that the houses built would represent a real asset either to the occupier or to the employer.'

Mr Glaser said there should be some safeguards. The field should not be opened freely to white entrepreneurs but the way should be made easier for black builders and employers to build on a freehold basis. They must be able to construct assets they can sell later.

'You cannot ask the private sector investor to move into a black area if he cannot get title to the land,' he said.

The Viljoen Commission recommended that the Government should start a five-year programme to build 55 000

housing units. The cost of buying, servicing and developing the land needed would be about R800-million, of which some R300-million would hopefully come from the private sector. But only leasehold rights would be granted to these homes.

(32) S. Times 14/12/82

Bonanza building plans in the Mother City

MORE than R200-million is being directly invested in new construction in Cape Town, which will benefit the tourist and the consumer most.

Among the many schemes in progress are Southern Sun's R40-million new city centre hotel, a R50-million development round Greenmarket Square, Liberty Life's R50-million Bellville shopping centre, Anglo American's R15-million services for a new Bellville township and the Government's R30-million earmarked for DF Malan's new international terminal which will cater for an ever-increasing influx of overseas tourists.

There is talk of another R2-million hotel for the Cape Town city centre, but one

By Vera Beljakova

which will not vie with Murray & Roberts's extravaganza being erected for Southern Sun.

Heerengracht is spending R2-million on face-lifting, while the Vineyard has also budgeted R2-million on expansion.

Anglo American is heavily involved with township developments in and around the Bellville and Muizenberg areas.

All this influx of investments is making Captour's chief, John Robert, very happy, because "this

past season has been one of mixed fortunes"

"Predictions on an economic recession have affected our summer season. After unprecedented growth in the past three years, there are indications that tourism in the Cape is stabilising

"Although the record two preceding seasons were not matched, capacity crowds were nevertheless present"

Accommodation patterns were noticeably affected by inflation. "Caravan parks and camping sites along the coastal Cape region reported capacity bookings.

"The trend towards self-catering holiday flats contin-

ues, providing tough competition for hotels. The leasing of private homes also absorbs a sector of holiday-makers who otherwise would not be able to afford a Cape summer.

"The number of self-catering vacationers and those staying with friends and family are believed to have contributed to the boom season enjoyed by food chains."

Captour's emergency hotel booking centre placed over 1 500 last-minute personal callers in accommodation during December alone — but this was a 19% drop on 1980

Demand for Captour's holiday planning and information publications has increased 400% since its inception in 1979, with tour operators absorbing bulk supplies for direct use by visitors

Though the wine estates generally enjoyed a good season, some vineyards complained that bulk wine sales were low, given the large number of visitors passing through the estates.

Cape Point's number of visitors was down due to the increase of the entrance fee, but despite above average cancellations due to high winds, the cableway attendances were marginally better, with record queues.

"Some 300 passengers were transported per hour, with queues up to three hours long on some days."

R70-m 'dirt' spurt

Industrial Week
32

23/2/82

By Lynn Carlisle

WHILE the public sector tightens its purse strings the private sector has taken the initiative and unveiled some contract awards exceeding R70-million in the civil engineering and building industry.

This month firms started or will begin "turning dirt" at numerous countryside building sites while others sit in anticipation of winning further substantial tenders well advanced in the pipeline.

Rail links

Action stations have been ordered for the construction of Natal Portland's Cement's

Simuma clinker factory and servicing rail links in three orders won by two companies presently off-loading their expertise and equipment on the Natal South Coast.

"We are on site now and expect to complete the R17-million construction of Natal Portland Cement's Simuma kiln No 1 within 20 months," says Bob McCue, managing director of CMGM Civil Engineering (Natal) at Newcastle.

Grinaker Construction has won the R4,65-million contract to build the "phase two" rail link from Umtentweni to Simuma for the Simuma Construction Company, plus another rail link in that vicinity worth R3,33-million, says "Bean" Bornheimer, MD of Grinaker Construction (Natal).

Grinakars also secured a R2,3-million road contract from the SA Transport Services which

links up several roads in the Richards Bay coal terminal area.

"We are on site and the alignment of both rail links and the road have been completed," Bornheimer adds.

Scoop

Between them, Murray & Roberts companies and Elandsfontein-based civil engineers Basil Read landed contracts worth R43-million, including scoops on jobs worth R8-million apiece.

Rand Mines have given Basil Read a R9-million nod to do earthworks and trackwork on a 12 km coal export railway and 25 km siding at Middel-

burg. Other rail line contracts are among new jobs in their books.

"We are happy to be able to replace our shrinking roadwork contracts with rail construction. We should start turning dirt at Middelburg this week," says Basil Read deputy MD David Priest.

Other work announced last week includes earthwork worth R3,5-million for a coal loading facility at Ogies, doubling the coal line between Ulundi (KwaZulu) and Dondstha (R2,7-million); another R1,8-million for earthworks and platelaying at Ulundi and construction of streets and services and additional

bypass ponds, totalling R2,7-million, at Secunda.

Basil Read will also build a R700 000 military base at Mogwase in Bophuthatswana, and undertake another R700 000 contract for terracing and a water reservoir for mine facilities at Middelburg.

First

"We are also involved in Group Five Engineering's new thickener tank at Ergo near Springs where CMGM have the contract," says Priest.

"A Murray & Roberts group spokesman reveals that M&R Buildings

To Page 2

Jan 2:	Income from Life Policy	24 000	
	Income Statement		24 000
	being closing entry		
Jan 2:	Income Statement	300	
	Insurance Expense		300
	being closing entry		
Jan 31:	Bank	24 000	
	Debtor (Insurance Company)		24 000
	being receipt of proceeds		
(2)	<u>Premiums Treated as an Asset</u>		
01, Jan 1:	Life Policy	300	
	Bank		300
Dec 31:	Income Statement	300	
	Life Policy		300
	(Surrender value of policy is zero - therefore no amount can be capitalised)		

Continued/

and — CCI luncheon — guest speaker the Hon F W de

March 5, Landrost Hotel.
• BLUE Chip presents

Society of Southern
Africa — lecture on Prac-

testing of reinforced
plastics Durban March 29
- 30, Cape Town April 1 - 2,

and Cape Town May 4,
August 4 and September
21 respectively.

IBLI HIGH PRESSURE HOT AND COLD WATER CLEANERS



- Versatile Range 50 to 1 000 bar
- Unbeatable Quality
- Highly Competitive Prices

TEC
(Pty) Ltd

104 Wynberg Road, Kew
P.O. Box 391551, Bramley, 2018
Tel: (011) 405537.

IBLI HIGH PRESSURE HOT AND COLD WATER CLEANERS

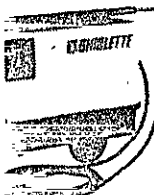


- Versatile Range 50 to 1 000 bar
- Unbeatable Quality
- Highly Competitive Prices

TEC
(Pty) Ltd

104 Wynberg Road, Kew
P.O. Box 391551, Bramley, 2018
Tel: (011) 405537.

IBLI HIGH PRESSURE HOT AND COLD WATER CLEANERS

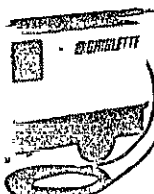


- Versatile Range 50 to 1 000 bar
- Unbeatable Quality
- Highly Competitive Prices

TEC
(Pty) Ltd

104 Wynberg Road, Kew
P.O. Box 391551, Bramley, 2018
Tel: (011) 405537

IBLI HIGH PRESSURE HOT AND COLD WATER CLEANERS



- Versatile Range 50 to 1 000 bar
- Unbeatable Quality
- Highly Competitive Prices

TEC
(Pty) Ltd

104 Wynberg Road, Kew
P.O. Box 391551, Bramley, 2018
Tel: (011) 405537

IBLI HIGH PRESSURE HOT AND COLD WATER CLEANERS



- Versatile Range 50 to 1 000 bar
- Unbeatable Quality
- Highly Competitive Prices

TEC
(Pty) Ltd

104 Wynberg Road, Kew
P.O. Box 391551, Bramley, 2018
Tel: (011) 405537.

R70-m
'dirt' ³²
Industrial
spurt ^{Week}
23/2/82

From Page 1

(Transvaal) will build 163 houses worth R8-million at Dwelkraal plus another 100 houses and out-buildings worth R5,4-million at Beatrix near Virginia.

M&R subsidiary — African Development and Construction — has a R2,3-million contract for 131 houses and out-buildings at Dobsonville and another R3,3-million order for 400 houses at Chiawelo.

Flats

M&R (Transvaal) tacks a R2,3-million Randburg office complex and SA Police flats worth R1,25-million at Rustenburg.

"We expect to announce later two major contracts we have just won," the M&R spokesman adds

Work on a R6-million shopping complex at Altasville, Boksburg, by LTA Building (Transvaal) is to begin in April. The cost excludes the price of the land.

Winners

APE Africa has secured a R2,6-million order for three 10 Mw turbo alternator sets from Huletts Corporation's Felxton mill against stiff German and Japanese competition

Concor's R77-million road-and-bridge contract for the Paraguayan Government, expected to begin in about six months time, has further broadened the South African company's horizons. It has a R100-million stake in that South American country.

Shortage of buyers at exhibition

By Madden Cole and Hugh Poulter

MACHINE Tools '82 was a success but still has room for a great deal of improvement according to exhibitors interviewed by an Industrial Week team.

Most agreed that the main problem was too many sellers chasing too few buyers, while criticism was levelled at the huge area over which the exhibition was dispersed which gave many a would-be buyer sore feet.

Other complaints received were the poor electricity supply, leaky ceilings and bad catering.

But almost to a man the exhibitors said the exhibition was worth while and they would return for future exhibitions.

"The exhibition was just too big, mind boggling in fact, and for a show of its kind there should

have been more visitors," a spokesman for Green and Sons said.

"In my mind it was 'overtraded' and the large number of exhibitors diluted the business"

Ian Whittaker of the British Machine Tool Trade Association said that there were too few buyers.

Thyssen SA's J Wank thought that the first few days were "a disaster as far as sales were concerned Matters improved in the last two days when 60% of his products on show were sold.

"But we had to drop our prices drastically to achieve this."

A French exhibitor, Francois Vivien of Wirt and Gauffat, said that although he was accustomed to more visitors at European shows, he was "quite happy".

Henri Bernard of the French Machine Tool Manufacturers' Association thought the organisation of the show 'good', and was surprised to see so many CNC machines on display.

The show was rated as the third best of its kind in the world by Andres Lemoine of the Argentine Machine Tool Chamber which exhibited in SA for the first time.

"I don't know if we did any business, but I feel extremely positive as our products have been well received, and we received many interested enquiries."

Maurice Swain, sales director for Koppel-Gilbert told Industrial Week he would prefer smaller, more specialised exhibitions

Sales manager of Tooltronic, D Missing said "What I would like to see is the same exhibi-

Registration of 10 000th engineer



Presidents and representatives of the various South African engineering institutes who attended the function to celebrate the registration of the 10 000th member of the South African Council of Professional Engineers at Kelvin House in Johannesburg recently.

Back row, left to right: A R Jamieson, Institution of Civil Engineers; L R Robinson, vice president, Council for Professional Engineers; Prof D Glasser, Institution for Chemical Engineers; G T van Rooyen, engineering section, SA Akademie vir Wetenskap en Kuns; D V Nisbet, SA Institute of Mining and

Metallurgy; J J Bruwer, Engineers; J D Aungiers, Engineers; G Park, Engineers; A M Kruger, registrar, Engineers.

Front row, left to right: Council for Professional Engineers; S F Kotzé, Minister of Education; Professor R P Plewman, Societies of Professional Engineers; Plessis, Engineers Assoc.

the 'NASTIES'
ting your profit

MATEDIAL

Grinaker doubles earnings, reaches for No 3 spot

32 RDH
23/2/82

irect
Life
to
AVE

By DAVID CARTE

WITH its construction and precast concrete divisions booming and new acquisitions National Bolt and Claude Neon chipping in a tidy sum, Grinaker Holdings nearly doubled earnings in the six months to December.

After more than doubling earnings between 1978 and 1981, SA's fourth biggest construction group has lifted earnings 97% to 144c and its interim dividend 80% to 45c in its first half to December.

The directors warn that profits will accrue more evenly this year than last when only 25% of earnings came in the first half.

This suggests that earnings by the yearend will not be 97% ahead. But a confident chairman, Mr Ola Grinaker expects "substantial profit growth" by the yearend.

He says his company is after Darling & Hodgson's third spot in SA construction — "In terms of pre-tax profit, we could catch them this year."

D&H, which bid unsuccessfully for Grinaker last year, recently declared pre-tax profit of R35 880 000 for the year to December.

Grinaker's pre-tax profit in the six months to December was ahead by 163% to R17 255 000, nearly halfway to D&H's.

The tax rate dropped to 36.7% (41.7%), but because of the inclusion of Nat Bolt and Claude Neon, minorities soared nearly 60 times to R1 477 000 (R44 000).

As a result, taxed attributable profit was 156% better at R9 286 000. Claude Neon, which raised earnings 38%, contributed R624 000, or 6.7%, of these earnings. National Bolt, ahead by only 6%, contributed R1 524 000, or 16.4%.

The number of shares in issue rose to 6 432 000 (4 935 000), so earnings a share were 97% better at 144c (73c).

The directors say the substantial improvement in profitability reflects mainly the high level of activity and enhanced profitability in construction. The impending downturn in the economy is not expected to adversely affect results in the second half.

Mr Grinaker said several contracts were completed in the period under review, but work in hand at the end of

December was higher than it was a year before. He said the group had a lot of earth-moving contracts to compensate for the lower volume of road work available.

Tendering was more competitive today and margins were tighter than before. Grinaker had a lot of good-margin work on hand to see it through to the yearend.

The precast division had signed several big contracts for the supply of concrete sleepers to the SAR and this division would be kept busy on these for up to three years.

The electronics division was faring well, but because of the seasonal nature of some of its important subsidiaries most its profits would accrue in the second half.

Mr Grinaker said raised interim dividend cover of 3.2 was about the level deemed desirable in these inflationary times.

Higher interest rates had not hurt the group, as debt was only 14% of shareholders' funds.

Grinaker has excluded the earnings of associates from these results and taken only their dividends to account. The main associate excluded is the recently formed Rennie Grinaker Zimbabwe, in which Grinaker has a 40% stake.

The creation of Rennie Grinaker Zimbabwe resulted

in an extraordinary profit of R404 000 which is not included in these results.

COMMENT: Because they depend so much on contracts reaching completion, construction profits are notoriously "lumpy". But in the absence of a warning to this effect, and judging by the group's confidence for the immediate future, it is fair to infer that the 97% earnings rise was no flash in the pan — the result of one or two huge contracts coming to account.

The completed TV 3 contract is in these results and the Ellis Park stadium will probably come to account in the second half. I believe work is well spread and there are numerous smaller, more lucrative contracts outweighing the big ones and that neither will distort the group trend.

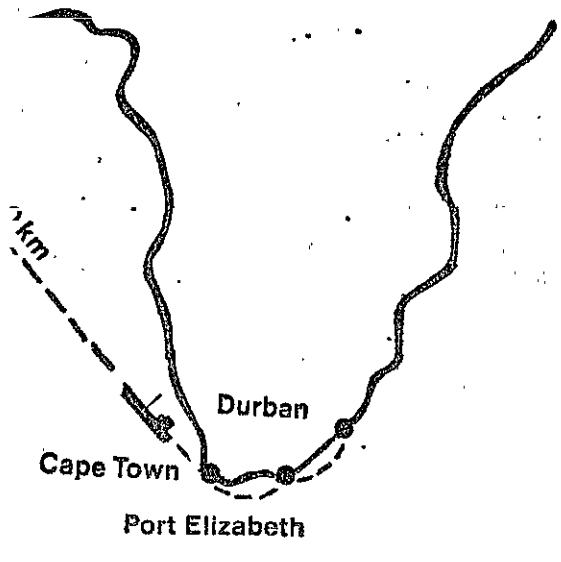
Judging by the dividend and the directors' confidence, Grinaker is good for 45% earnings growth for the year, suggesting 367c. At 1 525c the share is 4.1 times prospective earnings compared with D&H's historic PE of 8.

Year	Premiums Treated as an Asset - Cont'd	Income Statement
Year 02 - same as year 01		
03, Jan 1: Life Policy Bank	300	60
04, Jan 1: Life	300	60

sta 23/2/82

32

LTA proves salt on Ilha do Sal job



By Frank Jeans

Tote that barge, heist that truck, crane, loaders and all the other equipment that goes into the construction job — it has been one of the most exciting transport operations in the history of the national contracting industry.

There's nothing too tough or inaccessible for the expertly-planned big job as construction giant LTA proved with involvement in the rebuilding of the airport on a speck on the map — the Cape Verde island on the west coast of Africa, Ilha do Sal.

There have been bigger contracts, of course, for LTA. This was a meagre R14-million job. But it was the challenge of an unusual transportation operation which intrigued the engineers and planners.

This airport project will go into the record books as the one that opened up the Atlantic Haul — a 12 500 km construction equipment run, linking Rotterdam, Ilha do Sal and the Cape.

Take a bow the designers of the rebuilding project, Van Wyk and Louw of Pretoria

who linked with four LTA Construction companies — LTA Earthworks (north), Rand Roads, LTA Building (SWA) and Construction Quarries.

There is no harbour at tiny Ilha do Sal — only two small wharves in water 1,5 m deep. To get the plant and materials ashore, LTA hired two 450-ton barges in Rotterdam which were towed by deep-sea tug the Amello 4 500 km to the isle at a cost of R100 000.

Plant was then transferred from the ship to the barges which transported it to the wharves.

Then came the southern run to South Africa for the carrying of the remainder of the 7 000 tons of equipment for the job.

At Durban a 70-ton crane, an asphalt plant, dipper trucks, rollers, front-end loaders and building materials were loaded on the Amello for Ilha do Sal.

At Cape Town, 35 tons of explosives in special containers went on board and at Port Elizabeth a complete crushing plant of three units totalling 155 tons was loaded. Spain was another point of supply for 4 500 tons of bitumen.

The 17 000-ton ship Amello and her sister barges became the arks of

supply for the 18-month period of construction — but even with this one LTA has beaten the deadline by four months. All that remains to be done is the completion of 28 homes for airport staff.

The project which called for the overlay off 3.27 km of runway, 4,8 km of taxiway and linkways and 10 000 sq m of apron area, also had to be carried out without interruption of aircraft operations.

"During the day aircraft up to Boeing 707 size landed on the taxiway and at night the runway had to be operational for the bigger airliners," says Mr Brian Colledge, LTA's project director.

"We were in constant touch with the control tower to ensure that building activities never hindered flight operations."

To mark a super-human effort by the 60 LTA men from South Africa, Britain and Portugal as well as the 200 local labourers, the elements played a villainous role.

At the start of the first offloading of the barges a volcano on the island of Fogo about 480 km away caused a heavy swell and later 75 mm of rain fell on the desert-like "island of salt." It was the heaviest fall in 100 years.

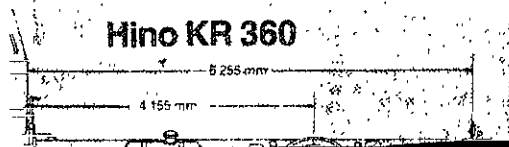
Mr Co
constru
Diesel,
a

Tyr
cos
sen

The Man
nagome
formerly
hold a
hannel
designed
awarenes
tance o
major c
Mr M
lenberg,
manager
ate fra
of the
Economic
will
ference.

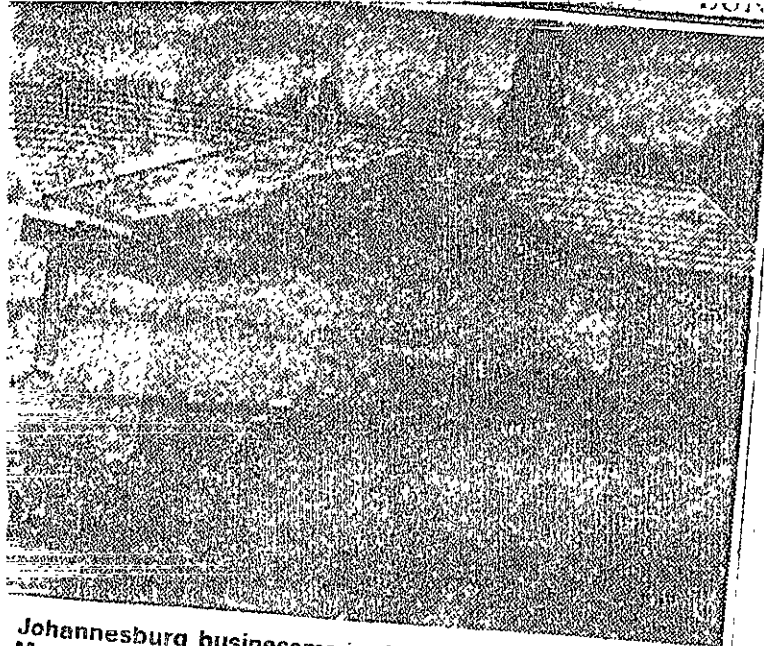
The f
the m
will be
torius, t
lopment
Firestone
discuss
tyre desig
The ro
in retrea
discus
second s
Keuler,
of the
tics in
SABS.
Mr R

FORWARD SPEEDS	MAX. BODY LENGTH (mm)	GVW (kg)	GVN (kg)
5	6400	12 700	17 000
5	5334	12 700	17 000



CAN YOU
MANAGE WITH...





Johannesburg businessman who will be marketing the Mews.

scheme emphasis and in unit from o. three ge / two

bathrooms, fitted kitchen on open plan and double garaging Units are 115 square metres with a garden of between 100 and 120 square metres. Vista is marketing the units for oc

cupation on August 1. The site, at the corner of Newport and Danville Avenues, is the last flat site in Glenashley and is near the 10-storey Glenashley Heights Building.

LTA BEATS VOLCANO — AND THE DEADLINE

Sunday Tribune
28/2/82

Property Reporter

AN erupting volcano, the heaviest fall of rain in 100 years and the transportation of thousands of tons of equipment over 12500 kilometres were among the problems LTS Construction had to overcome in a R14-million contract to rebuild the airport on the tiny Cape Verde island of Ilha da Sol on the west coast of Africa.

remote island which has no harbour and is served only by two small wharves with a water depth of 1,5 metres.

Project designers Van Wyk and Louw of Pretoria linked up with four LTA Construction companies — LTA Earthworks (North), Rand Roads, LTA Building (SWA) and Construction Quarries — to get it off the ground.

To get plant and materials ashore, LTA hired two 450-ton barges in Rotterdam which were in turn towed by deep-sea tug the Amello 4500 kilometres to the island at a cost of R100 000.

The workforce consisted of 60 LTA men from South Africa, Britain and Portugal and 200 local labourers.

At the start of the first off-loading from the barges, a volcano on the island of Fogo about 480 kilometres away caused a heavy swell and later about 75 millimetres of rain fell on the desert-like Ilha da Sol.

It was the heaviest fall recorded in 100 years.

The contract is now nearly completed — except for the final touches on 28 homes for airport staff — about four months ahead of schedule.

The project called for the overlay of 3,27 kilometres of runway, 4,3 kilometres of taxiway and linkways and 10 000 square metres of apron area. It also had to be carried out without any interruption of aircraft operations.

"During the day planes up to Boeing 707 size landed on the taxiway and at night the runway had to be operational for the large airliners," says LTS project director Brian Colledge.

But the main problem was to get the equipment to the

ANS

ALL RELIEVED



Carl Mouton has been appointed to the board of the South African Permanent Building Society's Smith Street, Durban, branch.



Pam Perham has been appointed sales administrator and body corporate manager of Property Industrial Consultants and Administrators (Pica).

using type. ilable but ally

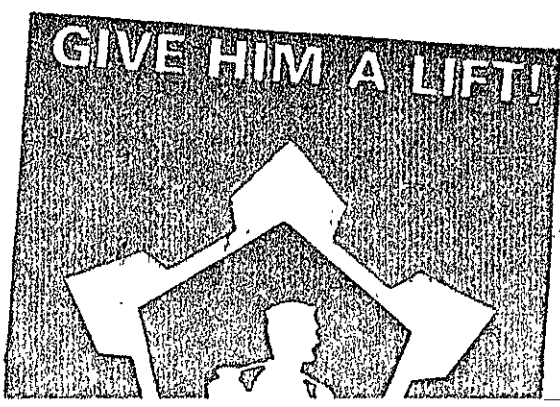
needed here. There are no racial barriers in the Com Housing concept and all races will be provided for.

The lack of residential accommodation in Pietermaritzburg is almost as critical as in Durban, estate agents there have reported.

Although land is being and has been made available in Pietermaritzburg for housing building costs and scarcity of money for bonds prevent people in lower income group building their own homes.

Town Houses and simplexes are becoming more popular because of their economical upkeep but they are not cheap to build.

A luxury scheme of simplexes at Bellevue which cost R65 500 a unit in November has been affected by rising costs and the units will now sell for R75 000.



East Cape had 32 giant share of 1981 contracts

S. Post 2/3/82

Post Correspondent

CAPE TOWN — The Eastern Cape received a giant share of the contracts issued by the Cape Provincial Council in the past year, according to statistics tabled in the Provincial Council yesterday by Mr W Boucher, MEC in charge of works.

The information was tabled at the request of Mr Edward Trent (PFP, Port Elizabeth Central).

Of the nine projects for which architects, consulting engineers and quantity surveyors were appointed, in relation to total contracts worth R1 million or more, six were in the Eastern Cape.

The largest was the R30 million phase two extension of the Dora Nginza Hospital.

Architects were Simpson, Heugh and Robertson in conjunction with Kesting, Schmidt and Associates of Port Elizabeth.

Consulting engineers were Clinkscales, Maughan-

Brown and Associates, as well as Lillicrap, Wassenaar and Associates in conjunction with Ninham Shand and Associates, all of Port Elizabeth.

The quantity surveyors were Law, Happle, Ayton, Shephard, McDonald, Page and Griffin, and Meaker, Percival and Associates of Port Elizabeth.

Meaker, Percival and Associates were appointed quantity surveyors for the R3 084 000 building for Muir College High School and hostel at Uitenhage.

Warren and Langworth were appointed quantity surveyors for the R2 803 000 phase two extension of Sharley Cribb Nursing College and the R1 858 000 extension to Diaz Primary School in Port Elizabeth.

The other two major projects were the R1 515 000 extension to Port Alfred High School and the R2,5 million extensions to the accident block and intensive-care unit at Livingstone Hospital.

NUCLEAR ENERGY (55) Safety and sanity

FM 5/3/80 (13)

The recent deaths of nearly one hundred men in the world's second worst-oil rig disaster is a sharp reminder that all forms of energy exploitation carry risk to life. Closer to home, the latest explosion at AECI makes the same point in regard to another aspect of industrial activity. So too do the recent unfortunate air crashes. These examples tell against a certain brand of anti-nuclear activist who sees the safety issue through a special kind of distorting lens. Can it be imagined what the anti-nuclear crowd would have made of ninety-odd deaths on the oil rig; or of nine deaths from nitroglycerine manufacture; or of the deaths in the air crashes? Obviously, the inference that would have been drawn is that these forms of activity are inherently unsafe and must be suppressed altogether. To state the proposition like this is simply to draw attention to its inherent absurdity.

Yet extreme anti-nuclear attitudes are no more extreme and no more irrational, as a study of the public utterances and written comments of the anti-nuclear people makes only too clear.

The irony of it all is that the peaceful uses of atomic energy (yes, they do exist, and could make an even bigger contribution than at present to human welfare) have yet to kill or injure one single human being. Even the Three Mile Island mishap, which has certainly been an economic disaster of great magnitude, did not seriously harm, or even moderately harm, one single person. A possible exception is those people who suffered anxiety after the accident as the result of having been fed a heavy diet of emotional and dishonest anti-nuclear propaganda for years on end.

To make the point yet again, what could be more environmentally benign than a big hydroelectric dam? Yet every civil engineer knows that a really big dam will claim

great deal of economic hardship and instability. If nuclear power, rationally used, can diminish these notorious causes of wars, then it may actually be improving the chances of peace.

Thirdly, a lot of the opposition to greater use of nuclear power exists in America, which is already armed to the teeth with nuclear weapons. So generating an extra 20% of electricity from added nuclear pow-

er stations will not make the slightest difference to the state of nuclear armament which is a fait accompli anyway.

What is needed, therefore, is a balanced attitude to safety. Nuclear safety should always be kept in mind, without hysteria. But there should be far greater concern with other hazards, like coal mining, chemical industry (a very bad transgressor all over the world) and air and road transport.

twenty or so lives amongst construction workers before it is finished. And of course coal mining regularly kills far more people annually than that.

There is almost certainly a very important reason, though, why people are so frightened of nuclear power — its association with atomic bombs. This connection is only natural, but it is partly the result of ignorance and misunderstanding. It is, for example, impossible for a nuclear power plant to explode like a bomb because its structure and composition make it quite impossible for a chain reaction to occur under any circumstances whatsoever.

However, there is a more sophisticated line of reasoning connecting nuclear power with nuclear weapons, and one which many governments — like the Carter administration in America — held very strongly. The argument goes that the spread of nuclear technology involved in the use of nuclear power around the world will facilitate the proliferation of nuclear weapons too, so increasing the risk of nuclear war. There are flaws in these arguments, however. In the first place, a country with a relatively modest technological and industrial base which wishes to acquire nuclear weapons will manage to do so, one way or another, regardless of whether it has nuclear power stations or not. Take the cases of Iraq, Israel and Pakistan.

Secondly, the causes of wars are very often found in economic privation and instability. The energy crises of recent years, especially high oil prices, have made for a

Hard winter ahead

(32) FM 5/3/82

The building industry is coming off peak so rapidly that suppliers and contractors alike are preparing for a tough winter.

Momentum alone is keeping activity at a reasonable level. But the real bite will be felt later this year and next year once the slump in domestic building hits home. The pinch is already being felt in demand for building supplies.

Stellenbosch University's January Building Survey forecasts a growth rate of "a mere 1% in total building activity during 1982, compared to 1981." Not surprisingly some building materials in short supply in 1981, are expected to be over-supplied this year and next. Timber is already at risk with no improved demand expected over the next 18 months.

Federated Timbers MD Roy Barrell tells the FM "there's a serious slackening in demand. An over-supply situation is apparent with a marked downturn in new business. The mills are looking for work." Barrell expects building activity to be down 10%-15% on last year. "We're pretty concerned."

Plate Glass chairman Ronnie Lubner concurs: "Cancelled projects are beginning to bite. Jobs already started are also being cut. Planned jobs are not being started and government has cut a lot of work already in progress."

Lubner expects, that "present momentum will carry over work for the next six months," but he sees no more than 1,5% real growth over the period. From September to next March he expects 3% negative growth. For the six months after that he anticipates "a dramatic 6%-8% negative growth."

Lubner says the effect of the fall-off in activity is being felt in the glass and timber industries. "Smaller organisations are starting to reduce inventories." He expects a fairly dramatic cut in prices. "Panic selling reduces margins." He expects a 10%-15% drop in demand for soft woods over the next 18 months.

The drop in price, he says, could be as high as 2% across the board on average. "Cost increases, on the other hand, are potentially high with steep interest rates and labour cost escalations not matched by productivity. The fixed cost element is high. You can't reduce the variables. We're in a classic squeeze situation with prices coming down as production costs go up."

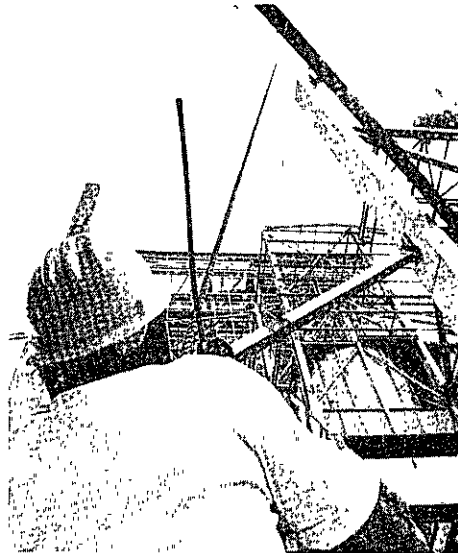
Last year's tight cement supplies led to rationing. And Cement Marketing Organisation commercial manager Berry Pavey says contrary to media reports there is no oversupply this year. "But we can meet all demands." Sales of just over 7 Mt are expected this year compared to

last year's 6,8 Mt. But capacity has been expanded with a 400 000 t/year plant coming on stream in 1982. Another R140m expansion with 450 000 t/year capacity is expected to come on stream at the end of 1983.

Despite present conditions, Pavey says "it's folly not to expect a slowdown after the high demand." He expects volume growth of 4% this year compared to 10% last year and 23% in 1980. He foresees zero growth next year. However the industry will not be in jeopardy as forward planning is taking this projected levelling off into account.

Toncoro MD Cedric Savage is reasonably sanguine but admits "there's no doubt brick demand has decreased nationally. It started round about October and varies from region to region."

Savage explains that where residential



Building trade ... coming off the top

building forms a substantial sector of the market, the position is more acute. Durban/Pietermaritzburg reflects this with bricks having been stockpiled in Durban since November. The pile is now roughly 27m.

The situation in the Transvaal indicates delivery lead time of less than three months compared to 12 months and more a year ago. The 17 Transvaal factories are "reasonably fully committed" for six months.

In the Free State, goldmining building activity is down on the weak bullion price. Supplies are "immediately available" and there's also a four-day stockpile.

The western Cape situation is "reasonably firm." Delivery is two months on certain lines like face bricks, immediate

on common bricks. Building in the Cape is propped up by the coloured housing programme says Savage.

With 45 factories operating, he says Toncoro will stockpile "to economic levels" rather than close down plants should demand plummet. He believes this could go as high as three months stockpiling. Last year Toncoro spent just short of R30m on expansion, resulting in 13% increased production this year. Savage says substantial sums will be spent again this year on expanding facilities. But the go-ahead depends on "a minimum 17%-19%" brick price increase from the price controller next month.

As far as skilled labour is concerned, the situation is easing as well. Witwatersrand Master Builders Association's Basie Pretorius expects to see the "fly-by-nights" taking the worst impact of the building downturn because they lack credit facilities and backing.

Wynand Stapelberg, general secretary of the Industrial Council for the Building Industry, says building activities are still on the increase at this stage because of the time lag between planning and completion of projects. However the impact on smaller builders will be felt later this year and next. A big number of cancelled registrations are expected, says Stapelberg, after this year's builders' holidays. "There could be a 10%-15% reduction in the numbers employed."

Burgeoning GEC aims for R350-m

R40-MILLION is to be spent by GEC South Africa on a three-year programme to strengthen the group's position as South Africa's largest manufacturer of electrical equipment.

Managing director Tony Charles told Business Times that group turnover rose from R225-million in 1980 to more than R300-million in 1981 — an increase of 33%.

"We are budgeting for a turnover of R350-million in 1982 and, helped by our current expansion programme, we are looking for further steady growth after that," says Mr Charles.

He says that the R40-million capital investment programme will cover both expansion and replacement, and will embrace virtually all the group's 19 companies and 10 factory sites.

"We are doing this to cater for increased demand on the one hand and in an effort to increase our market penetration on the other," he says.

"The programme is also designed to help the group achieve an ever-increasing local content in its manufacturing operations. The average local content throughout the group's operations is running close to 80%."

Although the South African economy has started to dip, Mr Charles sees no fall-off in GEC's activities in 1982.

"The power and electrical equipment manufacturing industry has traditionally been linked to Escom's growth rate, and everybody knows that Escom is in the throes of doubling its generating capacity.

"So, obviously, we expect to grow in the next few years, although 1983 may be a little difficult.

"Obviously we have a

By Colin Bower

strong advantage in that we have access to the extensive know-how of GEC in the UK, which has a 50% interest in our South African group." (Barlow Rand holds the other 50%.)

Mr Charles says that GEC is stepping up its export efforts. "We are at present exporting at the rate of R2-million a year — a figure which we believe will increase steadily in the future.

"In particular we are making good inroads into South America, where there is a growing market for fans for the mining industry."

On the nationwide shortage of skilled manpower, Mr Charles says that action taken by the GEC group when the problems first appeared has enabled the group to cope with the crisis.

"We employ on average 180 apprentices, 30 of whom are black. We spent more than R1-million on training last year — a figure that will increase steadily in the years to come."

Stoves to the States

SOUTH Africa's smokeless stove heaters are being exported to the US at a rate of 2 400 units a year.

The Pretoria motor component manufacturer, Laursen Brothers (with an annual turnover of R14.4-million), which supplies spare parts to Datsun, Sigma, BMW and Alfa Romeo, is now increasing its export production of smokeless stove heaters.

The stove, which uses cheap low-grade coal rather than more pricey anthracite and oil, produces heat at a cost of 25 cents for every 15 hours (or 1.6 cents an hour).

"It is therefore particularly suitable for domestic, commercial and industrial use," says Ken van der Merwe, Laursen's national sales manager.

"The US, which produces

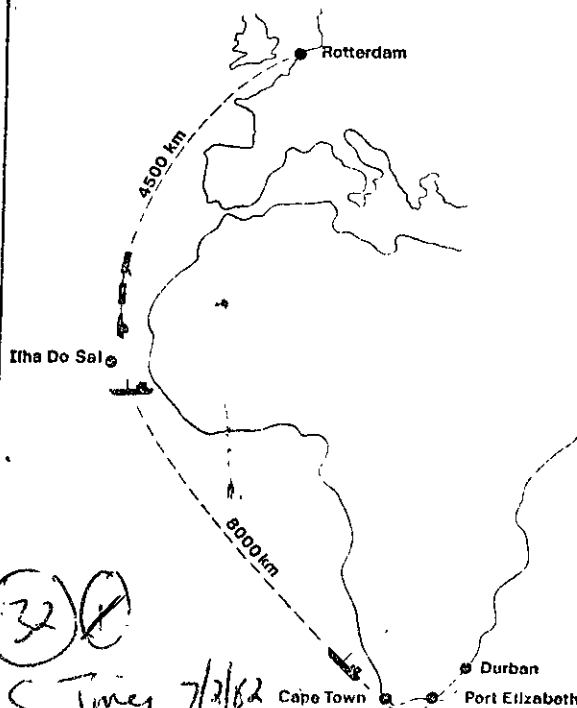
By Vera Beljakova

coal more cheaply than South Africa, has been a natural market for us," he says.

"But since our production capacity runs to 4 160 units a year, we are now aiming to penetrate the South African market."

Units for the local market, which will retail at about R250, will have a 70% combustion efficiency and can be banked for up to 15 hours, while optional water boilers will soon be available.

The stove's heating capacity of 7-10 k/w is the equivalent of 10 electric heaters per room.



S. Times 7/2/82

LTA triumphs over 'impossible' airport problem

AFTER overcoming virtually insurmountable logistical problems, LTA Construction has rebuilt the airport at Ilha do Sol, the tiny Cape Verde island.

The actual R14-million contract was not out of the ordinary, but the logistics of the project set a peacetime precedent.

To do the job, LTA had to ship 7 000 tons of equipment and materials 8 000km to Ilha do Sol off the west coast of Africa

But this speck on the map has no harbour — only two small wharves and a jetty with water 1.5m deep.

So LTA hired two 450-ton barges in Rotterdam and had them towed 4 500km by deep-sea tug to the island at a cost of R100 000.

The equipment was offloaded on to the barges from the ship and then offloaded again from the flat-bottomed barges to a wharf.

The contract called for the rehabilitation and overlay of 3.27km of runway 45m wide, 4.3km of taxiway and linkways 30m wide and 10 000 sq m of apron area.

The runway had been deteriorating to the extent that daily maintenance was necessary.

At Durban, LTA loaded a 70-ton crane, an asphalt premix plant capable of processing 100 tons an hour, plus tipper trucks, asphalt rollers, front-end loaders, building materials, a premix paver, tar, emulsion and many other items.

At Port Elizabeth more cargo was taken aboard, including a complete crushing plant of three units totalling 155 tons.

At Cape Town the ship took on 35 tons of explosives in special woodlined containers.

By John Spira

From Spain, LTA imported 4 500 tons of bitumen.

At the peak of the operation, about 60 LTA men — from South Africa, Britain and Portugal — were at work, plus 150 to 200 local labourers.

The contractors crushed 50 000 cu metres of premix stone and laid 95 000 tons of premix asphalt concrete.

Throughout the contract the runway had to be operational, says Brian Colledge, LTA's project director.

During the day, aircraft up to Boeing 707 size landed on the taxiway and at night the runway had to be operational for the large airliners.

The contractors maintained continuous radio contact with the control tower to ensure that building activities did not hinder flight operations.

PAI
THI

Our powerful
business computer

HARD ASSET

P
R
i
l
By

THE
C
o
l
28
pi
This
at
su
ni
ye
ne
New
rc
li
63
vi

An

m

h

p

R

Inve

36

w

ne

R

m

Tota

es

ar

15

th

er

Ri

The

na

up

th

pc

er

du

m

in

The I

tu

Jo

tir

sa

ov

19

pe

de

as

He c

tic

ne

wl

pr

ex

an

of

fle

Pr

"The

nc

cu

ci

su

be

ou

pe

32 S. Times 7/2/82

Concor strides out in South America

CONCOR Construction, the South African civil engineering contractor, is working on South American projects worth more than R700-million.

This immense involvement in South America was revealed to *Business Times* by Concor Construction, a wholly owned subsidiary of the giant Concor construction group with total assets of R40-million, an annual net after-tax profit of R3,4-million for 1981 and a market capitalisation of R18-million.

The disclosure of the size of Concor's South American connection comes in the wake of the subsidiary's announcement that it has been awarded an R80-million road and bridge contract by the Paraguayan Government.

Admittedly, the contract is

By Vera Beljakova

in joint venture on a 50-50 basis with Sweden's Swanska. Both will participate in opening up the barely habitable but mosquito-infested Indian territory of Gran Chaco.

Concor is simultaneously working on its largest-ever project, the R500-million Majes irrigation scheme in Peru, which is being undertaken by a five-nation Macon consortium that includes, once again, Swanska, Tarmac (UK), Foundation (Canada) and Entrecanales (Spain).

Its activities in South America have indeed taken on a more permanent character, and justifiably earned it the reputation of contending for the more unusual type of contract — on its own or in joint venture.

Concor Construction is also busy on various other Peruvian projects, though in

a sub-contractor capacity, and hence is keeping a low profile.

In Bolivia it has recently completed a flour mill, notable for its 100% South African content and Cape Steel-supplied metals.

Concor is further working on projects in Argentina and Ecuador.

"We aim to penetrate much further into South America," says a spokesman. "It is logical for us to have gained a toehold there, since South Africa is a welcome partner in Latin America.

"It is prudent to pursue contract opportunities there, but we intend to concentrate on long-term projects that will help flatten out our adverse economic cycles in South Africa."

Concor has achieved success in South America because "we persevere in the face of hardship, working a

difficult area where winning contracts is a major feat".

While the boom was on in South Africa and local construction companies grew fat on the local pickings, Concor slipped into South America, cleaning up the market there which had been left unprotected or unattended by its competitors.

The Paraguayan project calls for the construction of a 148km road linking Pozo Colorado with Concepcion, and a 1,2km bridge across the Rio Paraguay, South America's fourth-largest river. The main river spans are 170m and 60m.

As the area suffers from extremely poor drainage and seasonal flooding, 80km of the road will be built 1,5m above ground level.

The road will play a vital role in opening up the desolate Gran Chaco used almost exclusively for ranching. No doubt its construction will play havoc with the lifestyle of the Indian tribes, but this

mosquito-infested land is needed for agricultural and industrial use.

It will link up with the Asuncion-Bolivian Trans Chaco highway, thus decreasing the road distance to Paraguay's export harbours on the Brazilian coast.

River barges will transport local and imported building materials from Concepcion.

End of the road

FM 19/3/82

Cutbacks in road construction expenditure are threatening the survival of smaller construction companies.

There is still some momentum in the industry but companies predict a crunch in the second half of the year. New contracts are drying up and dismal forecasts are being made.

The brake on spending is part of the official plan to keep public spending in check. But this may be a false economy as there are now barely enough funds to maintain existing roads following the boom in new construction during the early Seventies.

Perhaps justifiably in the fight against inflation, the R100m new national road between Durban and Richards Bay has been postponed. So have the R100m project for the N3 between Frere and the foot of Van Reenen's Pass, the outstanding work, worth roughly R80m, on the Du Toit's Kloof tunnel and the R35m Warmbaths bypass intended to cut the traffic bottleneck on the road to the north. Other projects worth millions have also been put on ice.

National Transport Commission director of planning Malcolm Mitchell says a 30% increase is needed to keep pace with infrastructural demands.

"With road programmes severely pruned," he says, "we are getting less than half of what we were getting 10 years ago."

Construction companies are severely affected by the cutbacks. Basil Read, a Group

equipment currently under-utilised by many companies. Bender mentions that "equipment requires enormous outlays." And the cost of money has become prohibitive. Basil Reed is adopting a "wait and see" attitude when it comes to buying or hiring additional plant.

Last year, currency fluctuations pushed up imported earth moving equipment prices 30%. The 10% import surcharge from April 1, the high cost of money and the reduced rand value in relation to overseas currencies will result in further vast price increases this year — at least 40%. Thole believes the cost structure of tenders coupled with escalation of plant prices will not "permit us to purchase new plant."

Construction companies like Basil Read believe firms will increasingly rent rather than buy equipment. But Reynolds Plant Hire MD Dave Reynolds says as yet he hasn't seen much increase in demand.

Reynolds says: "Work derived from road building reduced 25% last year." For example the company had expected to supply equipment for Basil Read's three-year Carletonville bypass contract. When that was cancelled last month it spelt the demise of the R200 000/year plant hire contract.

Already, Reynolds Plant Hire has "cut overheads 40% over the last six or seven months. Mostly this means retrenching staff because we foresaw no road work coming up."

Five company, is one of them. MD Colin Bender notes that road programmes generated 50% of company turnover over the last five years, but "we're looking at 30% for 1982 and 1983."

One contract cancelled earlier this year was the R20m Carletonville bypass.

Bender says Basil Read "would welcome the introduction of toll roads as an alternative form of financing road programmes in SA."

Many truck operators would gladly pay tolls for access to good highways. And they are also in favour of higher license fees and fuel levies if the proceeds were used for road building and maintenance. For they realise that it would, in the long run, save them more in vehicle running costs. For numerous studies have shown that these can increase by up to 15% on badly maintained roads.

While cutbacks continue Basil Read has been one of the lucky ones able to successfully switch activities into other fields. Already it has managed to secure 75% of its budgeted turnover for 1982.

Concor MD Jannie Tromp says in the past road building contributed 20% of total revenues. He expects this to reduce by a third or more this year.

Lyall Thole, MD of LET Construction, says revenue derived from road building used to be 20% of total income. "Our order book has been reduced to nil on roads."

Although LET has been "very lucky in securing alternative work and we haven't been hard hit yet," Thole points out that with road work drying up, more and more construction companies will be looking at alternative contracts.

One problem associated with reduced road contracts is expensive road building

Cape puts contracts up for grabs

32 23/3/82

Industrial Week

By Hugh Poulter
CONSTRUCTION
companies in the
Eastern and
Western Cape are
making a grab for
R67-m worth of
tenders to be award-
ed in the area.

Cape Town City Council's town planning committee have approved a R10-million expansion plan for the historic Vineyard Hotel.

A further 118 residen-

tial units for the aged valued at R5,5-million are being planned for Somerset West.

The Department of Community Development has approved new projects and tenders worth R7 480 221 for housing and community development in the Eastern and Southern Cape.

R928 241 will be spent on a hostel and protected workshop for mentally handicapped people in George.

Tenders already award-

ed include a community hall worth R300 000 in the Coloured township at East London, R1-million for 81 homes for Indians in East London, a senior secondary school for Coloureds in Port Elizabeth worth R1,7-million, a school for Coloureds in Mossel Bay at R1,3-million and accommodation in the service centre for Blacks in Port Elizabeth at R1,6-million.

Grand Bazaars announced it will spend R5-million to build a new ultramarket at Mowbray, and a further R2-million to enlarge its Bellville supermarket.

The company will build a further four ultramarkets this year at a cost of R10-million.

Major contracts started by LTA are: an underground library for Stellenbosch University (R9,2-million); additions to the Bellville headquarters of Sanlam (R4,3-million); a shopping centre in Goodwood (R3,2-million) and the repair of two adjoining buildings in St Georges Street for UBS (R1,8-million).

Tenders are being instituted by the Department of Community Development for three R100 000 community centres.

A tender has been put out for a 60 to 100 bed hospital for Port Alfred costing about R3-million and a R1-million luxury hotel and a conference centre are to be built at Uitenhage.

Building material prices up

AKGAS
24/3/82

(32) ~~111~~

Property Editor

NEW price increases of building materials and higher transport and electrical costs will add another R1 500 to the cost of building a small house and R2 800 to larger houses, according to the industry.

Roof tiles, which are price controlled, have risen by about 8 percent, pushing up the price of a small house by about R150 and larger houses by between R300 and R500.

Timber has also increased in the past three weeks, adding R150 to a house, while dearer joinery items will cost another R150.

ELECTRICAL COSTS

Brickmakers have been allowed to raise transport charges and this is estimated to put another R200 on the cost of an average house.

Electrical costs are expected to rise sharply as a result of higher wages, adding between R500 and R1 000 to costs.

'We are expecting increases from electrical contractors because they are being forced to pay high wages to keep staff', said Mr Mike Orpen, managing director of one of the Cape's largest home-building companies, Hudcor.

'They have been losing skilled workers to semi-government organisations such as Escom and Atlantis Diesel Engines which are paying double wages and sometimes more with incentives.'

A shortage of skilled labour was likely to get worse and the insecurity of labour could hold back jobs.

The price rises are the net cost to the builder and the house-buyer could end up paying even more.

E

G.
Q.
of
of
st
a
de
pr
te

Bait for builders 'not enough'

Property Editor

THE bait of tax concessions announced in the Budget is not likely to encourage developers to build flats for letting.

The two percent a year depreciation allowance is an important psychological breakthrough, but it is not much of an incentive, says Mr Don Kennedy, executive director of the South African Property Owners' Association.

The entire concession was negated by the developer having to pay back all his tax concessions when he sold the building, said Mr Geoffrey Seeff, chairman of the Cape branch of the Institute of Estate Agents.

He calculated the concession could mean that small, two-bedroom flats in a new block could be let at R300 a month each and give the developer an after-tax return of 8,8 percent in the first year, 7,1 percent in the second year and 5,7 percent in the third year.

NEGATIVE

'He could get a better return for his money by making a risk-free investment in a building society.'

Some developers, however, might be prepared to accept a negative return on their property for the sake of appreciation.

The concession was not enough, said Professor W Kilian, head of the department of building science at the University of Cape Town.

'It is a step in the right direction but developers don't trust the Government and fear rent control might come back if flat rents remained high because of high building costs.'

Govt spending cutback could

hit building industry

(32) S. Post 27/3/82

THE national president of the Association of South African Quantity Surveyors, Mr Ray Hepple, told PROPERTY POST today the restrictions imposed in this week's Budget on Government spending, particularly as this affected the building industry, could be counter-productive.

Mr Hepple said he was disappointed to see that, though it was expected, further restrictions were to be placed on Government spending.

"They (the Government) are not keeping pace with inflation and certainly not keeping pace with the rising building costs. We are now having building costs doubling every four to five years. Look at large capital intensive schemes that should have gone ahead four or five years ago.

"A R10-million scheme that should have been built four years ago now costs R20 million. If it is delayed another four years it is going to cost R40 000 000.

"So the delays are counter-productive. One hopes that they are taking this into account when budgeting and not building themselves a giant snowball with which they can't cope."

Mr Hepple said price control used to be on only certain items of materials.

"But I think the fact that price control has been lifted on bricks now is coincidental, because it is a

process that has been underway for a while.

"However, it is another blow. This time it is an average of 17%, quite a big increase and, generally, it is going to have quite an effect on building cost increases.

"The Bureau of Economic Research of the University of Stellenbosch estimated an increase of 12% to 15% this year but I think we will see increases of the order of 18% to 20%.

"Last year we had about a 33% increase so this is still considerably below that level.

"However, all these increases, together with the petrol price increase, will make things difficult.

"Another worry in the cost of high-rise projects is the 10% surcharge on imports, where you have lifts and escalators, certain air-conditioning, machinery and electrical equipment, too.

"So, certainly, in the bigger projects, there will be quite a considerable effect. "Our exchange rate has been knocked pretty badly, too, at the moment.

"On the building side, it does not look all that promising. There is still quite a lot of work in the pipeline, not so much in the Eastern Cape — because I don't think we really got as much out of the boom — as the other areas.

"So, with the high interest rates and the viability of buildings, I can see a lot of disincentives for developers to look at building projects."

Mr Hepple said the new concessions announced in the Budget to encourage the building of new accommodation for renting were "quite good."

In terms of these concessions, the annual depreciation of 2% applicable to new industrial buildings will be extended to include all housing projects built after April 1 this year and offering not fewer than five family housing units for rent.

In addition, an initial allowance of 10% of the cost of the project will be allowed as a deduction from income in the year in which the project is completed and accommodation first let to tenants.

"I don't know if it will be sufficient, though, to really get it off the ground to the extent we need.

"There is a big problem now with sectional titles, specially with young couples who are looking for accommodation. New projects being built from this point on will still have high rental levels despite the tax concessions.

"Something more than this is needed, but it is a move in the right direction."

The general manager of Corobrik in the Eastern Cape, Mr Dave Osborn, told PROPERTY POST that

common bricks in this area would increase in price by 20% and face bricks by about 15%.

Common bricks will cost R70 per 1 000 ex-factory from Monday and face bricks R113 per 1 000 ex-factory.

The last brick price increase was on June 1, 1981.

"The brick industry in the Eastern Cape has suffered because prices were pegged at an uneconomic level while production costs have been ravaged by inflation," Mr Osborn said.

"In the past year we have been hit by increased costs for railage, coal, fuel, wages and transport.

"Though Corobrik applied for a 19% increase to recover these higher costs and was only granted a 17% increase, this will assist us to operate on a more realistic basis.

"All these increases taken together meant that an increase in the brick price was inevitable."

Mr Osborn said that, after the new prices had been implemented, the price of a R75 000 house would be increased by less than 1% and a R50 000 house by about 0.5% or R250.

The Government will watch the situation closely to ensure that manufacturers, suppliers and distributors adjust prices "with the necessary self-discipline and responsibility".



Mr RAY HEPPLE ... hoping the Government is not "building themselves a giant snowball with which they cannot cope".

Big Cement rises

Worries builders

(32) S. Tribune 28/3/82

By Dave McDermott
Property Editor

FOLLOWING hard on the heels of the 17 percent hike in the price of bricks a announced this week, an increase in the price of cement by as much as 20 percent is expected next month.

While welcoming the lifting of price control on these and other materials the building and civil engineering industries are worried about the effect of the increases, particularly as they believe the escalation formula applied under-compensates.

and perhaps as high as 20 percent," says national regional secretary for the South African Federation of Civil Engineering Contractors, Vic Church.

He says Safcepc has been warned by the Cement Marketing Organisation to expect a price increase and the association was told that it would take into account not only increased costs of production and rail tariffs but also the cost of the cement that was imported from Taiwan during the shortage experienced last year.

the civil engineering industry is the fuel price increase effective from April which will provide another upward pull on the cost of construction work.

Also of concern to

plant and materials have been applied to the civil engineering industry which reflect more accurately and realistically escalation.

Director of the National Builders' Plieters Rauteubach, says the escalation formula is generally under-compensating.

"All the hue and outcry that used to be heard that the formula was over-compensating has disappeared like must before the sun. Now developers and clients are getting the better part of the deal.

Rauteubach says increases in the price of bricks and cement always have a marked effect but they were to be expected at this time of the year. However, the timing of the increases and the lifting of price control was rather remarkable.

For the building industry in general, he says, things are starting to slow down. "It is not quite the hunk-dory situation we had six months ago."

While there may be short-term hiccups, he says, in the longer term the freedom of the system will make it more attractive to enter, to expenditure of capital on plant and eventually work better for the benefit of all.

The brick price increase was not unexpected. "Price increases have a negative side and these increases will affect everybody but to qualify the effect is impossible."

Property men say the risk factor the present climate of uncertainty rising costs coupled with rent control Don Kennedy, executive director Property Owners' Association (Sai) company with shareholders is still entering the rental development/rent control and the Government's, in continuing to phase out the rent Sapoas sectional title committee Phillip Gershater says in view of interest rates and other costs of bor it is doubtful if there will be much the private sector at least in the m

The present high interest rates are a far more pertinent factor, Van Riel maintains. If the rates come down, building would increase despite hikes in materials costs.

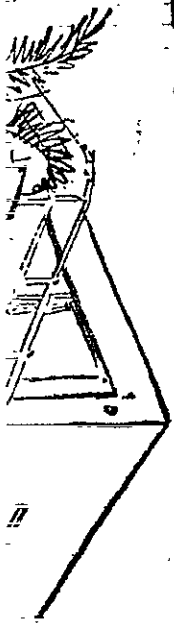
Accommodation Budget boost not enough, warns Sapoas

CONCESSIONS announced in the Budget at sparking construction of accommodation rental fall far short of being real incentives do not increase sufficiently developed capital invested.

This reflects the general feeling property industry and although the concessions have been welcomed, they are regarded as stimulus.

But the two percent depreciation plus the 10 percent initial allowance a project is seen as a psychological for property development, particular bond finance drought continues.

SHOW TODAY 10am-5pm



ADK 2/4/82

Bifsa accuses cement barons

By PENNY CUMMINS

THE cement industry is intent on financing capital expenditure solely out of profits, says Mr Lou Davis, executive director of Bifsa.

strategic industry with long lead times for developing plant, we have to plan ahead."

The industry would spend R1 200-million on expansion in the next five years

Mr Davis said he was not convinced that the cement producers had acted in a completely responsible manner

"Cement is a primary commodity, and because of the nature of the industry in South Africa producers operate under extremely privileged conditions of marketing and competition.

"It is difficult to reconcile oneself to the need for an increase of approximately 17% when one remembers the performance of the cement companies over the past year as published in their latest financial reports.

"One company records increased profits of 23,7%, and another reports a 34% increase in earnings.

"Once again the cement industry appears to be disregarding basic economic principles, and seems intent on financing capital expenditure solely out of profits.

"Let us hope that outside competition will react to the unfortunate position in which the public finds itself."

Mr Taylor was not prepared to comment on Mr Davis' remarks.

38



The price of cement to the wholesaler has risen 17%. The producers obtained an increase of almost 11%, and the Cement Producers Association attribute the rest of the price leap to increased rail costs. The retail price increase could exceed 20%.

The cost of cement and other building materials was decontrolled last month, but the Minister of Commerce, Industry and Tourism, Dr Dawie de Villiers, extracted a promise from the cement producers that they would peg their initial increase at the level already granted by the Price Controller.

The producers' increase will add 26,4c to the price of a 50k pocket of cement.

Mr George Taylor, executive president of the Cement Producers Association, said the price rise was considerably less than the inflation rate over the past year.

"We want to recoup the unavoidable cost increases of raw materials, energy and labour. Because cement is a

More employers guaranteeing loans for staff housing

BUILDING ORDERS STILL POURING IN

152
28/11/82
S. Gibson

DESPITE all the adverse factors — the shortage of bond finance, escalating building material costs and the predicted slowdown in the building industry — homes continue to be built and one local builder reports near-record orders during March.

Dereg Construction received more than 70 enquiries for new houses in March and home contracts totalling nearly R1 million were concluded.

Two of the deals were cash for substantial homes to be built for R170 000 and R107 000 respectively. There were also contracts for large township companies and corporate staff housing schemes.

Significantly, says Dereg marketing manager Mike Goosen, there are increasing instances where bonds for the homes to be built are being guaranteed by employers.

This is a trend which has been emerging since October last year when the effects of the credit squeeze, the high in-

By DAVE McDERMOTT
Property Editor

say that money is being found elsewhere.

More and more employers, says Goosen, are helping staff to get a house. "The Government's request for the private sector to get involved in solving the housing crisis is being carried out in a sort of roundabout way."

"In terms of our planning, we did not expect to have this sort of volume to cater for but we have been making a more direct approach to the industrialists rather than going on soft-sell advertising. Maybe all of this is now having an effect."

Goosen believes that in these times of

able staff members to get bonds as helping a lot of people to get homes.

Of the home-building deals put together by Dereg in March, three bonds are being organised with employer assistance and four further bonds were guaranteed by employers. Other deals were for cash.

The month also marked record enquiries for additions or extensions to both commercial and residential properties.

Managing director Reg van Rij says the essential difference between the last recessionary period in 1974 and the one now ap-

32 FM 16.4.82
BUILDING METHODS
Timber breakthrough

After decades of tough negotiation, the timber industry has finally broken through on the housing front and local authorities countrywide are accepting wood-frames as an acceptable base for housing construction.

All except the biggest. Although Johannesburg flatly denies that it has set its face against timber-frames, the SA Lumber Millers' Association (Salma) claims that council officials will not accept the method even if builders can produce Agreement Board certificates to support their applications.

The new standard building regulations (SBRs), still gestating in the offices of the SA Bureau of Standards, should settle the matter once and for all. But in the interim a battle royal threatens.

"Johannesburg is working to antiquated regulations and officials will not take the responsibility of giving the go-ahead for timber frame construction," says Salma director David Eloff.

"This is unacceptable. Virtually all other local authorities now permit timber frames, and that includes the main municipalities around Johannesburg."

The next step, says Eloff, is to take the complaint to the "highest authorities."

Yet Peter Reinecke, Johannesburg's director of Town Planning, says it is "non-sense" to say that the city will not accept timber-frames. In fact, it has already given the go-ahead for the technique to be used in the municipal area.

"But there are timber frames and timber

frames," he says. "We will accept them as long as the building methods are approved. What we have found in one case is that the builder was given permission to employ timber-frame construction, but then ignored the specifications in the agreement certificate. Obviously we cannot accept that."

Reinecke does admit, however, that there "are some council officials who believe that conventional building methods are still the best."

If it does nothing else, the dispute highlights the need for a modernised approach. Johannesburg, for example, has long admitted that its regulations are hopelessly outdated. Indeed, the entire generation of modern buildings in the city could not have been built without bending the rules.

The last test (on a housing scheme in Tzaneen) showed that timber frames could cut building time substantially and bring down costs by about 15%.

"It's senseless in the circumstances for the authorities to talk about the shortage of housing and the need to provide people with roofs over their heads if they then turn around and reject an economical building method which has been accepted throughout the developed world," complains Eloff.

Despite its acceptance of timber-framed housing in given circumstances, Johannesburg, says Eloff, is basing its decisions on the township establishment regulations

which applied to "wood-and-iron" shacks in the mining camp days. "This technique," he claims, "is entirely different."

When the new NBRs are finally gazetted, they will specifically include timber as part of the basic building process and the problem should be over. But the response to the early drafts of the regulations was spirited and controversial — especially from the larger local authorities who see them as a threat to their right to control building standards in their own towns.

Bifsa leader sweeps away gloom clouds

(32) star 20/4/82

By Frank Jeans

The building industry is not sliding into another bout of recession; it has too much ahead of it, like wiping out a 500 000-house backlog as well as providing 180 000 homes a year.

That's the message from Mr Lou Davis, executive director of the Building Industries' Federation (Bifsa) who hits out at the "financial analysts and the public at large" for singling out the industry as the "butt for their current drama and histrionics."

Mr Davis who places priority on the need for adequate housing for every sector of the population, says: "It is probably because of its hardcore new look nonsense business approach that the building industry is blamed for rising costs, low productivity, poor financial planning, absence of innovation — in fact everything short of the next epidemic of rinderpest."

SHORTAGES

"In a country which today has a shortage of more than 500 000 housing units with an additional increasing demand of 180 000 homes a year, it is difficult to give credit to those who foresee an imminent slump in the industry."

The Bifsa chief pulls no punches when he urges the diversion of

The result has been the need not only to train more people to fill the gaps but to project a positive image for the prospective recruit wanting to enter the industry.

RECESSION

"With the threat of imminent recession being pushed down our throats by the gloom looms, can one be expected to contemplate a career in the industry? We doubt it," says Mr Davis.

Of materials, Mr Davis says: "We would be interested to meet the material manufacturer prepared to invest millions in capital development with the prospect of stockpiling all his products in the wake of a recession."

"Undoubtedly he will believe the prediction of woe and gloom and will cut back on production — and when the so-called boom comes back, there will be shortages of

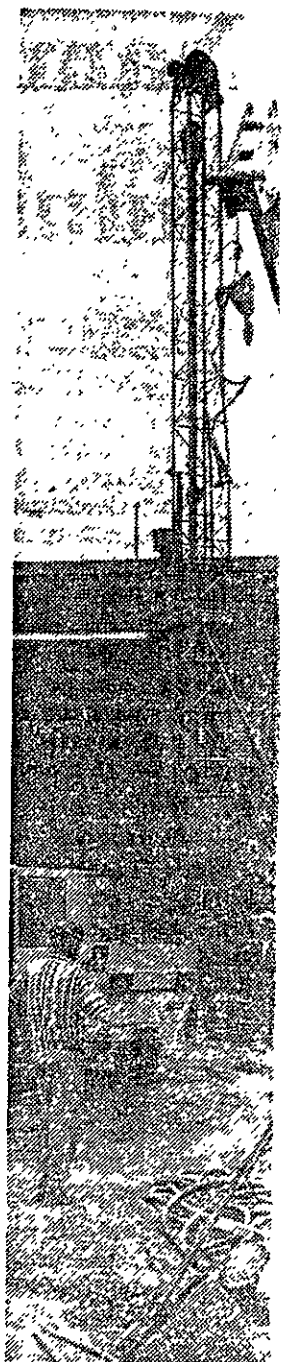
materials, blackmarket pricing and increasing building costs.

And profit margins within the industry? "The official published figure for the building industry is six percent on turnover.

"Compare that with a manufacturer of women's underwear and see what business you would prefer to be in."

PERMANENT

Mr Davis adds: "If the gloom looms will tell the building industry whether or not Bifsa training efforts — which could cost up to R400 million during the next 18 years — should stop and advise industrialists to plan for permanent zero growth, to persuade people to live in tents until prosperity passes by, then the whole building sector will be in the position for once of being able to plan positively."



Industry falling down on lighting standards

Planners of factory construction might well take a closer look at the lighting aspect in design. A local lighting expert believes that many industrial complexes fall well

the line after lights at 500 lumens a sq m (lux) were increased to 4 000 lux.

Many national factories, says Mr Waddell, are operating well below the 500 lux level.

"They light factories to

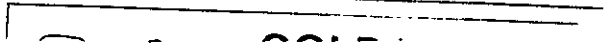
to have good lighting in areas of small-parts manufacture."

Zumbel has a computer programme which pinpoints where lights should be positioned for the best

32 **Housing breakthrough** *Industrial Week 27/4/82*

A NEW system of low-cost building is being introduced to SA by Peter Bayly Construction aimed at the mass housing market.

Main advantages of the system are it's speed, an average house of 60 m² can be completed in a week, utilising local site materials and unskilled labour. No prefabrication is required thus eliminating transport costs.



1980 - October - Merges with the Motor Industry Combined Workers Union. (See page 80).

MOTOR INDUSTRY WORKERS UNION OF S.A.

ARLMS 4/5/82
Preserving buildings presents problems

PRESERVING most artefacts from the past presented no problems, but preservation of old buildings involved a range of problems, an architect, Mr Revel Fox, said at the University of Cape Town last night.

Mr Fox was taking part in a panel discussion. Other members of the panel were Professor Brian Kantor, professor of economics at UCT; Mr Gerald Divaris, a property consultant; and Mr J Brand, the City Engineer.

Mr Fox said there were costs in preserving old buildings, but the character of older parts of the city was an important tourist attraction.

PROFIT

Controls on development were necessary, he said.

"Neither good cities nor good development have been provided when controls are not applied. In the first instance, cities are market places, but if the pursuit of profit dominates it will drive people away."

Mr Divaris said Cape Town needed development. Developers took risks by investing in real estate and they needed to be encouraged.

Delaying or shelving some projects had cost the developer and taxpayer millions of rands. He mentioned Sandy Bay, Granger Bay and District Six.

Mr Brand said there should be a balance between what was conserved and what had to be done to meet the needs of the burgeoning population. "Developers must have a respect for existing buildings," he said.

Professor Kantor said the market was the best form of protection for old buildings. If people liked old buildings, they would be prepared to pay high rentals for them.

ited by 1977/78 and with

1974 affiliated to TUC other unions formed F

Registration: Yes

Founded: 1939

Area of Operation: W

Officials: Secretary:

8001

Cape Town

Corporation

Address: 201/4 City

Telephone: (021) 433658

Report 1980/81

		460
		445
		..
*	347	377
*	201	222
*	305	331
*	294	322
*	320	418
	Total	White

	1980
	1979
	1978
	1977
	1976
	1975
	1974
	1973
	1972
	1971
	1970
African	Year

M & R prepares a R72m pounce

By JOHN MULCAHY

THE way has been paved for a major acquisition by Murray & Roberts through a new share issue, while protecting Anchusa Holdings effective control of the group.

A reconstruction of various cross-holdings between M & R and Anchusa, announced today, will leave Anchusa with 46% of M & R, compared with the 30% it now holds, and allow some scope for the issue of M & R paper without diluting Anchusa's interest.

The first element of the plan comprises the acquisition by M & R of Anchusa's 50% holding in Manchusar, making the latter a wholly-owned subsidiary of M & R, in exchange for 3 262 923 new ordinary shares in M & R.

Manchusar holds 100% of Crown Mills, 100% of Bromor Foods and 94.7% of CI Industries.

The second facet of the transaction, engineered by Barclays National Merchant Bank and The Board of Executors, is the acquisition by M & R of 2 575 415 new Anchusa shares in exchange for 1 770 528 M & R shares now held by wholly-owned subsidiaries of M & R.

Mr Roger Voysey, a director of M & R, said yesterday the objective of the transaction was not to entrench Anchusa's effective control of M & R, but to enhance M & R's capability to look for acquisitions by enabling it to issue new shares without reducing Anchusa's stake below its current 30%.

As evidence of this intention, Mr Voysey said that while Anchusa's holding in M & R would rise to 46% as a result of the transactions, it would restrict its voting rights to about 42% of M & R's capital.

Anchusa will waive its voting rights in respect of the 1 770 528 M & R shares acquired from M & R's wholly-owned subsidiaries, but if M & R issues any new shares, Anchusa will exercise voting rights in respect of the 1 770 528 shares pro rata to increases in M & R's capital, until Anchusa's total holding in M & R is reduced to 30% of M & R's issued ordinary capital.

After this stage is reached, Anchusa will be entitled to vote in respect of the full 1 770 528 shares.

Mr Voysey said there was no significance in the timing of the announcement, and M & R had no immediate takeover plans.

The decision to transfer the whole of Manchusar into M & R was based on the duplication of management and administration, and

circumstances had changed since Manchusar was established.

At that time M & R was almost exclusively in construction, and Manchusar was the vehicle for Anchusa's other interests, but M & R's base had since broadened, and Anchusa now had a diversified earnings base through M & R.

According to M & R the financial basis of the transaction is that neither the ordinary shareholders of Anchusa nor of M & R will suffer any dilution in earnings a share.

No value was placed on the components of the transaction for this purpose because "the integrated transaction as a whole was determined with reference to earnings".

The transaction is not expected to materially affect earnings of either Anchusa or M & R this year, but a non-recurring surplus of 8.3c a share arises in Anchusa.

According to the announcement the commercial objective of the scheme is the improvement in the quality of earnings of Anchusa and M & R by adding a new dimension to M & R's acquisition policy.

Anchusa's net asset value at June 30, 1981 is increased by 6c a share to 468c as a result of the moves, while the effect on M & R's net asset value at the same date is a 22c reduction to 553c.

"This reduction in the net asset value of an M & R ordinary share results from the acknowledgement of the goodwill arising from past acquisitions by Manchusar — particularly the acquisition of the CI Industries group."

The effective date of the proposals — to be presented for approval to Anchusa and M & R shareholders in general meeting — will be January 1, 1982; and the new shares are expected to be issued on June 29.

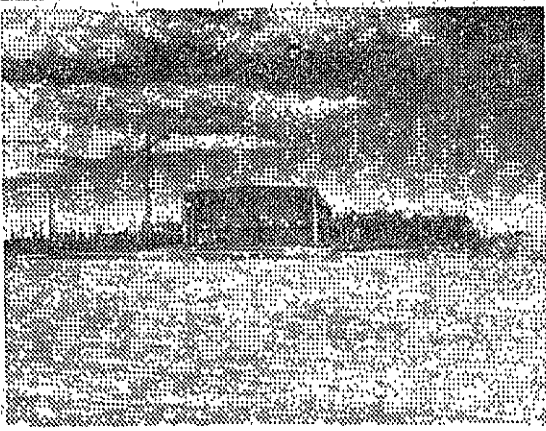
COMMENT: The stated objective of the transaction, to provide M & R with the facility to go for significant acquisitions, cannot be read in isolation, but must be seen in conjunction with the understandable desire to protect Anchusa's control situation.

While the intention is clearly to use paper in future M & R acquisitions, this has not been done without "watching the back".

The reconstruction increases M & R's issued capital by 22.4% to 27 577 107 shares from 22 543 656 shares.

After the transaction Anchusa will hold 11 895 451 M & R shares, and if this interest is ultimately to be maintained at 30%, it implies the future issue of another 12-million shares.

At the current market price of 600c the transaction has thus created a R72-million facility for acquisition without influencing Anchusa's control.



Ciskei's new Legislative Assembly at Bisho is under construction

M and R
have
a firm
foothold
in Ciskei

(32) (M&R)
S. Tribune
16/5/82

Property Reporter

THE newly-independent Ciskei, now entering an era of sophisticated build-up, is bringing the best out of the "fast track" specialists of construction these days, the Murray & Roberts group.

M & R, which has a strong penetration in the emergent states, as well as a record of beat-the-deadline contracts, has won a firm foothold in Ciskei with the bulk of new development there.

The company completed a record-busting eight-month contract on the Sun City Entertainment Centre and has now brought out that expertise following Ciskei's independence.

Law, order and parliamentary status are the priorities of the new state and Murray & Roberts construction teams are involved in major projects at a total value of R30 million.

At Zwelitsha, the company is well ahead with a R4 million magistrate's court, a functional and well designed structure.

Coming out of the ground too, in the area is a Supreme Court and nearby the group is constructing a prison without the conventional constraints.

It is at the new capital Bisho, however, that M & R is striding ahead with the prestige job — the Legislative Assembly of Ciskei, a R13 million project which will give Ciskei a modern "Westminster look".

In charge of this contract is an M & R old-stager Mark Lucey, who has had a lot of experience on the quick jobs in Transkei — a man who wastes no time in getting things out of the ground once sudden political decisions are made.

"You have to have a sound knowledge about how to make use of local talent when the rush job comes up," says Lucey.

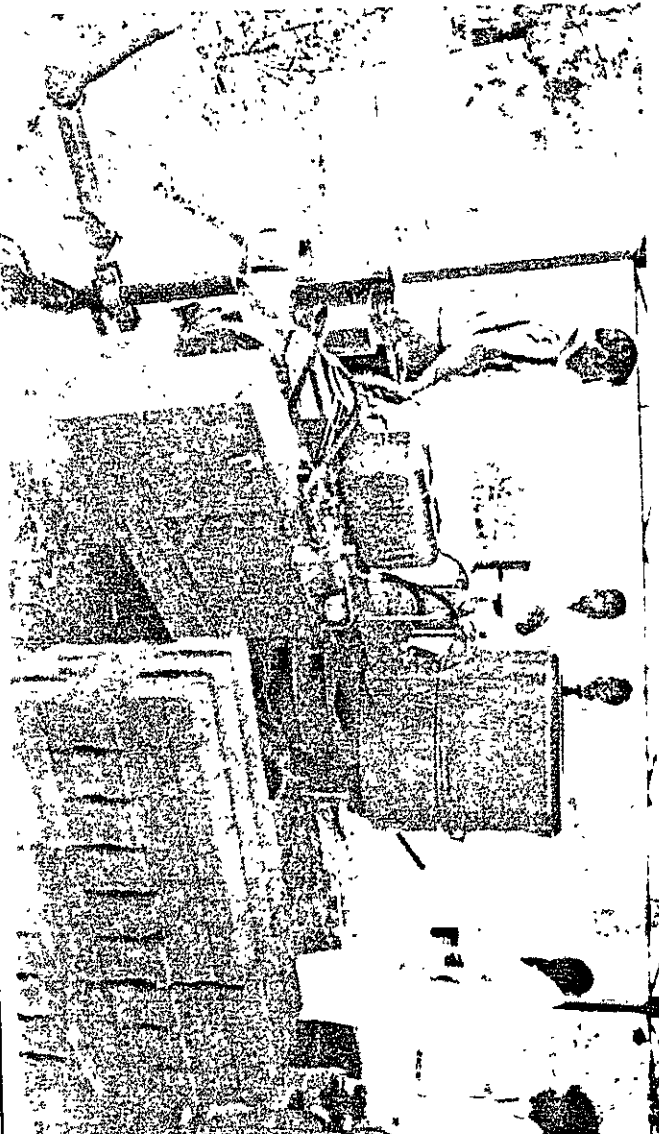
It took him and his team only four months to get the heart of the Assembly complex built in time for the formal adoption of the Ciskei constitution.

Now they are hard at the construction of the extensions of the administrative blocks.

The strong presence of Murray & Roberts in Ciskei could be a winner for the company, for the East London, King William's Town, Bisho triangle has tremendous potential for industrial expansion, thus tapping the vast labour resources of the sprawling Mdantsane township.

NEWS

Mud bricks could solve housing headache



A NEW technology for brick making, which combines the ancient craft of mud bricks with the modern science of chemical additives, has recently arrived in SA.

Developed in Switzerland by Consolid AG, it is claimed that this technology will incur considerable savings and be of great benefit to self-help housing projects.

It requires low capital expenditure and eliminates the need for skilled labour and expensive transport infrastructures.

The technology was originally designed to create roads by applying chemicals to natural soils. Additives bind the clay

materials in the soil to provide a water resistant agreement that may be applied to the surface of the road.

The process was extended some years ago by the inventor, Dr G Scherr, to the making of bricks from local soil, so



Dr G Scherr.

that bricks can be made in situ, eliminating expensive transportation costs. The CLU 3000 brick making machine and the

chemicals can be taken on site to form mud bricks that are both durable and of standard size.

A sifting machine removes all the undesirable stones and rocks, and the soil treated with the two chemicals has a drying time of as little as 24 hours.

The company says that mud bricks, which are not porous like those of clay, are more dense, convey little ambient heat into the interior of a dwelling and also make it soundproof.

Unskilled labour can be trained to operate the self-powered brick maker within one hour and one machine can produce 3 000 bricks per day, enough for 100 houses a year.

'In-house' jobs unfair inroad say contractors

Civil engineering contractors are becoming increasingly worried over the king-size share of work allocated to the "in-house" construction units of central, provincial and local authorities.

The split between contract and departmental work is underlined by the value of the work spread over recent years.

In its latest newsletter, the South African Federation of Civil Engineering Contractors says work undertaken by these units was R440 million in 1980, R500 million in 1981 and is expected to surge to R560 million this year — an increase of 27 percent over two years.

"Over the same period," says Safcec, "contract work is projected to go up by only 11 percent. In relative terms, furthermore, contract work will show a decline from 65 percent of all Government sector civil

work to 62 percent."

The federation is "seriously concerned" that despite the Government's declared policy of functional division between the public and private sectors and frequent representations to the authorities on the anomaly of large-scale departmental work in a private enterprise-based economy, department work continues to increase at the expense of contractors every time the Government is forced to curtail its infrastructure programme.

"This aggravates the fluctuations in the contracting industry's work load and contributes to the lack of continuity in construction activity which is neither in the interest of the industry itself, nor the overall economy," says Safcec.

The federation, "considering the tight financial conditions experienced by the State," welcomes the projected increase of

R100 million in civil works expenditure under contract.

NEW DELAY

It trusts, however, that the investments which have been forecast for this year will, in fact, go ahead and will not be subject to cutbacks in the State's capital expenditure programme, although it says, there already appears to be a delay in the flow of new capital works from the SA Transport Services.

"The increase in expenditure expected this year is the result of higher outlays on essential services such as railways, water and sewerage schemes and work for public corporations which mainly reflects Escom's power station programme.

"Road construction, on the other hand, will have a low priority and in real terms will drop by some 15 percent after declining by 10 percent last year," says Safcec.

VERY CANDIDATE MUST enter in column (1) the number of each question answered (in the order in which it has been answered); leave columns (2) and (3) blank.

	Internal	External
(1)	(2)	(3)
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		
(11)		
(12)		
(13)		
(14)		
(15)		
(16)		
(17)		
(18)		
(19)		
(20)		
(21)		
(22)		
(23)		
(24)		
(25)		
(26)		
(27)		
(28)		
(29)		
(30)		
(31)		
(32)		
(33)		
(34)		
(35)		
(36)		
(37)		
(38)		
(39)		
(40)		
(41)		
(42)		
(43)		
(44)		
(45)		
(46)		
(47)		
(48)		
(49)		
(50)		
(51)		
(52)		
(53)		
(54)		
(55)		
(56)		
(57)		
(58)		
(59)		
(60)		
(61)		
(62)		
(63)		
(64)		
(65)		
(66)		
(67)		
(68)		
(69)		
(70)		
(71)		
(72)		
(73)		
(74)		
(75)		
(76)		
(77)		
(78)		
(79)		
(80)		
(81)		
(82)		
(83)		
(84)		
(85)		
(86)		
(87)		
(88)		
(89)		
(90)		
(91)		
(92)		
(93)		
(94)		
(95)		
(96)		
(97)		
(98)		
(99)		
(100)		

NOTE CAREFULLY

1. Enter at the top of each page and in column (1) of the block on this cover the number of the question you are answering.
2. Blue or black ink must be used for written answers. The use of a ball point pen is acceptable. Red or green ink may be used only for underlining, emphasis or for diagrams, for which pencil may also be used.
3. Names must be printed on each separate sheet (e.g. graph paper) where sheets additional to examination book(s) are used.
4. Do not write in the left hand margin.

WARNING

1. No books, notes, pieces of paper or other material may be brought into the examination room unless candidates are so instructed.
2. Candidates are not to communicate with other candidates or with any person except the invigilator.
3. No part of an answer book is to be torn out.
4. All answer books must be handed to the commissioner or to an invigilator before leaving the examination.

Any dishonesty will render the candidate liable to disqualification and to possible exclusion from the University

Builders can't afford a let-up

32 E. Post 22/5/82

THERE is no way the building industry in South Africa can let up as far as development is concerned because of the need to provide for an increasing population with an increasing earning power and, therefore, the needs generated by that increased earning power.

This was said this week by Professor Brian Eksteen, head of the Department of Building Management at the University of Port Elizabeth.

Prof Eksteen said the only problem area being faced by the industry was the "certain lack of finance available".

"As a result of the decreasing gold price, the State will also have to look at what they are spending.

"At present, the problem is the lack of finance but, in the future, the wise spending of the available finance is going to be the thing we will have to watch."

So far this year, 1 192 plans worth R25 747 382 have been approved by the City Council.

Of these figures, 260 plans worth R3 889 295 were for April.



Property news

by

Ralph Jarvis

The figures for plans passed in March were 359 worth R7 197 435 — 99 more than in April and R3,3 million more than that month.

Yet, of the R3 889 295 for plans passed in April, only three plans were worth more than R100 000 each — R120 000 for a municipal clinic at Booysen Park, R240 000 for additions to Silverton Engineering in Burman Road and R380 000 for another nine townhouses in the popular Greenacres Village development off Ascot Road.

Of the month's total, R2 222 600 was for new buildings and the balance

for alterations and additions.

The biggest single contributor for the January-to-April period was the private housing sector, in which 225 plans worth R7 579 500 were passed.

The April-only figures were 41 plans valued at R1 547 000.

Next on the April list were the 185 plans worth R790 995 approved for additions and alterations to private houses.

Then came industry's 10 plans for adds and alts worth R604 500.

Commerce contributed 10 plans worth R189 330 for adds and alts, to add to the two new plans worth R179 999 in April.

Prof Eksteen said there was relatively less building work today than there had been for the last few years.

"But I think people tend to look at things in too drastic a light.

"If we look at the situation comparatively, if we could measure, reasonably accurately, the volume of

work, we would probably find we are still doing more now, in a reduced year, than say, eight or 10 years ago.

"We are not talking about rands and cents, but in terms of volume — and that volume is quite difficult to measure because you have so many types of buildings.

"Nor can you measure it accurately in terms of value because of the inflation factor."

Prof Eksteen said several houses were today being built for R100 000 or more.

"So it looks to me that the statistics represent a reasonably modest type of building work, more modest housing, a certain amount of light industrial type of building and alterations and additions to domestic, industrial and commercial buildings."

Prof Eksteen said this could be considered a period of consolidation, a view backed by Mr Johan Snyman, an economist responsible for conducting the prestigious quarterly building surveys undertaken by the Bureau for Economic Research of the University of Stellenbosch.

"He said he would advise builders to consolidate, to get themselves sorted out in any problem areas they may have, picked up from the management or systems and information points of view, and not to invest too heavily in long-term assets like plant at this stage."

The president of the Port Elizabeth Master Builders and Allied Trades Association, Mr Des Masters, said the building statistics should reflect the "real situation".

"If they have reached the stage where they have actually been passed by the council, one would think the developers would go ahead with the building," he said.

Though he was surprised there were only three plans worth more than R100 000 approved last month, he said there was hardly any work out to tender at present.

"The building trade is still very buoyant though, the smaller contractors are not looking for work and

the housing contractors are short.

"Sub-contractors still seem fairly busy."

However, Mr Masters said the medium-size builder had enough work for the rest of the year.

Up till the end of April 1 001 buildings, worth R18 071 467, had been started in Port Elizabeth.

Of this cost total, R6 285 600 was for 196 private houses — at an average cost of R32 069 — another R2 490 745 for 686 alterations and additions to private houses, a further R4 552 250 came from three buildings for the Government's PWD and R2 001 480 came from 41 plans for alts and adds to industrial buildings.



Mr RALPH HYNCH (second from left) was awarded the Ralph Hancock Founder's Tray for outstanding production for Hancocks Residential Sales of more than R1 million for the financial year to February, 1982. The award was presented by Mrs LOLA HANCOCK. With them in the picture are Mr RAY LONG (left) a director, and Mr GEOFF HOWELL, another director. The winners of the second and third prizes were Arthur Arnot and Ruth Hill.

Rapport essential in building programme

32 E. Post 22/5/82

THE president of the Building Industries Federation of South Africa (Bifsa), Mr Leon Glaser, has accused the Department of Community Development of a "lack of rapport" with the building industry.

"With the speed with which events and changes in our daily routines and lives are occurring, it should be perfectly obvious that nothing can happen in isolation," Mr Glaser says in the latest issue of SA

Builder, the official journal of Bifsa.

"There is no way in which an event occurring in one sector will not affect another.

"Notwithstanding the continuing calls by Government — one is almost tempted to say clarion calls — for greater private involvement, there is still much scope for improvement in the communication lines between Government and Bifsa.

"There have been tremendous benefits to all concerned in the field of labour organisation and labour practice due, in no small manner, to the cross-fertilisation of ideas between labour, management and Government which, in fact, in our industry, will almost

certainly result in the entire country having one labour structure easily applied by all.

"The Department of Transport, in the person of the Minister, has taken Bifsa into his confidence and, here again, Bifsa has been able to make a contribution however small.

"Sadly, this rapport is absent as far as the Department of Community Development is concerned.

"It is especially distressing when one takes into account the tremendous volume of work put out by the department — work for which the industry is geared.

"As one of the partners in this development, surely we should at least be advised, even if we are not consulted."

Mr Glaser said it was "quite wrong" that the industry should discover about drastic cuts in the housing programme from newspaper reports.

"Once again the industry offers its services to Gov-

ernment to assist in softening the stop-go policies which are so detrimental to all concerned.

"This is not to say we have magic, instant solutions. We do not.

"We do have the means to assist in long-term planning.

"We do have experts in practical building; we do have experts in contract financing.

"We are in a position to point out areas which could cope and which areas are overheated.

"We do know where and what bottlenecks are in the system.

"Not for one minute are we suggesting that we would like to stick our oar in for altruistic reasons.

"We are businessmen who wish to run efficient, planned businesses and, if we succeed, the country will benefit.

"Surely the brains available, not only in the industry, but also in the professions, should be creatively

used to ensure a stronger, more even flow of work?"

Mr Glaser said one was only too aware of projects which took eight years or more from drawing board to calling for tender.

"Can the costs of these 'delays' ever be calculated?"

"Is there really any valid excuse for this, especially when design requirements have changed so much in a shorter period?"

"What of the costs to individual firms of retention monies held for up to five years. Horrific.

"The Receiver of Revenue certainly will not wait five years for tax returns, and payment.

"Today the industry is just too sophisticated to be run on the old lines.

"The time has come for fresh looks and new solutions.

"Let us begin by having as much communication as possible between all those concerned with the building process and the national building programme."

**Massive
contracts
up for
grabs**

WATER ⁽³²⁾ BOARDS SPLASH OUT _{Industrial Week 8/6/82}

By Lynn Carlisle
and
Hugh Poulter

AN INJECTION of R250-million into civil engineering and allied company coffers is imminent due to the scheduled augmentation of two major water supply schemes.

Growing industrial and domestic demand has led the Rand Water Board (RWB) to add a R100-million extension to its Zuikerbosch pumping and purification station at a time when the OFS Goldfields Water Board is to authorise a R50-million augmented scheme to come on stream late next year.

"A new 40 km long and 2,4 m diameter pipeline will be installed from the Zuikerbosch pumping station near Vereeniging to the water distribution network on the Reef which together with new distribution pipelines and reservoirs, will account for a further R100-million," says an RWB official.

Major civil contracts

Extensions will involve four or five major civil contracts for pumping installations, sedimentation and filtration systems, and the supply of equipment as well as several smaller contracts, some of which have already been awarded.

"Estimates of expenditure for the augmented scheme, scheduled for late-1983, are about R200-million. We propose to award all major contracts by early next year," the RWB official says.

Elandsfontein-based pump manufacturers, Mather & Platt, has just won a R3,5-million order from the RWB for the manufacture, supply and installation of five variable speed electric-motor-driven pump sets at Zuikerbosch while the OFS Goldfields Water Board has awarded its first tenders for certain supplies.

"These include approval for work to start on a 70 km pipeline from Balkfontein on the Vaal to Koppie Alleen near Welkom.

"This month we will invite tenders for the construction of three pump stations," reveals Otto Langenegger, consultant engineer with Geustyn, Forsyth & Joubert (Pretoria) acting co-ordinators for the supply extensions.

Aimed at quenching the additional demand of Welkom and other smaller towns, the scheme will increase water supplies from 240 megalites daily to 360 megalites by late next year, and this has led to the recent awarding of a R18,96-million contract to Hall Longmore, for the supply of about 70 km of 1 200 mm diameter steel piping.

Jerling Pipeline Services will construct the pipeline for R6,5-million, while Ainsworth Engineering and Premier Valves have landed contracts to supply the various valves required for the pipeline.

"There are three new pump stations involved — one on the banks of the Vaal and highlift pump stations at Balkfontein and De Erf, with civil works amounting to

around R1,2-million," says Langenegger. Sulzer Bros has already undertaken to supply R740 000 worth of pumping equipment for these.

"The chemical handling, dosing and associated plant at Balkfontein will be upgraded at an estimated cost of R2-million, while refurbishing the filtration plant will cost about R2-million," he says.

To improve storage capacity, Concor will construct balancing reservoirs at Balkfontein and De Erf at a cost of R1,56-million.

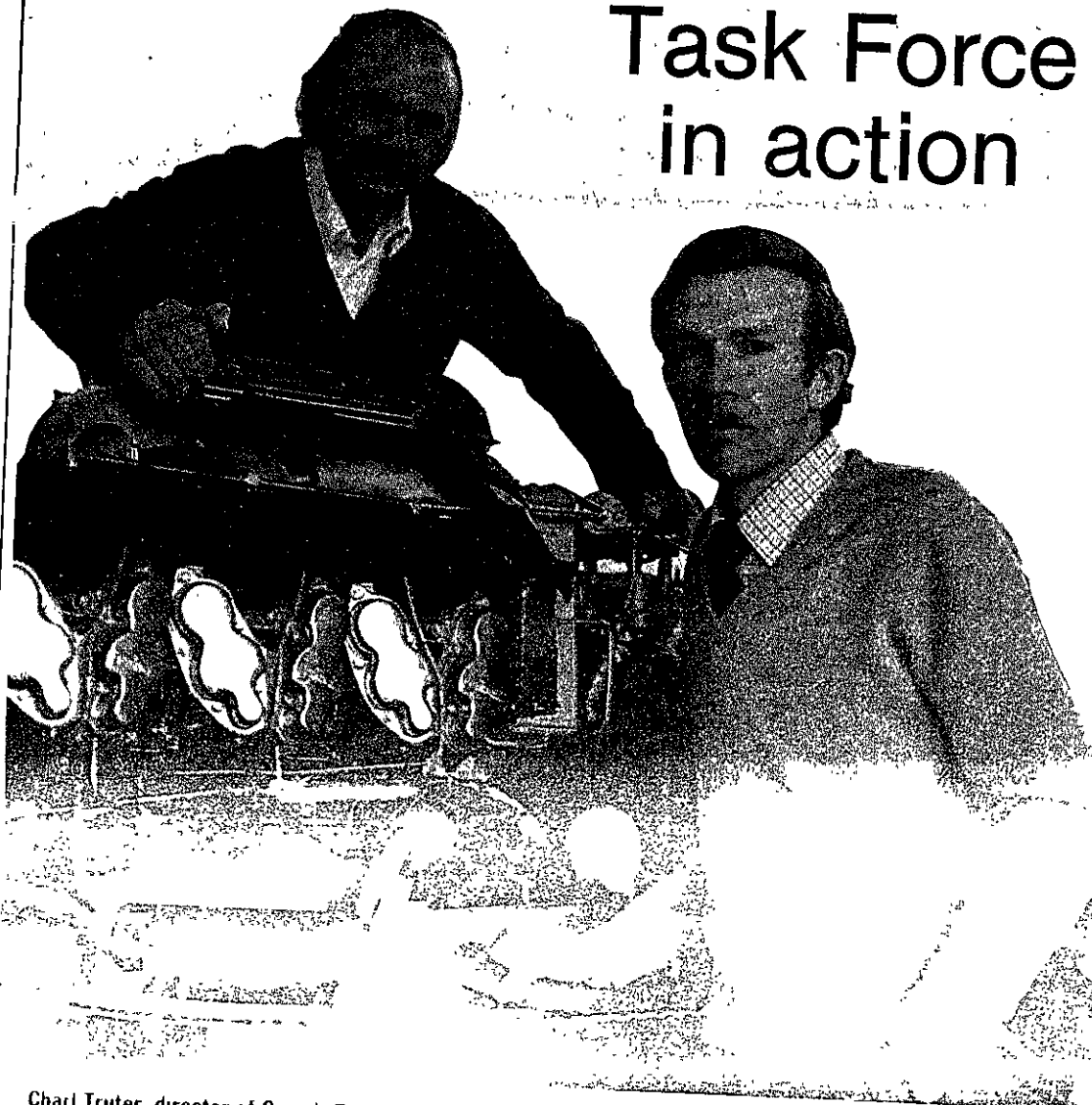
Tenders ranging from R3,2-million to R5,3-million for a 120 megalitre reservoir at Koppie Alleen have also been submitted and are due to be awarded shortly.

Botswana invites tenders

South African construction companies have also been invited to offer tenders for modifying Gaborone Dam, Botswana — a single contract estimated to be worth R22-million, says Glen Walton of Sir Alexander Gibb & Partners, consulting engineers for the Botswana Water Utilities Corporation.

A prequalification of tender questionnaire is available from Alexander Gibb and must be returned by June 25.

Task Force in action



Charl Truter, director of Comair Engineering discusses a technical problem with John Clements, joint MD of Executive Task Force, a company specialising in executive short-contract placements. The Executive Task Force, a new concept in manpower management, has this week launched its new technical industrial section.

Builders assured: red tape is out

Handwritten: 32 Star 15/6/82

By Frank Jeans

The present building regulations set-up is not only pushing up the costs of property development but is delaying and even discouraging projects.

It is in the light of this that the Government is determined to cut through the "red tape" in the present regulations.

This was said by the Minister of Industries, Commerce and Tourism, Dr Dawie de Villiers when he addressed the Brick Development Association at the Wanderers.

"Building contractors will have to play their part by moving away from old ideas in regard to new methods and the use of new materials," he said.

Dr De Villiers said the day may come when manufactured housing held a market

share similar to that in the United States, where this type of housing provided no less than 40 percent of the total housing market.

Mr A R Kemp, chairman of the BDA, gave a strong hint that brick prices rises are inevitable in the light of the continual fuel and wage cost spiral.

"Labour costs can represent between 30 percent and 40 percent of total costs," said Mr Kemp.

"In fact, three main cost centres contribute to the problem over which management has little control — salaries, fuel, railage and maintenance materials.

"While we must try to be as efficient as possible and deliver the lowest possible price consistent with earning a proper return on capital employed, it is inevitable

that the selling price of our product will have to increase from time to time unless somebody somewhere can really get on top of the inflation bogey," he said.

The brick industry had done its part in keeping down selling prices so far. In the PWV area for example, a price per thousand for stock bricks in March 1977 and R30,10 and in March 1982 the figure was R48,75.

This was an increase of 62 percent as against a rise in the national consumer price index of 87,5 percent.

An international survey had revealed that South African face bricks were among the cheapest in the free world.

Mr Kemp said that a number of brickmakers were now stockpiling which was evidence of the speed with which

the brick industry could move from famine to feast — or vice versa.

"Certainly, the change in the brick supply position," he said, "is a valid answer to those critics who blamed the brick shortage on the industry's inability to plan forward. The ups and downs in building contracting are so sudden and so violent, as to make forward planning a difficult, if not impossible task."

Concor's R66-m contracts

32

22/6/82
Stan

The Concor group, which is striding strongly into foreign projects — particularly its Paraguay bridge venture — is also among the multi-million contracts locally, with recent orders pushing work values to R66 million.

The big one for the group is the R55 million contract from Escom for the building of the Matimba Power Station at Ellisras, north-western Transvaal.

Construction begins in August and will

comprise the main civil works, the turbine hall together with its auxiliary bay, sub-station, roads and stormwater drainage.

Escom's stringent requirements will bring out the best in Concor's engineering team.

The contract is one of the largest single jobs won by Concor during its 33 years of operations.

In other local work, Concor Industrial has won the R5 million contract for the building of additional facilities for SABC-TV at Auckland Park, Johan-

nesburg, and CI has also started work on the first phase of an agro-chemical factory for Bayer South Africa — a R2.5 million design and construct contract at Nigel.

Concor Construction is involved in the fourth job — the R3.5

million contract to slide concrete headgears for Gold Fields — to be built at West Driefontein No 7 shaft and East Driefontein No 4 shaft.

It has already built 23 concrete headgears for the mining industry.



UNIVERSITY OF CAPE TOWN EXAMINATION ANSWER BOOK

EVERY CANDIDATE MUST enter in column (1) the number of each question answered (in the order in which it has been answered); leave columns (2) and (3) blank.

Court order ^{ARGUS} _{20/4/82} 32 on building firm

MODEL Development, one of the Western Cape's largest mass-housing construction companies, was yesterday placed under judicial management by a Supreme Court order.

Provisional judicial managers Mr Rob Walters and Mr Neville Rubinstein, who have lodged a R4-million bond with the court, have given assurances that work on individual and other housing contracts will continue, and that all workers will be retained.

Rodney Craig Plumbers (Pty) Ltd, which is 57,78 percent owned by Model Development, was also placed in judicial management, with a return date of August 18.

The assets of the companies total about R4,7-million, but Model's balance sheet at March 31 showed an accumulated loss of R484 576.

Managing director Mr Rodney Craig said in papers before the court that the situation had worsened and the company, "which is experiencing serious cash flow problems," had trade creditors totalling about R750 000.

The application had been made as a matter of extreme urgency because the company's bank facilities were frozen; suppliers were refusing materials on credit; salaries had to be paid tomorrow; and failure to continue work on an Ocean View contract would lead to further substantial losses.

Model's mass housing division and particularly its R4,5-million contract to build 478 houses for the Divisional Council of the Cape at Ocean View, near Kommetjie, had caused serious problems and losses and badly depleted reserves, he said.

Projected income was not unhealthy, as the company was expecting R100 000 from Mobil Oil and R250 000 from the Divisional Council.

If the company were placed under judicial management, it would be able to complete the Ocean View contract by the end of this year.

It would then be able to continue with its profit-earning activities, and "will be able also to pay its debts within a reasonable period of time and again become a successful concern."

Section A

	Internal	External
(1)	(2)	(3)
1	38	
3	21 } 32 } 53	
Examiners' Initials		

Paper)

Paper)

NOTE CAREFULLY

1. Enter at the top of each page and in column (1) of the block on this cover the number of the question you are answering.
2. Blue or black ink must be used for written answers. The use of a ball point pen is acceptable. Red or green ink may be used only for underlining, emphasis or for diagrams, for which pencil may also be used.
3. Names must be printed on each separate sheet (e.g. graph paper) where sheets additional to examination book(s) are used.
4. Do not write in the left hand margin.

WARNING

1. No books, notes, pieces of paper or other material may be brought into the examination room unless candidates are so instructed.
2. Candidates are not to communicate with other candidates or with any person except the invigilator.
3. No part of an answer book is to be torn out.
4. All answer books must be handed to the commissioner or to an invigilator before leaving the examination.

Any dishonesty will render the candidate liable to disqualification and to possible exclusion from the University

...happy or sad.
...length is always dad."

Picture: RAYMOND PRESTON

Wage freeze

The limit in anticipation of a freeze" Mr Schwarz said
He said if the current recession were allowed to deepen, unemployment would increase the risk of unrest and instability
The head of the Economic Research Bureau of the University of Stellenbosch, Professor J L Sadie, said the alternative to a permanent wage and price restraints policy is British Prime Minister, Mrs Margaret Thatcher's, policy of tight monetary discipline and attempting to cure inflation by reducing recessionary conditions
Economists say the Government's policy has failed to slow down inflation because of insufficient control of money supply

Double tragedy

The scene of a double tragedy in Matland was a police vehicle crashed in Matland at about 6.40am. Mr Hatting and Mr Groenewald took the victims to hospital. When they returned, they were involved in a second accident.
— Sapa

'Distance' in Botswana

presenting papers and panel discussions include Gordon, Richard Grotte and James Matheers David Goldblatt film-makers Keyan Michael Raeburn.

from all over South representatives of organisations Fuba and as Ravan Press and and drama faculties of

several universities — are expected to attend

The symposium, the first of its kind in Southern Africa, will include discussions on South African dance, film, theatre, poetry, music, photography, writing, the novel and fine art

Discussion will take place during the day. In the evenings, South African music and dance will be performed and feature and documentary films will be shown

'Temple' an asset

Mail Reporter

THE controversial Mormon temple planned for Parktown Ridge will be a beautiful building and an asset to Johannesburg, according to the architect, Mr John Halford

Local residents, headed by the Parktown Association, recently lost an appeal to the Johannesburg City Council to stop the erection of the six-steeped temple at 7 Jubilee Road, Parktown

The temple, which will cost millions of rands, will take about a year to build, said Mr Halford.

It would not be much larger than the house presently on the site.

"All the parking will be on site in an underground basement which will be covered with grass," said Mr Halford

The authorities have treated water supplies with chlorine. Dr Tibbit advised residents to boil their drinking water — Sapa

Electricians' power is cut

PRETORIA — A notice has been published in the Government Gazette prohibiting the Electrical Contractors' Association (SA) from restricting its members from tendering for non-nominated sub-contracts

The notice, published by the Minister of Industries, Commerce and Tourism, Dr Dawid de Villiers, followed an investigation by the Competition Board, which found that the association's restrictive practice, in the public interest, was unjustified — Sapa

The Pope's peace plea

VATICAN CITY. — Pope John Paul II said yesterday Israel's siege of Beirut is causing "terrifying" death and destruction and issued an emotional appeal for a "just" recognition of Palestinian rights.

The Pope's appeal came during his weekly blessing to about 35 000 people gathered in St Peter's Square. "The news and images that arrive from the martyred city of Beirut are terrifying," the Pope said. — UPI.

Agostino Casaroli, told Mr Cerullo the Pope would personally study the workers' demands and reply to them in a document.

The letter was referred to in a statement released by the association on Saturday
The letter also said the right of the association to represent its members was henceforth recognised

Leaders of the association, which was formed last year and has about 1 600 members, have been pressing Vatican officials to recognise the association's right to represent the workers in negotiations with Vatican administrators.

At the beginning of June the association called for the first strikes in Vatican history
Workers were asked to stay off the job for the first two hours of every shift on June 14

The strikes, called to press demands for a new contract and for union recognition, were later called off because of the Pope's trips to Britain, Argentina and Switzerland this month.

Association members said Archbishop Paul Marcinkus, president of the Pontifical Commission for the State of Vatican City, and other Vatican administrators had been trying to keep the association powerless

The employees have asked for wage and benefits increases, pension plan modifications, a uniform 36-hour work week, and an end to the Vatican policy that bars hiring of employees' children.

On May 3 about 1 000 association members held a silent protest march inside the Vatican to show their solidarity with their elected representatives

It was the first labour protest in Vatican history. UPI.

standards
As it happened, the programme, including a 4 m freeze, has stirred a howl. It is being condemned as in the Communist-Social "What's the difference 'austerity'?" jeered a Workers Confederation "We are swamped with

'The land I loved'

STANLEY. — During the Falklands war, islands were looted of prized possessions like sentimental and valour medals from the Second World War, but they miss most is the land they loved — wild, unspoiled isolated from modern worries

"I cannot explain in words the attraction of the Falklands, and what it means to the Falkland people" said Mary Elphinstone, a physician who visited the islands on a holiday and decided to move there permanently

"It can never be the same again now that we are on the map.

"The people here are not unsophisticated subsistence crofters. They made a conscious decision that the wild and unspoiled lands are what they wanted"

In the capital of Stanley hospital nurses bemoaned that the influx of tourists to mention a huge permanent garrison of 2 000-4 000 British soldiers plus their wives would change the face of the islands.

"The Falklands are wild and remote and that is the way we want it to be," said a nurse at a hospital "But it has changed already because now the world knows where we are and there will be more visitors and settlers," she said

Mr Harry Bonner, the Falklands engineer and surveyor, suffered the death of his wife in the British war with the Argentines, but still managed to be optimistic about the future of the islands

"We had no kind words for the Argentines responsible for this," said Mr Bonner. "But out of it, has emerged one good thing"

"There is so much money promised to the islands, that now one of our dreams will come true

"Now we can go ahead with a R17 200 00 development programme for Port Stanley, with roads, sewage and housing." — UPI

Move again

Mail Correspondent

DUBLIN — The Irish opposition party is to press for legislation to outlaw telephone tapping following the disclosure that the Prime Minister, Mr Charles Haughey, had a system

METRO MAIL

Special race preview

THE Rand Daily Mail racing correspondent, Peter Duffield, will give his Northlands High School Old Boys Club colleagues a special Durban July preview tomorrow. With only five days to go before the big race in Durban the Johannesburg branch of the Durban-based NHSOBC has invited old boy Duffield to "tell all" over drinks at the Pirates Club in Greenside starting at 5.30pm. Old boys can contact Philip Simpson at 834-8224 for further information

A cattle-judging course

A COURSE in the judging of Hereford cattle will be held at the Sydenham experimental farm at the University of the Orange Free State on July 19 and 20. Lectures and demonstrations will be given by Mr Hendrik van der Walt and Mr Jim Mapham, both senior judges of the Friesland Breeders' Association. A written exam will be held and those who are successful will qualify for the junior judges exam. The course is open to all.

Basketware on display

ALL day today there is a basketware exhibition in the Square Court at the Carlton Centre.

Hints for vegetarians

THE Vegetarian Society of SA will meet at 7.45 this evening on the first floor, Happiness House, in Rossik Street, off Wolmarans Street. Dr Zampetakis will be speaking on "Health Hints for the Vegetarian."

Cranes fly at university

AT 8pm the Wits University Film Society will screen 'The Crane'...

Holiday creche planned

BUSY Springs mothers with toddlers can take a breather during the holiday season. The Springs Child Welfare Society is planning a creche during the holiday season, which begins next week. It will be open all day from Monday to Friday.

Mini-fete for animals

A MINI-FETE to raise funds for animals at the Anti-Cruelty League's kennels in Pretoria will be held on Saturday (July 3) at 99 River Street, Sunnyside. Anyone who would like to donate a cake or anything suitable for a fete should phone Mrs Dell Ferero at (011) 447155.

University is bucked up

THE University of the Orange Free State's Game Farm on the banks of the Hendrik Verwoerd Dam — recently donated to the University's Department of Grazing Science by the Cape Provincial Administration — is to receive 400 Spriggbok and a number of Zebra and Blesbok as part of the gift.

Cytology meeting opens

THE biennial congress of the SA Society for Clinical Cytology will be held in the President Hotel, Johannesburg, from today to June 30. Dr W A van Niekerk will deliver the opening address. He is chairman of the Committee for Community Relations of the President's Council, President-elect of the International Academy for Cytology and Chairman of the SA Society for Clinical Cytology.

Men only rule off

Mail Correspondent

TEL AVIV. — Faced with an avalanche of protest from 30 furious women journalists, Israel this weekend dropped a "men only" rule for correspondents wanting to cross the northern border with Lebanon

Female reporters were suddenly banned from touring the combat zone on Friday morning. No reason was given but it was intimated that general Rafael Eitan, Chief of Staff, was anxious to ensure none was hurt in any fighting.

The move came at a time of increasing strain in the International Press Corps covering the invasion from the Israeli side.

Television camera teams have been arrested for touring the occupied areas of Lebanon without military escorts.

Last week, I witnessed an embarrassing row between an American woman reporter and her escort. The soldier accused the girl, a Jewess from New York, of trying to portray the troops as "monsters".

Then came the ban on

R80-m cash boost for builders

By Lynn Carlisle

29/6/82
Industrial week

FACED with a general slump in capital expenditure, several companies have earned some relief in winning contracts worth more than R80-million from the SA Transport Services.

A Transport Services' official discloses that much of the work will involve improvements to rail and harbour facilities.

On a damper note he adds that firms should not expect cash injections this year from the Transport Services to be as extensive as last year's.

Restrictions

"Although we have no plans to shelve any future jobs, we foresee certain work being spread over a longer period, and may have to delay certain components for specific projects," he says.

Faced with expenditure restrictions, the Transport Services is assessing each project in order of priority. But cancellation of contracts is not envisaged.

A R15,4-million shot in the arm is in line for E C Lenning, to relay part of the "coal line" from Piet Retief to Richards Bay using heavier perway materials.

Tenders for relaying the major portion of the coal line from Broodsniersplaas to Piet Retief have just been invited.

Heading the long list of firms having secured the most orders are Murray & Roberts Engineering and Civil companies which

now have six contracts totalling R7-million for Bapsfontein marshalling yard alone

"These involve erection of workshops, sundry buildings and ancillary works, while at Capital Park, Pretoria, winning a second contract worth R1,7-million brings our commitment there to R3,4-million," says Murray & Roberts (Civil) MD Oscar Garizio.

A diesel depot at Sentrarand for R448 233 and a relay and battery room at Greenway for R80 000 will also be built by Murray & Roberts.

"We are to construct a R5,1-million rail terminal at Mabopane, Bophuthatswana, before next May," adds Garazio.

With Telkor about to install 60 000 Dowty retarder and booster-retarder units worth R30-million at Bapsfontein, Moolman Bros gets the job of building 16,2km of railway formation between Bapsfontein and De Wildt for R8,4-million.

Umgeni

A R3,8-million order to construct the administration block at Belville Goods Depot goes to Traverse Construction, while the Umgeni rail bridge is Cementation Africa's R1,9-million job.

Several contracts are to begin soon with Grinaker landing the task of building an access road and associated work worth R2,3-million at Richards Bay.

The bay's bulk handling facilities sprinkler hose reel and deluge system for fire protection is Mather & Platt's R439 739 contract, and R G Fuller will build the bay's central fire station (R770 000)

Alexander Hamilton Construction won the R1,4-million construction of Richards Bay intermediate diesel depot.

At Pyramid South electrical running shed, Del Fante Marzaile is to erect three structures and a crane gantry for R1,2-million.

Sentrarand

Other contracts awarded include:

- Regrading and improving roads drainage foundations and associated works at Sentrarand worth R511 602 to Racec
- Construction of a work inspection depot at Empangeni by Trual Home Builders for R958 000.
- Ford Motor Company to supply 68 giant Louisville Line LNT350 "horses" worth R5-million.
- Repair work to concrete capping of main break water at Table Bay Harbour by Miload Construction for R70 000.
- Cape Diving Salvage to repair the sea wall extension caisson at No. 1 and 2 Ben Schoeman Dock, Table Bay, for R33 000.

Tenders for the exploratory drilling for Tunnels 2, 6, 12, 14 and 15 on the existing rail line between Vryheid and Richards Bay closed on Friday.

'Building blast led to woman's death'

124 32 star 22/7/82

A stone sent flying by an excavation blast struck a woman on the head and killed her, the Johannesburg Regional Court heard yesterday.

Mr Mzimkuhulu Dlaza was giving evidence in the trial of Mr Petrus Johannes Annandale (53) of Verwoerdburg.

Mr Annandale, a blaster, is charged with culpable homicide or alternatively, failing to take the necessary safety precautions to guard against injury by not adequately blocking off holes drilled for explosives.

Mr Annandale has pleaded not guilty.

Mr Dlaza said on

July 30 last year he was working on a building site in Diepkloof near where a highway to Vereeniging is being built.

He heard "a noise like someone shooting" and saw a large stone strike a wall nearby. When he turned around he saw a co-worker, Princess Radebe, lying face down on the ground.

He turned her over and saw she was badly injured on the head.

Near her was a large stone on which there was some of Miss Radebe's hair. There was an indentation in the ground, Mr Dlaza said.

(Proceedings)

CASH JAB JUST THE TONIC

32
Industrial
Week
10/8/82

By Lynn Carlisle

SOME RELIEF breezed through a score of contracting and supply firms when four public organisations — now shackled to expenditure restrictions — gave the go-ahead on 37 contracts totalling R52-million.

With many firms wheezing from this winter's freeze on spending, the awards will fire up those firms concerned but this is not seen as a barometer indicating a general warming up of industrial activity.

Heading the string of winners, turnkey project specialists, Coalequip has landed Escom's R16-million order for a crushed coal handling system at Tutuka Power Station.

Colliery

"Although we previously secured the R15-million contract from Amcoal for the shaft and overland conveyors at New Denmark Colliery, the Tutuka contract is the biggest of its type in the country and our largest bulk materials handling job," Gert Kruger, chief design engineer told Industrial Week.

It is designed to carry coal on twin 1800 mm wide belts each handling 3600t an hour from the New Denmark Crushing Station to ground storage and has a capacity of 1,8 million tons.

Uncle Charlie's

Reclaimed coal will also be transported 4 km from the stockyard to the Tutuka Terrace utilising 1350 mm belts each designed to handle 2500t an hour.

While Raubex Construction picked up five OFS Provincial Administration (OFSPA) contracts totalling R4-million, and has another almost in the bag, a brace of contracts worth R16,2-million has been won by Peter Faber.

Last week it collared the R9,6-million "Uncle Charlie's" southern section job from the National

Transport Commission. Construction includes a bridge at the Mondeor interchange and connecting roads to the Golden Highway, Vereeniging Road and Columbine Avenue — all to link up with the Ridgeway intersection being built by LTA.

"We are moving on site at Uncle Charlie's and have just won an OFSPA contract to build part of the primary road from Koppies to Edenville," said MD Peter Faber.

Budget

That company also has a chance of winning work on a 23 km stretch from Oliviershoek to Road P65/1.

Other firms to get part of OFSPA's R13,55-million budget, are

Cash job tonic

From Page 1

Badwell (R2,88-million) to construct a 4,5 km stretch of road from Viljoensdrift to Lethabo Power Station, and Murray & Roberts to lay down 2,1 km and erect a bridge over the Cornelis River near Warden.

The erection of telephone exchanges,

new post offices, microwave towers, extensions, installations and electrical equipment orders provide 20 nationwide firms with work valued between R38 000 and R1,9-million.

Of these, Gly and Toring Annemers, Alkantrant, got the R1,94-million task of building microwave towers at Oopveld, Thabazimbi and Marico and Acqusto Construction, Alberton, will build towers at Zeerust and Tabelkop in a contract worth R1,2-million.

To Page 2

Tender rush for Soweto civil works

Industrial Week
10/8/82

By Lynn Carlisle

DESPITE recently awarding about 20 contracts connected with the R150-million Greater Soweto civil services upgrading scheme, the Transvaal Roads Department is expected to invite tenders for another 20 contracts soon.

Pieter Steyn, chief engineer for the Department, agents for the West Rand Administration Board and the Greater Soweto Council, told Industrial Week that around 30 contracts were awarded last year and gave details of the work.

Diepkloof

"We are inviting two or three tenders each month

and have about 18 contracts currently underway," said Steyn.

Peter Faber is the lowest bidder with a R2,3 million tender to construct streets, stormwater drainage and associated services at Diepkloof, while tenders are pending for Diepkloof's primary water distribution contract worth roughly R1,5-million.

Construction of mode transfer stations and appurtenant works at Dube, Orlando East, Nancefield, Ikwezi and Jabulani is estimated to cost about R1,5-million.

"We are upgrading all bus terminals at railway stations and the lowest tender for six mode stations to be built at Emdini, Naledi, Merafi, Dobsonville and Meadowlands is

Irco's R1,48-million bid.

In the pipeline is the construction of stormwater drainage and streets in Mofol, worth about R2-million, and a primary water reticulation scheme estimated at R1,3-million in the Dobsonville area.

Railway lines

Ranch International's price R1,96-million is the lowest to build asbestos cement and steel pipelines including pipe jacking under a Soweto railway line.

Tenders due in this week are for the construction of streets stormwater drainage, secondary water reticulation and associated services at Orlando West as well as a primary water reticulation scheme contract in Power Park and adjacent areas, the latter estimated to be worth R1,5-million.

INTERBOU '82

Spiral in costs is scary reading

Year 12/8/82

(100) (32)

As the building industry gets set to raise the curtain on the Interbou '82 Exhibition at Milner Park, Johannesburg, next Wednesday, the builders, while bracing themselves for the expected downturn, might also ponder over the increase in costs which lie ahead.

RENT MARKET

One of the most interesting areas revealing spiralling costs over the next three years is in the residential market, particularly with its growing shortage of rental accommodation.

According to the latest property Economist, the research and forecasting report of property economists Neville Berkowitz and Associates, a simple high rise flat block which at present will cost R375 a sq m, will hit R550 a sq m by 1985.

An even more frightening prospect is the cost of building a minimum standard house three years from

now — R610 a sq m compared with the current R400.

Houses with maximum realistic standards will soar from R700 a sq m to R1 065 sq m.

And coming down to that little bit of luxury — the swimming pool looks like costing the property owner a great deal more by 1985.

At present, The Property Economist estimates that a pool today costs R7 500, while by 1985 the figure will be about R11 400.

INDICATIVE ONLY

The report emphasises, however, that the projected cost rates are "purely indicative" and should be used with circumspection as they are dependent upon any number of variables.

In assessing the forecasts of the rand per sq m for the 1982-85 period the report assumes that building costs will rise annually at a rate of 15 percent a year.



Gordon Schachat (left) and Sydney Brett demonstrating package which enables the user to "take-off" quantities

Carlton spas on display

The Carlton Hotel group might well have begun a trend with the installation in its new Carlton Court executive block linked to the main hotel by a sky walk — of 70 jacuzzi spas in every suite.

At Interbou the jacuzzi operation in South Africa, under the banner of Summer Place Spas, is displaying a replica of the Carlton Court bath — the Premiere Roman — to let the rest of us know how a company's top man likes to get rid of everyday hassles through hydrotherapy.

Mr Bill Varrie of Summer Place says: "When people pay to stay at a leading hotel

GOLD FIELDS PROPERTY COMPANY LIMITED

(Incorporated in the Republic of South Africa)

PRELIMINARY ANNOUNCEMENT OF RESULTS

The audited consolidated profit for the year ended 30 June 1982 is

On di-
compan
inclu-
which

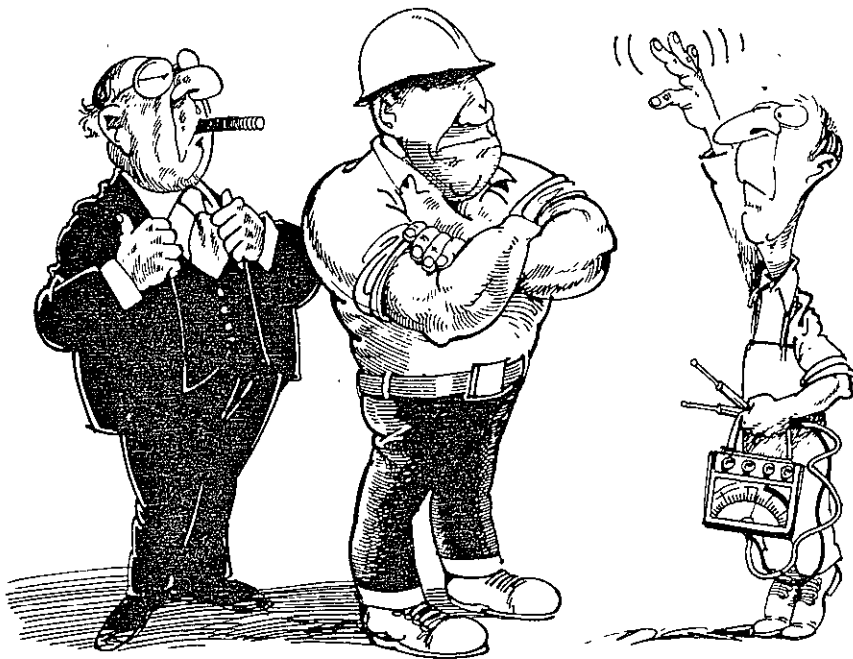
Shocks for some

FM 20/8/82

The Competition Board (CB) has clipped the wings of the powerful Electrical Contractors Association (ECA) which represents some of the biggest operators in the business.

An ECA rule forbids its members to take on sub-contract work from a main contractor. The rationale is that there are more benefits to be had by dealing directly with the principal.

But now the Minister of Industries, Commerce and Tourism has ordered the ECA stop this practice. This flows from a recommendation of the CB, which received complaints from the Natal Provincial Ad-



ation as it represents only 20% of all electrical contractors and that employers are free to take their work elsewhere. It concedes, however, that its members handle about 80% of the work done.

It adds that the sub-contracting system provides no guarantee for the fair awarding of sub-contracts, and that the main contractors are not always competent to allocate the more technically complex work. It also says main contractors play one sub-contractor against the other and often "hawk" specialised work; this means the client could get cut-rate standards at full price.

It claims sub-contractors run a greater risk of losing financially if the main contractor becomes insolvent or pays late.

The CB, however, rejects most of the ECA's arguments. While agreeing that the main contractor might on occasion "abuse his position," particularly during boom periods, it says sub-contracting may be preferable in some instances. It also sees no reason to assume that this would lower standards.

The board says the sub-contracting system offers only marginally better payment safeguards and it is not the business of the ECA to protect its members from the risks of normal business transactions by restricting competition.

It says that if the sub-contract system is as bad as claimed, it is surprising that it is

ministration and other government bodies.

From now on building clients will be free to deal with ECA members either through a main contractor, or directly.

In its report the CB says the ECA's ban on sub-contract work restricts competition; it also causes unnecessary paper-work for government bodies who often prefer to deal

only with the main contractor, as the party responsible for satisfactory completion of the job.

The ECA's view is that without direct access to building owners, its members will be placed at the mercy of main contractors.

It claims it is not a monopolistic associ-

increasingly preferred for some projects. there is a place for both systems but the building owner must be free to make up his own mind
The ECA is appealing against the decision

The Building Industries Federation of South Africa will spend several million rands on training to upgrade the industry over the next few years.

The executive director of Bifsa, Mr Lou Davis, said this at the Affordable Housing Conference in Johannesburg, which ended yesterday.

Mr Davis said the federation was embarking on a training programme for craftsmen and middle management. Proficiency training for present

Training scheme will counter building crisis

Star (32)
26/8/82

workers would also be stepped up.

The building industry lost over 40 percent of its skilled craftsmen between 1976 and 1979. Many of these workers had not returned, Mr Davis said. Restricted manpower and shortages of materials

added to the cost of housing when demand increased, he said.

For these reasons Bifsa was structuring a labour force that would allow any willing worker, regardless of race or creed, to be trained effectively.

Under the new dispensation, apprentices would be indentured for only three years but also receive intensive training of 18 weeks at a Bifsa vocational training institute during that time.

Over the next four years, R5 m would be spent on this aspect, Mr Davis said.

Expertise of middle management would be upgraded and the existing skilled labour force would benefit from training courses.

Mr Davis said that regardless of mechanisation, innovative building or a reduction in standards of housing, the cost of building would increase as long as there was a shortage of skilled labour.

M&R faces ^{28/8/82 RDM} drop in work

Financial Reporter

MURRAY & Roberts is bracing itself for a drop in construction work in the Transvaal and the Cape Province this year.

Mr G R Knudsen, the group's divisional director of both areas, said the main reasons for the downturn in work were the high cost of money, the "very severe cut-backs" in Government spending, and the smaller number of mine contracts.

"In the year to come, contractors will have to become more productive and work faster if they wish to continue being of service to clients, and help in reducing their dead interest costs."

In spite of the difficulties facing the division, Mr Knudsen said that the growth potential of Murray & Roberts in the Transvaal was excellent.

"I believe that we can do more, particularly in and around Johannesburg. It is possible that the high-rise experience acquired in the Cape over the past 15 years could be very useful here — the Transvaal has done its share of such buildings, but not as many as the Cape teams."

The dangers inherent in any economic downturn included lower markups which led insecure contractors to take on extra work — which, in turn, invariably caused them to become overextended and inefficient.

"Murray & Roberts will continue to be selective about

where and how it submits tenders."

This year the group would also take a closer look at prices of its suppliers and services: "Our impression is that we are often overcharged: somehow, no matter how tough matters become in the construction industry, certain suppliers still manage regular price increases."

Recession causes building unrest

Industrial week 31/8/82



THE head of a leading construction group has cautioned construction clients against the recessionary temptation of calling for "too many" tenders in the hope of cutting expenditure, writes Lynn Carlisle.

Geoff Knudson, Murray & Roberts divisional director for the Transvaal and Cape, said the practice of calling for many tenders, then selecting the

lowest in the belief that construction costs would be cut, could lead to trouble.

A quality building could be so complicated that it would only be finished on time if all those on and off the site co-operated to that end.

"That is why I support the negotiated contract system.

"I do not believe that tendering necessarily

leads to the lowest end price.

"This can only be achieved by team work involving the client, the professional and the builder".

Knudson said the negotiated contract system does not eradicate competition. Usually the main contractor is responsible for the foundations, the concrete frame and the brickwork, as well as the co-ordination and management of the building.

"His direct responsibility is therefore limited to only 30% of the project, under the negotiated contract system".

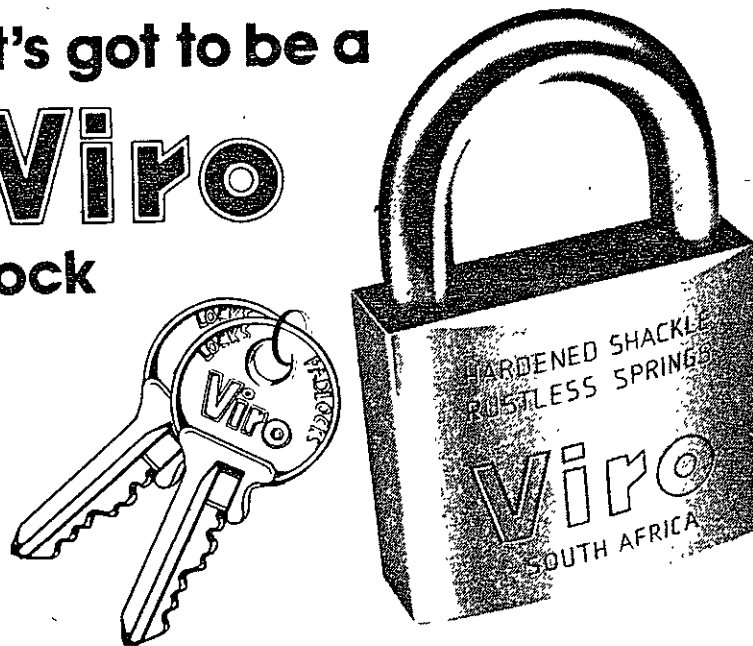
Protea takes over GMP

PROTEA Holdings has taken over the Johannesburg-based GMP Pharmaceuticals group.

The deal has led to the creation of a new subsidiary called Protea Pharmaceuticals incorporating GMP Pharmaceuticals and Viva Cosmetics, Cyclopharma, Manupharma, Clinimed and Pediatric Laboratories.

**If it's industrial,
domestic or personal
security you need . . .**

It's got to be a
Viro
lock



Viro Locks

Box 82515 Southdale 2135

contracts now being prepared by authorities.

After a lull of almost a year, the Cape Provincial Administration (CPA) will break its famine to award Savage & Lovemore an R8,5-million contract for the construction of the Stellenberg interchange with the N2.

Vanguard

"It is understood that the CPA hopes to proceed this year with four other big civil engineering jobs worth R35-million," said a spokesman.

On the cards are the Vanguard interchange (R8-million), roadwork from Worcester to Touws River (R10-million), Knysna to Salt River (R10-million) and improvements to the N2 to

Motter's D. Escom bids will for engineering construction roads and five power Kaalfont school.

Engineering work Station R80,5 —

At least a water reservoir and totalling to be awarded to Depo Kriel PC at Kaalfont.

One worth of

More black

From Page 1

centres to try to overcome this problem.

"It has also encouraged industry to set up training facilities for in-house training, however, not enough thought has been put into the co-ordination and the social problems that arise with these efforts."

"This serious manpower shortage in the welding trade is due to the

neglect of their training the

ing the

"This

due to

role we

plays in

country,

Small

was del

respons

so far

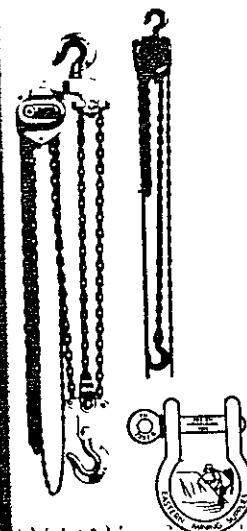
that the

will be

The

with ti

TRIPLE SPUR GEARED C
AVAIL:
1/2 TL



WE HA
CHAI
TWI
THE
WIL

FOR
SET OF
BLO
THE

EAST
BOX

AGEN

CONSTRUCTION

Holding firm

32

FM 3/9/82

The construction and civil engineering industries look more favourably positioned to cushion the effects of an economic slowdown than in the last slump in the late Seventies.

This, at least, is the currently optimistic view among several leading executives in the industry interviewed this week. Always among the last to be affected by economic fluctuations, the construction sector is only now being drawn into the downward cycle.

"Overall levels of activity are good, no more than nominally down on this time last year. But new work has declined significantly," says Kees Lagaay, director of the SA Federation of Civil Engineers (SAFCEC).

But Lagaay warns: "The downturn will be more visible from the second half. The degree is impossible to quantify because much is on long-term contracts. Some work placed in the past two years could go for another two years."

The SAFCEC, he says, is concerned that the severe cut in government spending, coupled with cutbacks by mining, could result in a more severe slump than anticipated.

The SAFCEC estimates that the value of new work awarded to its members in the first six months of this year was 30% down on the same period last year. Lagaay adds that order books are getting shorter.

But the large order books that many companies have in hand is a major reason for the optimism. Peter Jacobsen, chairman of LTA Construction, says: "Much of our work will run over two to three years.

The competition has increased but it hasn't gone crazy. Admittedly, by Christmas we may see a different story."

There are other encouraging factors. Despite severe cuts in public sector spending, infrastructural and industrial capital programmes are continuing. A major industrial project usually includes civil work worth at least 10% of the value of the project, Lagaay says. Mines are holding back on capital programmes, but few current plans have been cancelled.

"A bright star is the semi-government sector — particularly Escom, which has a big programme for new power stations," Lagaay says. "There is a lot of concrete instead of structural steel going into power stations."

With 70% of the industry's activity derived from the public sector, Peter Nuyten, chairman of Grinaker Construction, finds it "disconcerting" that government is cutting expenditure so severely.

However, Nuyten's view is that the economy should turn upwards in mid-1983. By then, he says, construction will be starting to feel the worst effects of the downturn. "Soon after the economy moves into an upturn, construction companies should start getting new work."

According to Fred Law, chairman of Group Five: "While there is less work on offer now, we are not pessimistic. We have an opportunity to consolidate and build up

our workforce. We must keep the industry intact."

The need to retain skills and press on with training is an issue causing concern. The sector's labour force fell by 33%, from 135 000 to 90 000, in the 1976-78 slump. By June this year employment had risen to 125 000 but, in Nuyten's view, the figure could fall by as much as 25 000 this time round.

30% (32)
fall in 1982
civil 6/9/82
work

Financial Reporter

IN the first half of 1982 the value of new civil engineering contracts was 30% below the figure for the first six months of 1981, Mr D C Marais, told the annual meeting of the SA Federation of Civil Engineering Contractors.

Mr Marais, who was re-elected president, said that this and reductions in expenditure on capital projects by the public sector had resulted in severe competition for work.

Over the years, the industry had raised its minimum wages and he warned that increased wages without any corresponding increase in productivity were a major contributor to inflation.

Inflation was endangering the free-market economy which contractors supported.

To counteract this and the challenge of unemployment, he advocated a wage policy based on a reasonable but fairly low minimum wage.

Buoyant E Cape building trend is set for reversal

Background to the news

By LOUIS BECKERLING
Business Editor

EASTERN CAPE builders appear to have enjoyed a more buoyant year to date than their colleagues elsewhere in the country — but the trend is set to reverse.

This picture emerges from an analysis of building statistics released this week by Central Statistical Services in Pretoria.

The statistics, which exclude public-sector contracts, are for the period January-June and when contrasted with the same period last year the following trends for the country's urban areas emerge:

- Plans passed for new houses, up 2,9% to R492,1 million.

- Total residential (including flats), down 1,3% to R655,2 million.

- Non-residential buildings, up by 45,5% to R586,8 million.

- Additions and alterations up 9,2% to R419,8 million.

- Total, up 14,5% to R1 662-million.

In order to place those

changes into context it is worth bearing in mind that the corresponding change in the total value of building plans passed in the private sector for January to June 1981 over the previous six-month period was 64%. Furthermore, with the rate of inflation in building costs measured at 17,7% in June this year, in real terms it is only the commercial and industrial sector ("non-residential") that has shown growth.

Indeed, after adjustment for inflation the real value of new dwelling houses in the construction pipeline has actually decreased by almost 15% — a clear expression of the restrictive impact exercised by the lack of bond finance on the home market.

The statistics also underline the consequences for builders of the shrinking market — increased com-

petition and heavily-trimmed profit-margins (with some spokesmen admitting this week that tender prices are down by 15% in order to secure a slice of the shrinking cake).

By contrast the following trends emerge when comparing the period January to June 1982 with the same period last year for Port Elizabeth alone:

- Value of plans passed for new houses, up 4,2% to R13,1 million.

- However, when including flats, the value of building plans in the residential market shows a decline of 5,1% to R14,5 million.

- In addition, the value of non-residential plans passed shows a dramatic decline in value, down 32,1% to R2,6 million, though the final figure is boosted by a 102% increase in the value of additions and alterations (from just under R9 million to R18,1 million).

The same set of statistics for East London show a 2% drop in the value of houses in the construction pipeline, a massive 53,8% contrac-

tion in all residential, and a three and a half-fold decline in the value of non-residential plans passed in the period January to June 1982.

Clearly as regards the work waiting in the wings, the East Cape is set for a sharper contraction than urban areas elsewhere in the country. However, this follows a six-month programme of work completed which produced better growth than that experienced by the building industry elsewhere.

Thus the value of new houses completed in the country's principal urban areas during the first six months of this year showed a 5,3% contraction (before inflation), to R7,7 million. By contrast PE's home-builders added 2,4% to last year's turnover, and in East London the value of houses completed rose by 17,4%.

Taking flats into account demonstrates the same plus-factor for the Eastern Cape — with a 32,2% growth for the country as a whole outstripped by a 50,8% growth in Port Elizabeth and a 52,3% growth in East London.

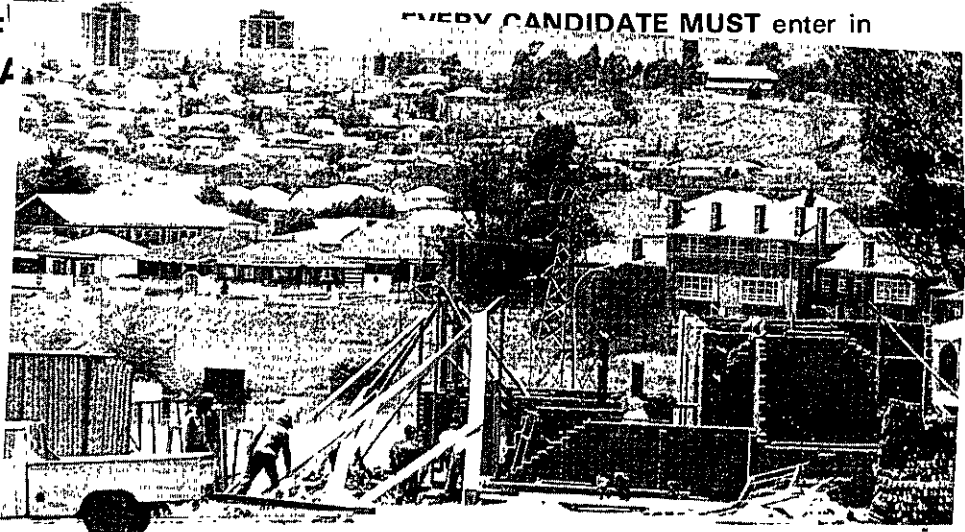
Thanks in the main to a massive 333% increase in commercial work, Port Elizabeth builders across the spectrum doubled up on last year's first-half performance, completing R34,6 million-worth of buildings in total, compared with R16,5 million in the January to June period last year. By contrast the growth for the country as a whole was 39,3% and for East London 54,1%.

In conclusion it would appear that East Cape builders have up to now enjoyed some shelter from the storm, but even greater emphasis will fall on Government contracts in the months that lie ahead.



UNIVERSITY OF EXAMINATION

EVERY CANDIDATE MUST enter in



BUILDING SECTOR

Turning down

FM 17/1982 (32) The value of building plans passed during the first half of this year was 14.7% higher than the total for the first six months of 1981.

According to figures released by the Central Statistical Services, the total value of plans passed by the end of June this year was almost R2,1 billion, about R270m more than the value for the first half of last year.

But given the increase in the individual values of plans, the 14.7% rise represents a real decrease in building activity. In fact, the June 1982 figure represents 162 fewer plans for dwelling-houses than the June 1981 figures.

"Increases must be viewed in the context

Home building ... higher prices, lower growth

of rising building input costs and inflation, rather than as an indication of a recovering building industry," says Johan Cloete, chief economist at Barclays Bank. "The decline in the building industry was in line with the

general recession being experienced throughout the world.

"This negative growth in the building industry can be attributed to steep increases in building material costs - at least 18%

Date 7-11-79

over the last year - and also to inflationary increases in other building services."

This is borne out by data on completed building projects. The total value of residential houses completed in the six months

to June this year was 30% higher than the total value of dwelling houses completed by June last year. The actual number, however, was 318 less.

This fall-off is largely due to the accumu-

lated effect of shortages in the supply of skilled and semi-skilled labour and the high cost of finance which have resulted in a substantial number of building projects being abandoned.

(to be copied from the heading on the Examination Paper)

Table with 2 columns: Examiners' Initials, and an empty space for initials.

Paper No 2

(to be copied from the heading on the Examination Paper)

NOTE CAREFULLY

- 1. Enter at the top of each page and in column (1) of the block on this cover the number of the question you are answering.
2. Blue or black ink must be used for written answers. The use of a ball point pen is acceptable. Red or green ink may be used only for underlining, emphasis or for diagrams, for which pencil may also be used.
3. Names must be printed on each separate sheet (e.g. graph paper) where sheets additional to examination book(s) are used.
4. Do not write in the left hand margin.

WARNING

- 1. No books, notes, pieces of paper or other material may be brought into the examination room unless candidates are so instructed.
2. Candidates are not to communicate with other candidates or with any person except the invigilator.
3. No part of an answer book is to be torn out.
4. All answer books must be handed to the commissioner or to an invigilator before leaving the examination.

Any dishonesty will render the candidate liable to disqualification and to possible exclusion from the University

New construction panel could be the answer to housing shortage

32

10/24/91

THE answer to South Africa's critical housing backlog

That's how a new multi-purpose construction panel offering a fast construction method for mass housing projects has been described.

Presenting a totally "different" approach to the industrialised building, the new panel and building method have been described as "way ahead of other proposals" received to date by a senior official in the Department of Co-operation and Development.

According to Mr B B Keet, chief architect, the Department is receiving a steady flow of presentations from the private sector — even from Europe — and this new concept, South African-designed, is the most interesting of all at this stage.

The construction panel, made from single sheets of metal and folded into two spaced-out cladding surfaces (the space can be filled with all sorts of substances) has easy and sturdy interlocking capabilities, while the over-

all building method is claimed to be ideal for even self-help programmes as it needs only one skilled supervisor to direct construction.

Prof T L Webb, programme manager, Building Projects, of UNISA's School of Business Leadership, said: "I've only had a cursory look at the finer details of the concept and it is most interesting. The building method is worthy of further study, indeed."

The new construction panel, called Tri-Clad, and its building application, have been designed by a Johannesburg businessman, Mr Jan Eggebeen, who has applied for several patent rights.

"We have approached one big industrialised building company and have been approached by another to help us mass produce the panel and are very pleased with the interest and enthusiasm for our project.

"Our priority at this stage is to complete the various building tests on the panel. So far, it has passed initial SABS

tests with flying colours. We are also waiting for further extensive tests by the National Building Research Institute and approval by the Agreement Board, said Mr Eggebeen.

"Another major consideration concerning the feasibility of the concept obviously is cost. The Department of Co-operation and Development is looking at a basic cost of around R100 m² for the erection of a standard dwelling excluding the cost of fittings, services, etc. but including that of concrete foundations. We've done our costing on an ex-factory basis and can say we'll meet that requirement and include an interior plasterboard."

Mr Eggebeen said that apart from mass housing application, the panel could also be used for subdividing buildings, constructing industrial buildings, for factory flooring, vehicle and container panelling any many other applications.

"The structural strength is

excellent because one square meter of the product can withstand a weight of three tons before it collapses," said Mr Eggebeen.

He added that the panel could be manufactured at a central factory or on-site, whatever the demand, with a specially designed one-man operated machine at the rate of a meter per minute. The machine design was also the subject of a patent application.

Mr C J Schlotfeldt, manager of the Agreement Board at the CSIR's headquarters in Pretoria confirmed that Mr Eggebeen's design company, Tri-Clad Development (Pty) Ltd., had applied for an Agreement certificate.

The application is one of 50 currently before the board and will take some time in testing and processing, he said.

"As far as the concept is concerned, it certainly is unusual and different — and most interesting," commented Mr Schlotfeldt.

FM 24/9/82

BUILDING COSTS

32

Tender spot

As predicted, fierce competition is cutting tender prices to the bone. Material and labour costs are still rising, albeit at a slower rate, but contractors are generally coming in only marginally higher than they were six months ago.

The Stellenbosch Bureau for Economic Research predicts a 12% rise in all-round building costs this year (*Property* June 25), but Ian Madden, MD of Pretoria-based Ovcon Construction, tells the *FM* that tender prices are only 1%-2% higher than they were six months ago.

In one recent example, Ovcon re-tendered for a job which it first tried for at the beginning of the year. The price was only slightly higher and, on this basis, the developer has accepted and will go ahead and build.

Madden claims that Ovcon is not an exceptional case. Contractors have to cut profit margins to win the tenders they need to keep them going through the downturn. And, with fewer government projects being approved and others shelved, competition could become even more severe.

Contract cancelled

The Transvaal Provincial Administration (TPA) for one has cancelled a R34m contract with Van Streepen and Germs (V & G) to build residences at Pretoria Teachers' Training College.

TPA claimed it did not have the funds to proceed, even though six months of site work was completed — and paid for. V & G declined to comment on the matter, but the *FM* understands it is claiming breach of contract and is taking the matter to court.

Prospects of work from the Department of Community Development (Comdev) is a little brighter. It has already committed itself to the majority of projects and its entire allocation will be spent, according to Director-General Piet van Blommestein. However, some work will be phased over longer periods.

For example, construction of 988 rental flats at Paul Kruger Park, part of Pretoria's Schubart Park urban renewal project, will be built in three phases instead of one. Construction of the R15m phase one (319 units) has already started and the money will be drawn from the budget over the next three years. Phase two will include 389 units with 600 m² of shops.

About 50% of the R729m Comdev budget will be spent on housing and the provision of serviced stands. The rest is to be spent on new space for government departments.

The Post Office is cutting back R6m-R7m on a R60m budget for new post offices and automatic exchanges. But, as retention

of staff is a top priority, the R17,5m housing allocation will be fully utilised.

Projects include an R8m Pretoria block of rental flats, which is near completion, and a R2m block of flats in Randburg. The rest will be spent on the purchase of houses and land in outlying areas.

Prospective developers have probably worked it all out for themselves already. But with the upswing expected in 1984 and tender prices around the break-even mark, there couldn't be a better time for a commitment to new projects.

Building
CAPE Times 25/9/82
industry
'cartels'
warning

Industrial Reporter

MONOPOLIES appeared to be gaining control of material suppliers in the construction industry, Cape Town's City Engineer, Mr Jan Brand, warned yesterday in Johannesburg.

Addressing a joint conference of the Building Industries Federation of South Africa and the Association of South African Quantity Surveyors, Mr Brand said this development by "giant monopolistic cartels" was not in the national interest.

"It can only be hoped that their domination will be broken through greater competition and more entrepreneurial initiative at more economical levels within the free enterprise system."

Referring to industrialized building methods, Mr Brand said these were likely to be inhibited by the need to provide job opportunities for a burgeoning, principally unskilled population.

With regard to prefabrication, he said tenders had shown conclusively that concrete block and brick were still the cheapest forms of walling.

Big shortage in engineering lies ahead

A

Su

Firs

Date

Deg
you

Subje
(to

Pape
(to

NOTI

1.

2.

3.

4.

An

Me

By Frank Jeans
The number of professional engineers coming into construction remains critically low, with supply in 1981 only about 900 compared with a demand for nearly 3 000. Indeed, by 1985, says the Federation of Societies of Professional

Engineers, there is a predicted shortfall of 64 percent against a demand of about 3 300. The following shortages are forecast as percentages of the actual requirement in that year for the various sectors of engineering:
Agricultural 63

percent; chemical 37 percent; civil engineering 79 percent; electrical 57 percent; mechanical 55 percent; metallurgical 41 percent; mining 50 percent.

CONCERN

The area of greatest concern is in civil engineering where the supply will approach only a quarter of the annual demand by the mid 1980s.

There were slightly more than 300 civil engineers available last year to meet a demand of 1 100 and three years from now the supply will be about 225 to meet a demand of more than 1 000.

WOMEN'S ROLE

The federation must rely upon the white male work force for the immediate future but will work towards increasing the numbers of women and people from other race groups.

"Every effort should be made," says a federation report, "particularly by the Department of Internal Affairs in co-operation with the Department of Manpower, to stimulate the flow of immigrants with professional qualifications in engineering

"We must also encourage those interested in engineering, but with lower grades in matric maths and science, to train at the technikons."

qualification and to possible exclusion from the

Civil engineers being 'wasted'

Pretoria Bureau
There is a failure to exploit the full potential of civil engineers, says a report of the Human Sciences Research Council.

Figures show that about one-quarter of the average civil engineers working time is devoted to tasks that non-graduate staff, such as technicians, could perform just as efficiently.

Some engineers spend as much as a third of their day on projects which could be handled by workers with other qualifications, the report found.

The research director, Mr S S Terblance, said that in order to avoid this waste of time, consulting firms should aim for a ratio of three technicians to two engineers.

The present ratio is one technician for every engineer.

In construction firms, says Mr Terblance, the best working force would be 12 technicians to every five engineers instead of the existing ratio of six technicians to every five engineers.

An analysis of job-

opportunity figures indicated that construction firms are making an effort to change this, the report found.

Of the total posts available, construction firms reserved about one-quarter for pupil technicians as against three percent of posts reserved by consulting firms.

Technicians were also spending a lot of time each day doing jobs that their less-qualified colleagues could handle.

Hardest hit were technicians employed by consulting firms. Many were spending one-fifth of their day on tasks others could do.

PRIORITY

Research showed that incorrect worker ratios had little to do with management and mainly arose because support staff was available.

The report concluded that priority should be given to the training of technicians of all grades and that firms should "think twice before curtailing training schemes, even during periods of low economic activity."

BY CANDIDATE MUST enter in (1) the number of each question asked (in the order in which it has answered), leave columns (2) and (3) blank.

Skus
27/9/82
32

Internal	External
(2)	(3)
58%	

pieces of paper or other material into the examination room are so instructed.

to communicate with other any person except the invigilator

er book is to be torn out. must be handed to the invigilator before leaving the

'Worse to come as building cycle worsens'

By HAROLD FRIDJHON

THE downswing in the building cycle is gaining momentum and the indications are that conditions will become worse before they eventually improve.

The one glimmer of modest optimism is that a revival is noticed in private residential construction.

These views emerge from the September 1982 building survey produced by the Stellenbosch University's Bureau for Economic Research.

Written by Mr G J J Snyman and Mr C H Marton, the survey says that the business mood has entered the pessimistic zone with more than half of the respondents finding business conditions at present worse than a year ago.

The results is that labour bottlenecks have eased in most parts of the country with unemployment looming for unskilled workers.

Supplies of materials are generally satisfactory with only plumbing supplies and facebricks still presenting a problem.

Competition for new building work is becoming more competitive with contractors cutting profit margins when

tendering.

Merchants report that the ratio of cash to credit sales has declined, credit terms are lengthening, and inventories are increasing.

Building costs are tending to stabilise and the trend is expected to continue.

Indications are that a peak in non-residential construction has been reached and that a decline is to be expected in this sector of the market during the remainder of 1982.

The exception appears to be in the private residential area in which the plans passed for houses and flats appear to be increasing and building society figures indicate that there has been a relative increase for building loans instead of loans on existing buildings.

A number of possibilities are examined for this contracyclical phenomenon.

- Building societies might deliberately favour building loans instead of advances on existing properties.

- People might prefer to build rather than buy because of more competitive tenders and because of very high property prices.

Snyman and Martin believe that the real answer lies in the building societies lending money on the basis of matching finance. Develop-

ers invest money with a society in order to get mortgage loans for individuals.

They doubt whether the Barclays Bank scheme will have any direct effect on the home building market because the bank will lend only on established properties. An indirect benefit might accrue if other institutions direct their lending to loans for home building.

Another possible benefit of bank mortgages is that money could be released from a property sale and then be used for a new building.

Discussing the problem of coloured, Asian and black housing Snyman and Martin report that Government authorities have limited resources for an insatiable demand. But a policy has been formulated for private participation of housing for the lower-income groups.

This policy aims to encourage individuals, as well as companies and financial institutions to provide housing for their employees. The concept of a selfhelp housing programme has been mooted.

This would limit government participation to providing infra-structure and services. For the rest real growth in the provision of housing would have to come from the private sector.

Rbm
32
20/9/82

Tough time ahead for building trade — survey

Mall Correspondent

CAPE TOWN. — The downswing in the building industry is gathering momentum and conditions are likely to get worse before any improvement, according to a report by the Bureau for Economic Research (BER) of the University of Stellenbosch.

Business confidence is declining, with more than 50% of respondents to the BER survey finding current business conditions worse than a year ago.

The report says the number of job opportunities is declining and as the downswing gathers further momentum, unemployment may assume "serious proportions" — especially among unskilled workers.

However, there is no large-scale unemployment of skilled labour in the building industry. "Rather, as existing contracts are completed, new ones are harder to find."

The building industry is currently adjusting to changed economic conditions, the report finds, with skilled labour bottlenecks easing in most regions.

Most survey respondents find the supplies of materials, apart from face bricks and, to a lesser extent, plumbing materials, satisfactory. Manufacturers report a stockpiling of materials as the volume of sales decreases.

Competition for new work is reaching "cut-throat" proportions — implying that

profit margins are being cut in the tendering for new work — and merchants also report stringent business conditions.

"In certain quarters the downswing has been welcomed as it offers management the opportunity to consolidate their resources and exploit new ventures."

During the "hectic days" when both labour and materials were difficult to acquire, ability was stretched to the limit and resources were often used inefficiently.

The report finds that the overall building cycle is expected to continue to decline and there is no sign of a reversal in the fortunes of the building industry during the remainder of the year or in the near future.

Bad time ahead for builders

CALG Times 1/6/82
32

Staff Reporter

THE downswing in the building industry is gathering momentum and conditions are likely to worsen before there is any improvement, according to a report by the Bureau for Economic Research (BER) of the University of Stellenbosch.

Business confidence is declining, with more than 50 percent of respondents to the BER survey finding current business conditions worse than a year ago.

According to the report, the number of job opportunities is declining and as the downswing gathers further momentum, unemployment may assume "serious proportions" — especially among unskilled workers.

Skilled labour

However, there is no large scale unemployment of skilled labour in the building industry.

The report states skilled labour bottlenecks are easing in most regions, but not entirely in others.

Most survey respondents find the supplies of materials, apart from face bricks and, to a lesser extent, plumbing materials, satisfactory. Manufacturers report a stockpiling of materials as the volume of sales decreases.

Competition for new work is reaching "cut-

throat" proportions and merchants also report stringent business conditions.

Welcomed

"In certain quarters the downswing has been welcomed as it offers management the opportunity to consolidate their resources and exploit new ventures."

During the "hectic days" when both labour and materials were difficult to acquire, ability was stretched to the limit and resources often inefficiently applied.

The report finds that the overall building cycle is expected to continue to decline and there is no sign of a reversal in the fortunes of the building industry during the remainder of the year or in the near future.

'Bright spot'

The significant increase in house plans is found to be the only "bright spot".

The report says: "This was probably a reflection of the matching finance that is currently being provided for building loans and which will support the private housing market to a certain extent during the remainder of 1982."

The recent announcement by a major banking group that it will provide finance for existing dwellings was welcomed.

BUILDING CODE

End in sight

FM 8/10/82

32

The long-awaited National Building Regulations are now before a SABS-appointed committee which is evaluating comments and amending the draft. The 20-man committee, comprising 17 members from affected sectors of the construction industry and local authorities and three SABS representatives, will submit recommendations to the Minister of Commerce Industries and Tourism, probably in the second half of

next year.

The committee was appointed after architects, engineers, property owners and local authorities requested that they be consulted, albeit at a late stage on the drafting of the regulations.

The task of the committee, which has been sitting for two months, is to evaluate some 1 000 pages of comments and to recommend amendments acceptable to all parties. A major task will be to ensure that the regulations are not inflationary in terms of cost or time.

Every effort has been made to ensure that the regulations will provide for a minimum standard of safety and health, says Dick Watkins, head of the SABS Building Regulations and Codes Division, which spent seven years drafting the regulations. Setting minimum standards for local authorities, he says, will leave plenty of scope for the application of standards above the bottom line while allowing for cost savings where necessary.

Watkins says possible cost-savers include the lowering of the permissible ceiling height and smaller bedrooms. Ceilings restrictions have come down from an average 2,7 m in existing by-laws to a minimum 2,4 m. And room sizes have been reduced from the present 7 m² to a minimum 5 m², the lowest SABS could have gone without contravening the Slums Act.

This would encourage more economic

use of space and could bring down the costs of housing at the lower end of the market where it is most urgently needed. Houses will accommodate more people and, in the wider context, developers could build the equivalent of an additional floor onto multi-storey blocks without exceeding height restrictions.

The draft regulations also make special provision for the simplest type of building. Thus developments which fall within a certain height zone, for example, would qualify for concessions on structural requirements.

The majority of housing falls within this category as well as small blocks of shops and flats. For this class of building, the SABS has prescribed that only approved timber and brick and mortar materials may be used. In all other cases any material may be used so long as it is proved suitable for the purpose. Thus concrete blocks, factory made panels, timber and many previously taboo materials which have passed the tests would be brought under the definition of conventional building materials for these uses.

Buildings falling outside the concessionary limits would need to comply with the SA codes of practice for structural design applicable to the building materials used. Use of other codes will be permissible, but will have to be justified.

After the date of promulgation all plans

HIGH HOPES

With only the upper end of the market in mind, Sanlam has announced plans for a super-luxury 11-storey sectional title development on the Strand.

The 35 units will comprise six 132 m² two-bedroom duplexes in the lower two storeys and, above them, nine 126 m² two-bedroom simplexes, 18 159 m² three-bedroom simplexes and two 230 m² three-bedroom penthouses.

According to Dame van den Berg, Sanlam's Cape Provincial property manager, asking prices "at this stage" range from R100 000 to R200 000 for the penthouses. Van den Berg says he sees no problem in finding buyers. "I have already had 18 serious inquiries and options have already been granted on one of the penthouses and a three-bedroom apartment."

Not bad, seeing Sanlam has still to launch its marketing campaign.

submitted will have to comply with the new regulations. But an "overlap" period is expected to be permitted to accommodate plans drafted in terms of old by-laws. The task of local authorities will be to ensure that their own by-laws comply with the national standards.

NATAL BUILDERS ~~33~~

Taking a dip

Fm slide 2

32

In line with the national slowdown, the Natal building and construction industries are starting to feel the strain.

Natal Master Builders Association (MBA) president Frank Bax says the number of people employed in the industry sank from a high of 30 267 in June to 29 861 in July. Figures for August and September are not yet in, but further reductions are expected.

ported to have advanced R7m in mortgage loans in the province last month, but all the money is apparently going into existing houses. Even this should have given building societies more leeway to finance new housing schemes but builders say this has not yet happened.

In Natal, the public sector remains the builders' major client. The Department of Education, Posts and Telegraphs, Iscor and the Public Works Department all have heavy building programmes. The flow of contracts from the private sector remains fairly steady with a few regional exceptions. Contracts expected to go out to tender shortly include the new Holiday Inns on the Durban beachfront, a New Standard Bank computer centre at Westville and a major new warehouse for the Beare group. Durban remains the most active area, followed by Richards Bay and Pietermaritzburg. Northern Natal is particularly depressed and construction work on the lower South Coast has slowed down following the initial spurt of interest after the opening of the Wild Coast Holiday Inn.

Building materials shortages have eased considerably with cement, bricks and steel now freely available. However, the supply of certain types of face bricks and plumbing materials remains tight. The availability of skilled labour, which is usually in short supply, is also said to have improved considerably.

This should improve further now that major contracts such as Sasol 3 approach completion.

MBA director Pieter Rautenbach says he warned members earlier this year that they were being under-compensated by the Haylett formula, which monitors cost escalations, because of the high level of inflation in building costs. Rautenbach predicts that if adequate steps are not taken to improve cash flows, "we are going to see some spectacular insolvencies."

The most depressed area, says Bax, is the home building sector. Barclays Bank is re-

Building records ³² set in PE last year

E. Post 19/10/82
Municipal Reporter

VALUES of buildings completed and those under construction in Port Elizabeth last year were record totals.

This information is contained in the City Engineer's annual report

In a section on building inspection, the senior engineer, Mr F W Hunt, said the values of buildings completed — R50 092 745 — and buildings under construction — R84 944 830 — were records. They respectively represented an increase of 84% and 23% over the values of the previous year.

But he pointed out the value of building plans approved (R58 909 757) was 27% less than in 1980, which "would appear to indicate a reduction in building activity" on sites during the early part of 1982.

A total of 629 new private dwellings, at an average value of R26 301, were completed last year. In 1980, 361 dwellings were built with an average value of R26 212.

The generally increased activity placed a heavy load on the Building Inspectorate but the average time taken to approve a building plan was only about 2½ weeks, which was considerably shorter than in other cities in the Republic, Mr Hunt said.

Bifsa to act against bogus contractors

22/10/62
32

By Frank Jeans

The Building Industries Federation (Bifsa) is to tackle the problem of "fly by night" home building contractors.

With the country's chronic housing shortage worsening by the day, builders are re-examining their role in the homes sector.

This is one of the key issues to be thrashed out at the Bifsa annual congress, to be officially opened on Monday by Dr Zac de Beer, chairman of LTA.

Previewing the congress, Mr Lou Davis, executive director of Bifsa, says: "Two of the most vexing issues in the construction sector will be before the congress, particularly that of the housing cri-

sis.

"We intend making a thorough investigation of Bifsa's role in providing affordable housing."

The other issue centred on Bifsa's effort to protect the public from unscrupulous or under-trained contractors.

Mr Davis said an area of vital discussion would be manpower and industrial relations, particularly in the light of new labour dispensations.

Referring to the reported possibility of conflict arising within the industry because of the establishment of the National Association of House Builders, the Bifsa director, said:

"Provided the NAHB exerts its expertise in areas related to its particular needs, it is difficult to understand how any conflict can occur.

"We are told that the association was established to serve the

special requirements of house-builders in the areas of land development, financing and marketing.

"Traditionally, many house-builders have furthered the development of the speculation building market by making use of sub-contract labour trained within the ambit of the formal building industry."

Mr Davis said that for this reason, the NAHB would not be representative as an employer in terms of the Labour Relations Act and, accordingly, would "not be competent to represent the building industry at any level of labour negotiation or training requirements."

$$MPC = 1 - MPC$$

$$K = \frac{I}{MPC}$$

$$AK =$$

$$S = a + MPC$$

$$I = a + MPC Y_d$$

Of men and machines



Dr Charles Skeen is president of the SA Institute of Civil Engineers. His views on computers in the construction sector were contained in a recent address to a

Computers in Construction symposium. The inefficiency of the construction industry today is clearly indicated by the fact that a house bought in the Thirties equalled the cost of four cars. Today that same house would buy 10 cars.

The process of building a house has not changed much, especially when compared with the way the motor industry has modernised. We have become more sophisticated, but the overriding causes of our difficulties and inefficiencies have not changed. We must face up to the fact that the construction business is inefficient.

Today we run specialised courses, award higher degrees and use more sophisticated tools in an effort to make good the skills we have lost. But the construction process is not necessarily more efficient, and had we not introduced these aids, we might have slipped back even further.

The construction industry has not helped in the fight against inflation. If we are to gain respectability, we must be seen to be addressing this major national problem. Percentage-wise, we employ too many people. The total volume of civil and building construction is 4% of the gdp. Employment in these industries makes up 9% of the economically active population. And the increase in construction costs is very

much higher than the rise in the consumer price index. A large proportion of this labour force has had to be paid a minimum wage to maintain a standard of living regardless of productivity.

There are reasons for our inefficiency. Every construction job is like establishing a new factory. But we must set up the factory before the product has been fully defined, and close it down before reaching a satisfactory routine of maximum productivity.

We must also deal with different people on every construction site, and cope with differing materials and means of buying them. And the old-time foreman, who controlled the entire process through hard work and an ability to direct the available skills, has disappeared. His modern replacements are only partly effective.

We have to cope with wild fluctuations; trained people disappear in the lows, and new skilled people must be created out of nothing in a pressurised boom situation.

But we must realise that these fundamental difficulties will not go away just because we have acknowledged them. We must learn to live with them, and use every available device to lessen their effect and improve the image of our industry.

Some may argue that machines are no good as the construction business is a personal business. But this is bolstering our own egos. The trick is to combine intelligent personal involvement with a properly used tool to intensify and extend personal influence and capability.

We often ask how computers can help us. Could they help identify, with accuracy and in detail, the causes of rising

costs? Can the effect of industry load fluctuations be minimised by more sensible and effective use of resources? Can available skills be improved during busy periods? Can computers help us during the unproductive construction period of a project?

I believe we must realise that the computer is a personal tool of management. It is not a monster grinding out vast numbers of printouts. The only way it can help us to handle day-to-day problems is if we use it as a personal aid to extend the capability and capacity of the individual.

Computers work best when used with efficient management techniques. This involves network planning and analysis with identification of bottlenecks and issues such as estimating cost control, materials control, equipment and labour control — and the ability to come up with a new plan in an emergency.

The essence of success in construction will always remain the ability to marshal men, material and intelligence so that they interact at the right time on the site.

Whether we like it or not, the computer is part of our future. We must learn its idiosyncrasies. But remember that computerised systems do not convert incompetence into competence. Computers fail as readily as humans at making silk purses out of sow's ears.

The best way to learn about a computer is to play with it. Keep your programs simple, and accept frustrations. They all arise as a result of mistakes and misconceptions. Adapt its use to changes in the construction process, and remember that properly used, it makes working life easier.

Plea for more low-income housing

ARGUS 25/10/82

32

ANY country which could afford R3 000-million a year on defence had to be able to afford to build low-income housing, Professor W F Kilian, head of the department of building management at the University of Cape Town, said at Sea Point today.

Speaking at the opening session of the Building Industries Federation, he said it was clear that the provision of low-income housing was of equal strategic importance.

handsome margin (17 percent compared to 11 percent)."

The authorities had also failed to sterilise some of their funds during the hectic days of 1980 and 1981, and when one considered that the exchequer had the additional windfall revenue from the gold boom during these years, it became remarkable that they were so unsuccessful in controlling the flow of funds to buildings

WARNINGS

Referring to the warnings that South Africa was threatened by a total offensive, and that enemies of the country were "fanning grievances into a revolutionary flame", Professor Kilian said: "Upwards of 70 percent of construction workers come from black communities and one is forced to realise that the provision of jobs through stimulating construction is of strategic importance."

Professor Kilian also told the Federation that much of the blame for the current cost spiral in building lies with the Government.

Referring to the 114 percent surge in costs between 1978 and 1981, he said: "Government has to accept full responsibility for having failed to curb inflation generally during the long recession of 1974 to 1977 when inflation was at an average of 11 percent a year.

"Virtually all building materials were price controlled yet their prices rose by 22 percent, 17,2 percent and 12,3 percent respectively during 1975-77 beating the relatively uncontrolled prices of consumer items by a

Employers must act on change, says De Beer

By Frank Jeans

CAPE TOWN — Unless the construction industry came to grips with the emergence of the new era of politicised trade unions, "it could find the baby of free enterprise thrown out with the bathwater of apartheid," LTA chairman Dr Zac de Beer told the Bifa conference yesterday.

Urging building managers to "interact with the country's new labour dispensation and not merely react," Dr de Beer said the industry had to persuade workers that the free enterprise system — "free for them, as well as for us" — was in the best interest of all.

The paradox of South Africa is that we have plentiful supplies of labour but a real shortage of skills — the heritage of years of race discrimination and

neglect," he said.

"There are an estimated eight million illiterates in South Africa and despite improvement in education facilities for blacks over the last five or six years, one million of these are under the age of 24.

"The figures suggest that the position is getting worse, not better."

Referring to an important manpower report Dr de Beer quoted as follows: "It is difficult to believe that in 1981 barely 10 percent of South Africa's 11 million workers will have Standard 10 or a higher qualification."

On the question of low productivity levels, Dr de Beer quoted his Anglo American colleague, Mr Dennis Etheridge: "The National Productivity Institute has listed 18 countries, showing their

GDP per economically active person in 1980, in constant 1975 prices and exchange rates.

LOW STATURE

"These are all Western or Westernised countries and in this league South Africa comes last at R2 755, with only Portugal at R3 248 in the same class.

"The Netherlands leads at R14 036, closely followed by Norway, Belgium, France, West Germany, Sweden, Canada, Denmark and the United States, all about R12 000. Japan is at R8 357, Greece R5 736 and Britain — whose productivity has been pitiful — has a figure of R7 000.

"As, by world standards, South Africa has so much going for it in terms of climate and resources, our poor showing needs explanation."

Call for
national
building
policy

Own Correspondent
CAPE TOWN — A call on Government for a national building programme was made at the Bifa conference by the outgoing president, Mr Leon Glaser.

Mr Glaser said present short-notice decisions "knock the industry out of gear."

He added: "Let us try and get a rational programme stretching over at least a three-year period.

"The costs of short-term planning, which has plagued our industry, must be astronomical and the loss of energy and dissipation of expertise is tragic."

On prospects for the future Mr Glaser said: "The decade from 1961 to 1971 saw a 9,6 percent growth with nowhere near the provision for the development of human resources which we now have."

On the new labour dispensation, Mr Glaser said: "While we look forward to negotiating with fully representative unions, under no circumstances do we relinquish management's right to manage."

SKW 26/10/82

32

State slated for rising building costs

By Frank Jeans

CAPE TOWN — Much of the blame for the present cost crunch in building lay with Government, the opening session of the conference of the Building Industries Federation of SA (Bifsa) was told today.

Spelling out the areas where the lack of action by the authorities had caused a 114 percent surge in costs between 1978 and 1981, Professor W F Killian, head of the Department of Building Management, University of Cape Town, said: "Government has to accept full responsibility for having failed to curb inflation generally during the long recession of 1974 to 1977."

"With inflation at an average of 11 percent a year, the prices of almost all building materials were controlled, yet they rose by 22 percent, 17.2 percent and 12.3 percent respectively in 1975-77, beating the relatively uncontrolled prices of consumer items by a handsome margin — 17 percent compared with 11 percent."

The authorities, he said, had also failed to stabilise their funds during the hectic days of 1980 and 1981. When one considered that the Exchequer had the additional windfall from the gold boom during these years, it became remarkable that the Government had been so unsuccessful in controlling the flow of funds to buildings.

UNCONTROLLED

"The total bill for Government failure to regulate investment in buildings has yet to be presented. Granted, the current monetary policy appears to be highly successful, and the country should reap the benefits in the next boom period, but only in a general economic sense.

"I cannot see that the monetary policy on its own will remove the coincidental peaking of public and private spending on buildings."

Professor Killian said more than 70 percent of construction workers came from black communities and one was forced to realise that the provision of jobs through stimulating construction was of strategic importance.

Any country which could afford R3 000 million a year for defence expenditure had to be able to afford the building of low-income housing.

Urgent call for move to control builders

Own Correspondent

CAPE TOWN — Builders got the message loud and clear today: organised industry must clamp down on "the fly by night" operators in their midst.

Mr H McCarthy, a past president, told delegates to the Bifsa conference that to protect the public from these operators, South Africa might well take a lesson from foreign countries where licensing or registration of builders and tradesman was made law.

DISCIPLINES

Pointing out that "tough registration requirements" were laid down in Australia covering the main disciplines — building contractor, trade contractor and operative contractor — Mr McCarthy said:

"It is the view of the Australians that these measures did more to improve the image of the industry than any amount of publicity or public relations."

REGISTRATION

Attempts at registration of builders had been numerous since as far back as 1953, but present representations to the authorities had met with little success.

Building regulations 'inflationary' ³² Mayor

CAPE TIMES 26/10/82

Municipal Reporter

THE proposed national building regulations had not found general acceptance because they were impractical and inflationary, the Mayor, Mr M J van Zyl, told the annual congress of Building Industries Federation of South Africa yesterday.

In his welcoming speech to delegates in Cape Town, Mr Van Zyl said the proponents of the draft regulations originally claimed they would be anti-inflationary.

However, judging by public comment when they were published, there was great doubt that the proposals would benefit the economy unless drastically amended. The regulations might have been more widely accepted had people with practical experience been consulted, he added.

Mr Van Zyl said it was

in the national interest, and because of the current uncertain economic situation, that building procedures should be reviewed critically. Anything which could be done to improve the productivity and efficiency of this industry would benefit the economy as a whole.

He hoped the federation would give attention to finding an acceptable set of standard conditions of contract. Contractors did not speak with one voice and the different bodies naturally looked after their own interests.

Clients were not always satisfied with the deal they were getting and there was an obvious need for compromise between them and the contractors on issues such as the need for a standard set of price adjustment conditions.

"There is certainly

need for a greater sharing of risk. It should be possible for all parties to work towards one simple construction cost index and a fair sharing of risks. A formula such as the Haylett Formula, which is continually changing, may not be a satisfying basis for most people. Some believe that it is too detailed and aims at a level of precision which may not be justified. Fixed price contracts for work to be completed within 12 months is a possible alternative, and in longer-term contracts, the escalation factor could be introduced only after the first 12 months."

Mr Van Zyl said he hoped for new and mutually more acceptable positions on some of these issues, as well as recommendations for fresh policies to improve the efficiency of the economy's biggest sectors.

R60m

Flats home plan

By JANE ARBOUS

A R60-MILLION plan by private enterprise to build 2 000 houses in Strandfontein for coloured families was announced in Cape Town yesterday.

Work on the project — to be called Strandfontein Village — will start early next year.

The managing director of the Strandfontein Development Company (SDC), Mr A C Demmers, who is also the managing director of Ilco Homes, said the greatest demand was for three-bedroomed homes costing about R18 000.

This price could be expected to escalate substantially depending on the completion date.

5 sections

The contract was signed yesterday by the City Council which is selling the land and providing the infrastructure, and the SDC which is undertaking the development.

The entire site is 112 hectares which will be sold in five sections. The first one has been sold and in terms of the contract, the SDC has an option to take up the other four sections.

The initial selling price a hectare is R5 000. For the first four sections each plot will cost a further R1 540, and the fifth section R2 365, towards the cost of services.

The planning, design and building standards will be based on those which have proved popular in Mitchells Plain. A notable feature is the "woonerf" concept where pedestrian movement is given priority over car traffic.

Plot sizes will range between 180 and 450 sq m.

Provision has also been made for six commercial sites, as well as sites for an old-age home, churches, nursery schools, creches, a community centre and one high and two primary schools. About 70 studio houses will be built from where owners will be able to conduct certain businesses.

The Town Clerk, Dr Stan Evans, said the

Mr Wilson, who has "a

32

A

CAPE TOWN 28/10/82
From page 1

scheme was an important step in the process of providing mass housing at a reasonable cost through collaboration between a local authority and a private company

'Not state'

"It could well point the way for future similar partnerships between the public and private sectors and its progress will therefore be watched with great interest by all concerned with housing"

Mr Demmers of the SDC

aid the developing, building and financing of houses and flats should be done by private enterprise and not the state, municipalities or quasi-government institutions.

As long as a profit margin was available, most developers and builders could tackle any class of housing.

Self-help schemes, he said, would eventually be proved to be a disaster. They were seen by many as another name for creating a slum

BUILDING INDUSTRY

Reaching a floor

FM 29/10/82

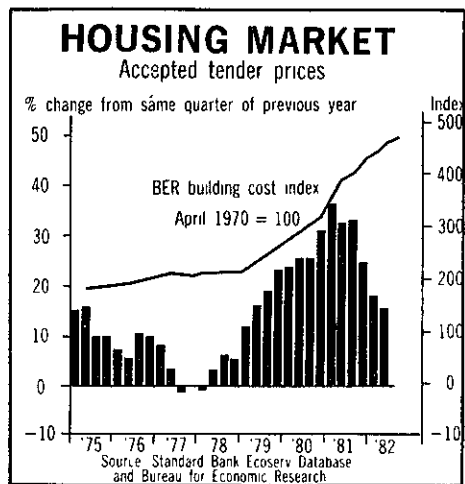
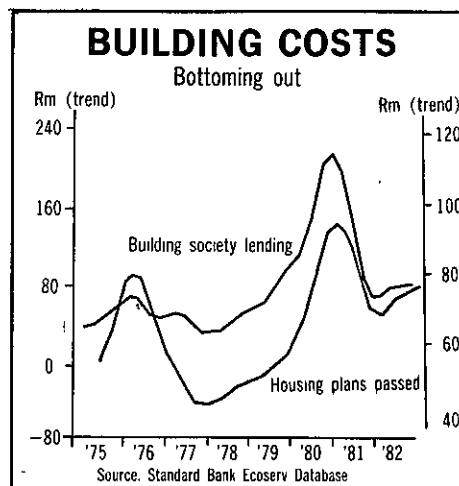
Declining trends in the housing market are bottoming out, suggests a leading economist. Since March this year, which showed the lowest increase since April 1979, there has been a marked improvement in mortgage advances. These increased by R90,3m during August 1982, according to the latest figures from the Association of Building Societies (ABS).

Cash inflows have now been restored since the exceptional January-February 1982 period, when the societies actually experienced a net outflow. High rates on building society fixed deposits have attracted an increasing flow of funds, though to the detriment of cheaper funds on share accounts.

There are, moreover, indications that pressure for funds from the banking sector is receding. Standard Bank economists feel there will be a decline in the demand for short-term finance from this sector "fairly soon." This means that more funds will be attracted to the building societies, especially as they are likely to maintain current rates of interest as rates decline in other sectors. However, stronger inflows are not expected until next year, probably in the second quarter. The first quarter is seasonally tight as the gold mines, for instance, have to meet their tax payments.

The accompanying graph shows building society lending, which seems to have bottomed out. It is now expected to move sideways until the second quarter of 1983. Included in the graph are building plans passed for housing which shows a close correlation with society lending. Both graphs are seasonally adjusted, deflated and smoothed to show long-term trends.

In August 1982, building plans passed totalled R360m. The figure includes both residential and non-residential properties and



additions or alterations. Although the total for the year to date is similar to last year's, fewer units have been passed. For example, only 20 725 dwelling-houses received planning permission for the eight months to August 1982, whereas 22 718 were passed during the same period in August 1981.

Discounting inflation and seasonal fluctuations, however, building plans passed for houses show a steady rise from the December 1981 trough. Expectations and the incidence of matching finance are contributing factors. A continuing improvement is expected, closely following building society fortunes.

There were 16 032 completions on houses for the eight months to August 1982 — little change over the same period last year. This shows that plans passed last year did not live up to expectations, primarily because of the decline in net inflows to the building societies. One effect of this was to enliven competition in tendering for new contracts and control price rises. Accepted tender prices, according to the latest building survey of the Bureau for Economic Research (BER), have stabilised further. The BER building cost index has risen by a mere 1,3% in the second quarter of this year compared to the preceding quarter. The second graph shows the percentage rise on the previous year, together with the movement in the index.

Completions on the non-residential side, however, remain strong and totalled R303m to August 1982, compared to R198m for the eight months to August 1981. This is to be expected as contracts in the industrial sector involve longer term capital planning. Although the lag effect is greater than in the residential sector, the indications are that the peak in non-residential construction has now been reached and this sector will follow the residential trend in the near future.

The contract price index for new dwelling-houses reached 208,6 at the end of the first quarter of this year (1976 = 100). On a roughly annualised basis, this represents a sharp drop in the increase in prices to just 8% per year, compared to the 26,6% increase experienced for the whole of 1981.

Symposium urges smoother public speaking

Engineers plead: stop the see-saw

SKL 32
4/11/82

By Frank Jeans

The Government should re-examine its planning procedures on capital-intensive development projects if it is to come to grips with the continuing threat of low productivity, inefficient use of human resources and inflation, says the SA Association of Consulting Engineers.

The association urges longer-term planning of infrastructure work to distribute spending more evenly.

If the troublesome cyclical swings which hamper the industry's growth are to be overcome, it says, there will have to be a greater degree of contra-cyclical spending.

The result of this, said consulting engineer Mr J M S Laubscher at

the annual conference of the association caused a scramble for staff, low productivity, inefficiency and pressure on salaries.

Singling out the mechanical and electrical fields, Mr Laubscher said: "The quality of artisans is known to be deteriorating steadily and consulting engineers cannot adequately supervise poor artisans."

The extent of the industry's violent see-saw could be seen in records from the Bureau of Economic Research of the University of Stellenbosch which showed that growth in civil engineering varied from 12 percent in 1980 to two percent in 1981.

Mr B E Hackney, deputy chairman of

LTA Construction, touched on two other contentious issues:

• The contracting industry's share in Gross Domestic Product has dropped from 6.5 percent to four percent. The effect on the private sector is aggravated by the pro-departmental construction work. The previous 60:40 ratio has reverted to 40:60.

"This is particularly

serious when it is appreciated that 70 percent of the construction work carried out by private contractors is obtained from public sector clients."

• Because labour represented 48 percent of the industry's expenditure, "stop-go" programmes lead to rising investment in plant because of varying shortages of labour and plant.

Cricket gets stumped, but trade scores

COLOMBO — Cricket or no cricket, trade between Sri Lanka and South Africa continues.

A look at the economic links between the two countries reveals that the total value of exports to South Africa from Sri Lanka last year was R2.7 million, according to the Ceylon Chamber of Commerce. The total value of main imports from South Africa last year was R39 million.

Fifty-three percent of Sri Lanka's total exports to South Africa last year was tea and the total value of this was R10.9 million. Tea is Sri Lanka's major export.

Forty-nine percent of the imports into Sri

Lanka from South Africa were steel products, and paper accounted for 15 percent. The other imports included chemicals, explosives and confectionery.

The total percentage of Sri Lanka's trade with South Africa for the years 1980 and 1981 was 1.8 percent imported from South Africa and 1.6 percent exported to that country.

The economic links are not very strong but, nevertheless, a considerable amount of trade takes place between the two countries.

Another important factor of the relationship between the two countries is tourism.

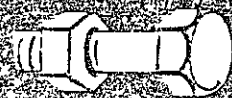
Figures made available by the Ceylon Tourist Board show that 1406 South African tourists or businessmen visited Sri Lanka in 1980 and this figure shot up to 1710 last year.

According to the figures, 171 Sri Lankans visited South Africa in 1979 and 126 in 1980. This year's to-

ELECTRONICS
TEDELEX
for
MUSIC SYSTEMS
JOHANNESBURG
683-8911

NILFISK
Industrial Vacuum Cleaners

Model GS80 made in South Africa. Nilfisk has a full range of industrial vacuum cleaners for every application.

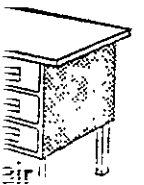
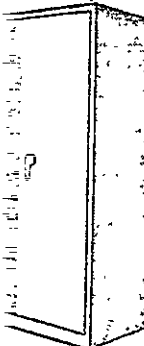


PARTS
Contact Peter for Toyota parts in NEWLANDS Tel 27-2614

VITKO
Hardened Shackles Rustless Springs

RS
QUALITY ASSURED
WARRANTY
FACTORY FAULTS

00



00

Ex. GST
Johannesburg.

ICA'S

Contractors ready to cut profits 32

By Frank Jeans

Tightening conditions in the construction industry, more freely available labour and building materials as well as greater competition for less work, are having an effect on tender prices. Some contractors are ready to cut profit margins to get a job.

The softening in the cost of labour and materials is underlined by the findings of the Bureau of Economic Research of the University of Stellenbosch. The bureau says the rate

of cost increases has fallen from 31,5 percent in 1981 to a projected 12 percent this year.

The bureau also sees a further decline in the rate next year to about five percent.

Cut-price tendering could filter through to the home-building sector, but there are factors against cheaper housing generally.

HOME PRICES

Mr Johan Grotius, director of the newly-formed National Association of Home Builders,

says: "The cost-push factor is still more important than the savings a contractor could make through better supply of labour and materials."

The price and availability of land is another problem. While a builder on the East Rand can secure a relatively cheap site, sites in the northern areas are fetching prices of up to R30 000.

"The old ratio of house cost to land cost has long since changed," says one home-builder, "with land a major determining factor."

ALMOST every area of the building industry is poised to suffer a further decline in activity, forecasts the latest Property Economist Opinion Survey.

"We are in for another tough 12 months, with business and investment decreasing further in the next six months, followed by a fall in industrial capacity utilisation," says economist Neville Berkowitz.

"The year ahead is bleak for almost every sector of the property market."

Only 18% of respondents expect general business activity to remain unchanged in the next six months, though

S. Times Bus 14/11/82

New nightfall in prospect for builders

many foresee a slight upward trend thereafter.

Taking a nosedive are construction planning, real value of plans passed, employment in the construction sectors and demand for building materials.

Yet every cloud has its sil-

ver lining. One ray of hope is that rising building costs must slow down.

Another to emerge is that office development will fare somewhat better than other property investments.

The firm investment favourite, however, remains

leaseback finance.

Respondents are unanimous on the decline of mortgage-assisted investments and private syndication investments, with 33% anticipating a fall in house construction and sectional-title development.

This in turn will lead to rising rental levels of 11%-20%, particularly for flats, sectional-title units and warehouses.

On the domestic markets, house prices in the upper bracket will tail off, while demand for lower-priced homes, flats and sectional-title units will continue to be strong and be subject to rising prices.

(32)

(32) ~~13/12/82~~
Scaffolding
Stew
firm buys
US links

Form-Scaff. of South Africa has moved into the US in a big way by acquiring Waco, a scaffolding company in Cleveland, for R6 million.

Earlier this year, Form-Scaff bought Bouwman Scaffolding of Los Angeles, Rocky Mountain Scaffolding of Denver, and Houston Scaffolding of Houston.

"We have embarked on a strategy of geographical rather than business diversification," says group managing director Mr Jeff Liebesman.

"Instead of taking over companies outside our field, we have gone outside the country to acquire similar companies in strategic areas."

Form-Scaff has a company in Hong Kong and associated companies in Singapore, Manila and Holland, as well as interests in the Middle East. It is probing new markets in Macao and Israel.

Locally, it has identified new markets for its products and in coming months will be opening several branches in growth areas.

az
T
b

CONSTRUCTION — GENERAL
1983

JANUARY — DECEMBER,

FM 28/1/83 (32)

BLACK BUILDERS

The Witwatersrand Master Builders Association (MBA) has admitted three black builder members.

MBA director Basie Pretorius expects the number of black builder members — dealing mainly in home building, alteration and additions — to increase in the next few months. He says the association is already processing a further membership application.

The lifting of some job reservation restrictions now allows black builders to operate in any area they wish. However, MBA membership will initially restrict their activities to black urban areas.

If they tender in other areas, says Pretorius, they do so without MBA approval.

2

Many 'burnt fingers' in Saldanha scramble

CAPE TOWN 2/2/83

444
32

By ROGER WILLIAMS
Chief Reporter

LAND bought by speculators in a R12-million scramble for sites in the Vredenburg/Saldanha area 10 years ago is still undeveloped after a building boom failed to happen.

As a leading businessman in the area put it yesterday: "A lot of people burnt their fingers very badly in this. Nothing has been built on the farmlands bought in the big rush and the property market here is dead."

Huge premiums

Iscor and the government bought land in the area at huge premiums a decade ago, at the height of speculation about the future of the region, which may now have to be sold at a loss.

A spokesman for the Pretoria-based property company Bester Investments, which bought more than R2-million worth of farmland in the Vredenburg/Saldanha area 10 years ago, admitted yesterday that the company had "misread the projections".

However, the firm still had confidence in the long-term growth prospects for the area and was therefore holding on to its investments there.

Withdrawal

The anticipated boom of 10 years ago, with optimistic forecasts that one-million people could be settled on the Cape West coast, did not materialize, mainly because of the withdrawal, in the world-wide economic recession, of foreign financial interests whose backing was required for major industrial projects in the area.

The main schemes which were to have turned Vredenburg/Saldanha into another major



In this flashback to the 1973 property boom in the greater Saldanha area, Mr Johan Hofmeyr, then deputy mayor of Saldanha and an executive member of the West Coast Regional Development Association, points out plots in a new housing area that were being sold for R7 000 upwards.

growth-point in South Africa and a "metropolis" on the Cape West coast were:

● A R600-million "fourth Iscor", for the production and export of semi-processed steel products. This was to have been the growth kingpin in the whole Sishen-Saldanha iron ore export scheme. The "semis" plant was expected to generate a host of ancillary services, providing employment for many thousands.

A major partner with Iscor in this project was to have been the Austrian steel giant Voest, which pulled out of the proposed deal.

● A mammoth R35-million dry-dock complex considered by the Industrial Development Corporation to take supertankers of up to 500 000 tons. This had to be called off because of a wide shipping slump.

There had also been

talk about leading oil companies seeking a suitable site in the Saldanha area on which to erect an oil refinery, and Dutch shipping interests had made it known that they were planning to build a giant ship-building and repair complex on the shores of Saldanha Bay.

In 1973 The Department of Planning and the Environment put out a master blueprint for the development of the Saldanha area.

Boom

Millions of rands were reported to have changed hands in a few months in one of South Africa's fastest-moving property booms.

Land values doubled after the government had announced that it had decided to go ahead with the controversial Sishen-Saldanha iron ore export scheme, and "spec" builders moved into the Vredenburg area.

The Sishen-Saldanha railway line, and the harbour works at Saldanha, were completed by 1976. However, this scheme, which is not labour-intensive, has not on its own been able to generate anything like the massive expansion forecast.

There has in fact been a decline in the quantity of ore carried on the Sishen-Saldanha line, from a record figure of nearly 18 million tons conveyed in 1979/80 to just under 11 million tons in 1982.

● During the property boom 10 years ago, Professor S P Cilliers, head of the department of sociology at the University of Stellenbosch, criticized those who saw the Sishen-Saldanha scheme as the solution to the Western Cape's economic development problems.

He dismissed talk of a population explosion on the Cape West Coast as "completely unrealistic, unwise and unsound".

R6m contract for Transkei University residences

~~12/2/85~~
12/2/85
32
C. Post

MURRAY & ROBERTS Construction (Transkei) has been awarded a R6,5-million contract to build residences on the campus of the University of Transkei in Umtata.

The company, a joint venture of the Transkei Development Corporation (TDC) and Murray and Roberts Ltd, undertakes all forms of construction work throughout Transkei.

"Average annual turnover is in the region of R10 million, but we are feeling the effects of the current economic recession and can therefore expect a drop to about R8 million for the financial year," says managing director Mr C D W Geraghty.

The contract at Transkei University will be completed within 21 months.

Accommodation will be provided for 400 students and a new dining hall will be built.

This contract will provide employment for about 200 people.

The company will also build an old-age home for

about 72 residents, at a cost of R1 million.

The money was made available as a direct donation from the Murray Trust to the Government of Transkei. This contract will be completed in 10 months and will provide 80 jobs.

Additional contracts include building six staff houses at Ikhwezi Lokusa Rehabilitation Centre at a cost of R620 000 and a new R340 000 telephone exchange in Butterworth.

"Currently in progress are 17 executive homes for the TDC costing R1,5 million, renovation work of R400 000 on Barclays Bank in Umtata, and a R750 000 contract for the construction of accommodation for Sisters of the Glen Avent Convent, with numerous smaller contracts underway," says Mr Geraghty.

Major projects completed in 1982 range from 11 executive houses in Fort Gale for R1,2 million and 25 cluster houses in Butterworth for R1,4 million, to a secondary school in Butterworth and extensions to the brewery in Umtata.

12/2/85

(31)

Major ~~38~~ pay squeeze

times
20/2/83

By Vera Beljakova

SKYHIGH salaries for private secretaries are a thing of the past, according to the latest quarterly survey conducted by Kelly Personnel permanent staff placement agency.

● Private secretaries earn R1 032 in Johannesburg, but carry weighty responsibilities, like compiling correspondence on behalf of the company, arranging executive travel, organising meetings, seminars, board meetings and taking minutes.

They all handle their employers' personal matters (from social life, private banking, funerals, domestic payments, school fees, etc). In Durban the rate drops to R760.

● Ordinary secretaries who handle complicated overseas travel arrangements earn R814 in Johannesburg, but R633 in Durban.

● Girl Fridays, who handle everything from correspondence, to telex machine, switchboard, mail distribution, do simple accounting and screen visitors, earn R659 in Johannesburg and R538 in Durban.

● Copy typists, responsible for typing correspondence, minutes, reports and provide rough clear copy and rough draft, earn R640 in Johannesburg and R513 in Durban.

● Receptionists do best on the East Rand, earning R639, or R3 more than in Johannesburg and R107 more than in Durban.

● Bookkeepers to trial-balance level earn R1 033 in Johannesburg but R670 in Durban.

● Accounts clerks again earn the most on the East Rand — R717 compared with R686 in Johannesburg and R500 in Durban.

Civil giants descend on PE

SEVERAL major civil engineering and construction companies have breezed into Port Elizabeth to stake claims for projects worth about R41-million, writes Lynn Carlisle

At one stage more work was expected to materialise around the "windy city", but the "big one" - construction of a ship repair facility comprising two graving docks worth at least R250-million - does not appear to be a certainty for this year at least.

Survey results for the ship repair dock have been en-

Industrial Week 23/3/83
couraging but, further ecological surveys are needed before any design can be settled according to the Algoa Dockyard Development Company MD Henry Combe.

A Port Elizabeth Municipality source told Industrial Week it has been estimated that construction of the 105mg/day Elandsjagt treatment works with ancillary services will be in the order of R18.5-million.

"Tenders for the main contract, including a 27mg reinforced concrete reservoir, the laying of pipelines and road-

works are due to be opened this week," said a City Engineer's spokesman.

Concor has just shaded Murray & Roberts as lowest bidder quoting R6 075 482 compared with R6 097 179 to carry out civil engineering work on services for the new Kwamagzaki township for the East Cape Administration Board (Ecab).

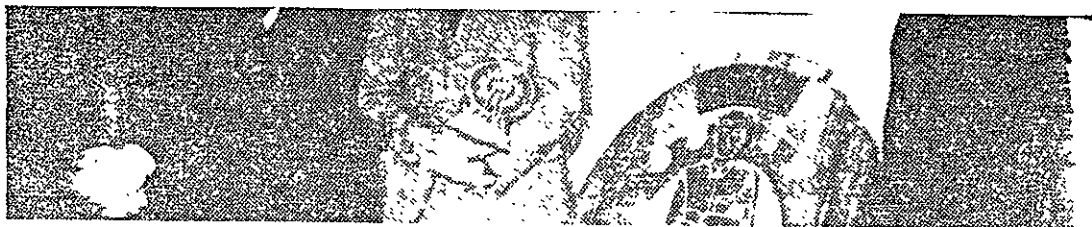
Murray & Roberts Civil (Cape) has just picked up the R3.5-million Potsdam sewage treatment works job and a R1.2-million contract to build a gravity sewer, rising main and pump station.

Tenders are being invited to construct a bridge over the Chatty River and approach roadwork and the Ecab has set the closing date as March 4

"Construction of three prestressed concrete bridges and approach roads has drawn tenders ranging from R1.98-million (by Rintin) to around R2.6-million," an Ecab source disclosed.

He confirmed that Concor had just landed a R5-million Ecab contract to provide full services for 1 500 erven in an extension of Uitenhage's black Kwanobuhle township

- id
- 8 + 9
- + 11
- + 13
- + 17
- + 19



Marcus Mayer (21) of Johannesburg had a tremendous surprise last weekend, when he was named SA's trade champion of 1982 and became the first holder of the Fanie Botha Trophy. Picture shows Morris Katz (MD of Katz Diamond Cutting Works), Dr Piet van der Merwe (Director-General of Manpower), Marcus Mayer and Botha (Minister of Manpower).

at the private sector... not pay mere lip... to the concept of... industrial decentralisa... to the industrial... should be property... most thought inter... and the Govern... of Eskel did not... to take bold... to create this... which in future

Over 2/3/83 (32)

BUSINESS

LTA works on big contracts

By Frank Jeans

Despite predictions of worsening conditions in the construction industry, the LTA group's order book contain contracts totalling R140 million and an overall workload of R360 million.

Apart from the recent R18 million Sanlam Plaza project in Pretoria, other big contracts in hand include the R130 million Groote Schuur Hospital in Cape Town, its share being R65 million in a joint venture with Comiat of France.

Also in the order book are the Holiday Inns' new beachfront hotel in Durban and an office and warehouse block for Grand Bazaars in Epping, Cape Town.

Major jobs well-advanced or near completion include Old Mutual's Durban Marine venture (R20 million); hostels for South African Transport Services at Imbali, Maritzburg (R18 million); Old Mutual's industrial park at City Deep, Johannesburg (R18 million); and Mutual's Plaza block in Pretoria (R12 million).

The group is also involved in Escom's headquarters extensions at Megawatt Park, Sandton, with contracts totalling R50 million, and a R20 million housing contract at Escom's Tutuka power station near Standerton.

In Johannesburg's CBD, Anglo American's No 11 Diagonal Street is a fast-track operation and the focus is now on Anglo American Property Services's nearby commercial block, Life Towers in Sauer Street.

Industry chief urges government to launch public works in recession

BUILD

IN BAD

YEARS!

By Finance Editor MIKE PEIRSON

A CALL for a serious reappraisal by economists and government of public works policy was made this week by Roland Freakes, executive director of the Natal Chamber of Industries, at a CSIR conference in Durban.

At present the cry was that government must contain expenditure, but, he said, he looked forward to the time when the policy could be so regulated that in times of recession the cry would be to government to spend and to spend on selected projects.

He gave as a local example the urgent need for the N2 to the north to be constructed. This would link Durban with Richards Bay, which has been identified as a counter-balancing growth pole.

But the construction of a freeway would only start, despite the urgency, in 1985 and would not be completed for a long time because no funds were available.

"Yet this is the kind of project on which government might well embark in times of economic down-

turn," said Freakes. "It has all the essential ingredients (a non-inflationary project) which will create essential infrastructure required in times of upswing."

"It does not call for any increase in the import bill — an important criterion in the selection of suitable projects. The freeway can be constructed from indigenous materials. It would also make use of indigenous labour with limited skills."

There were many such examples in Natal: the Field's Hill bypass, the airport, black housing (again using indigenous materials) and so on.

"I am not suggesting that over a whole business cycle there should be any absolute increase in government expenditure. I am merely advocating a better time distribution of such expenditure," he went on.

"What would happen would be that the troughs of the trade cycle would be a little shallower and

the peaks would be a little lower. The latter would in itself be an advantage in that the reduction of government spending in rising and peak periods would correspondingly reduce the pressure on resources at a time when, as a result of private sectors' demands, they are becoming increasingly scarce.

"Furthermore, government projects undertaken during the recessionary phase would be cheaper.

"Public works policy is obviously not a panacea

for all economic fluctuations and there are many problems associated with its successful application. For all that I believe in two decades our economic and financial policymakers have become infinitely more skilful and could shape and adapt public works policy to become a purposeful tool in reducing the disruption and dislocation arising from the business cycle."

Cyclical unemployment was one of the serious consequences of the trade cycle and one

which in the medium and long term filled him with apprehension.

In the downswing employers, despite the very best efforts and intention were finally obliged to declare workers redundant. At the moment "fairly large numbers" of workers had been re-trenched in a cross section of industries.

Freakes said it was not easy to determine precisely the "fall out" at this stage but the only remedy for cyclical unemployment was to elim-

inate the business cycle itself. This, of course, was not possible so the aim should be to provide relief through the medium of public works measures he had already mentioned.

Efforts should be made to improve the effectiveness of the Unemployment Insurance Fund which was at present highly inadequate in terms of its benefits and unsatisfactory in the way in which it operated.

Applicants for assistance could wait up to

five weeks

"This good and it is this system which is not only a disaster but a snags v

Freake felt it was a disaster where providing

Government to launch public works in recessionary times

sakes. The essential non-inflationary which required in ing. It call for important re selection objects. The indigenous would also indigenous 1 limited

many such Natal:the bypass, the k housing indigenous so on. suggesting whole busi- ere should e increase t expendi- rely advo- r time dis- ch expendi- on. id happen he troughs cycle would lower and

the peaks would be a hit- the lower. The latter would in itself be an advantage in that the reduction of government spending in rising and peak periods would correspondingly reduce the pressure on resources at a time when, as a result of private sectors' demands, they are becoming increasingly scarce.

"Furthermore, government projects undertaken during the recessionary phase would be cheaper.

"Public works policy is obviously not a panacea

for all economic fluctuations and there are many problems associated with its successful application. For all that, I believe in two decades our economic and financial policymakers have become infinitely more skilful and could shape and adapt public works policy to become a purposeful tool in reducing the disruption and dislocation arising from the business cycle."

Cyclical unemployment was one of the serious consequences of the trade cycle and one

which in the medium and long term filled him with apprehension.

In the downswing employers, despite the very best efforts and intention were finally obliged to declare workers redundant. At the moment "fairly large numbers" of workers had been retrenched in a cross section of industries.

Freakes said it was not easy to determine precisely the "fall out" at this stage but the only remedy for cyclical unemployment was to elim-

inate the business cycle itself. This, of course, was not possible so the aim should be to provide relief through the medium of public works measures he had already mentioned.

Efforts should be made to improve the effectiveness of the Unemployment Insurance Fund which was at present highly inadequate in terms of its benefits and unsatisfactory in the way in which it operated.

Applicants for assistance could wait up to

five weeks before the start of benefits (if they were lucky) and up to 12 weeks if there were any snags with their claims.

"This is simply not good enough," he said, "and it is necessary for this system to be markedly upgraded both in size and duration of benefits, and the way in which it is administered."

Freakes said that he felt it was important industry in the Durban/Pinetown complex, where two-thirds of the province's manufacturing

activity was centred, should continue to grow at a rate to ensure sufficient jobs to absorb newcomers to the labour market from the adjacent black townships.

He said because the decentralisation policy with its incentives to encourage exodus from the metropolitan areas was based to some degree on the stick it was on the cards that a payroll tax may be introduced in places like Durban/Pinetown.



ROLAND FREAKES
 address the CSIR conference in Durban this week

TO PAGE 3

Report-back on contract prices

32 C. Times 18/3/83

Municipal Reporter

CONTRACTORS sometimes deliberately delayed price-adjustment contracts when faced with other fixed-price projects, with the result that clients had to pay the escalation amounts, the City Engineer, Mr Jan Brand, said yesterday.

Reporting on an extensive investigation into the controversy over the advantages and disadvantages of formula-adjusted and fixed-price tenders, Mr Brand said contractors took the risk of wilfully delaying a contract because it was in their interests to give priority to fixed-price contracts over those subject to price adjustment.

Late last year the City Council's Executive Committee interviewed

several delegations from, among others, the South African Property Owners' Association (Sapoa), the Steel and Engineering Industries Federation of South Africa (Cape) (Seifsa), the Western Cape branch of the South African Association of Consulting Engineers, and the Building Industries Federation (SA) (Bifsa).

Mr Brand said Sapoa came out strongly in favour of fixed-price contracts. The private sector had not been consulted at all when the Haylett formula was launched, Sapoa judged the formula to be inflationary as there was no incentive for the contractor to save costs.

A theoretical example taken out by a prominent government quantity surveyor showed why it was

so difficult for a developer to budget under the formula system: By delaying the starting date by two months and with an overrun on the contract period of 12 to 14 months, the escalation payable increased by 47 percent.

Sapoa quoted the Parow shopping centre as an example of a very short completion time and the increase in productivity achieved by a fixed-price contract.

Escalation

Mr J Roos of Seifsa said fixed prices were not in the council's interests. Any responsible tenderer when giving a fixed-price tender would perhaps make "slightly-excessive" provision for escalation, which Seifsa's own formula avoided.

Mr Brand said the Seifsa formula, which was subject to negotiation with a tenderer, was often accepted by the council for mechanical and electrical contracts and as far as he was concerned, was not as controversial as the Baxter and Haylett formulae.

Bifsa instructs its members to qualify all tenders over certain limits with the Haylett formula provisions. Bifsa also believed that fixed-price contracts were against the public's interests.

● Mr Brand concluded that there appeared to be consensus that the client should have the advantages of a fixed-price contract on short-term contracts.

Base date

It was not unreasonable to fix the early portion of a medium or long-term contract and to allow price adjustment on the balance. This would ensure that the contractor could go ahead with full speed in the early stages and one would hope that having started well, he would finish well.

Suggesting a base date of 15 months, Mr Brand said this could be done with little change to existing formulae.

The Executive Committee yesterday authorized Mr Brand to seek approval for his proposals from the organisations that had been interviewed.

32

Lower interest seen as boost for building

THE widespread decline in interest rates might have a more beneficial affect on the South African building industry than originally foreseen, especially towards the end of the year, and particularly in the residential sector, the Bureau for Economic Research (BER) at the University of Stellenbosch, announced.

In its latest building survey, the bureau says 1983 could be seen as a year of consolidation and a period where materials and labour will be more freely available.

"It should be used as a period to prepare the foundations of a more soundly based upturn starting about the middle of 1984."

The bureau's analysis of survey results for the summer quarter (December 1982 to February 1983) contractors were rather pessimistic in their assessment of the business climate, although a marginal improvement in business mood occurred.

Volume of work

The volume of work performed did not change much since the previous quarter but a downward trend was expected in the forecast quarter. The tendering environment became slightly keener.

In general, materials supplies were satisfactory, however, notwithstanding the lower demand levels, slight

shortages of artisans and foremen still prevailed.

Sub-contractors became more pessimistic in their business outlook, caused mainly by the insufficient demand for new building work.

Competition in tendering became keener during the survey quarter.

In the light of the depressed demand conditions, the value of orders received by manufacturers dropped further during the survey quarter. This necessitated them to cut back on production and to reduce the number of factory workers.

As a result of the cut-backs, 85 percent of the respondents indicated that it was possible to maintain a higher level of production without additions to existing buildings and equipment.

Finished goods

It would, however, appear as if production was not curtailed sharply enough, for a net 22 percent of the respondents still indicated that their stock of finished goods in relation to expected demand were regarded as too high.

Notwithstanding the lower production levels, shortages of especially skilled labour occurred and this shortage position put workers in a strong bargaining position. This is reflected by the 59 percent of respondents experiencing higher average labour costs per

unit of production.

Merchants indicated that their sales were still declining and that it is currently well below that of a year ago. However, a net 17 percent of respondents indicated that their present stocks were still too high in relation to expected demand. The period in which debtors pay off their debt has lengthened.

This occurrence is typical of tight business conditions, where cash flows of companies are subject to considerable pressures.

Higher average purchase, as well as selling prices were recorded, but in the light of the slowdown in demand, higher costs could not be fully shifted on to customers.

— Sapa

Mass housing firm changes hands

24/3/83

(32) ~~232~~

Mercury

Municipal Reporter

ILCO Homes, the company Durban City Council had to assist with R6 700 000 last year, has been wholly taken over by the Murray and Roberts Group.

Last year the council agreed to prop up the company in order to ensure the completion of housing contracts in Phoenix and Newlands East.

It did so because Murray and Roberts, which owned half the company headed by Mr Andries Demmers, guaranteed that the contracts would be completed.

Yesterday Mr Steve Boyazoglu, executive director of the Murray and Roberts Group, said the latest takeover included all Ilco operations in Natal and the Transvaal but excluded the Cape operations. The group intended going into the mass housing market in a big way.

Skills

He believed the 'past problems' with the city's housing schemes would be significantly reduced. Ilco's skills and unique building methods for mass housing would complement Murray and Roberts expertise in the field of civil engineering and conventional building methods.

Mr Peter Goodson had been appointed managing director of Ilco Homes.

Yesterday Mr Demmers, 50, said he was looking forward to semi-retirement after 28 years. He would only have to do 'a little running around' for his Cape company which had a R100-million contract to build houses.

He came to South Africa from Holland 28 years ago and landed Durban's first mass housing contract at Merebank 22 years ago.

'Altogether,' he said, 'I have built 60 000 houses in Cape Town, Johannesburg and Durban.'



UNIVERSITY OF CAPE TOWN
EXAMINATION ANSWER BOOK

EVERY CANDIDATE MUST enter in column (1) the number of each question answered (in the order in which it has answered); leave columns (2) and (3) blank.

Building prospects look up

32

ROOM

24/3/83

By HAROLD FRIDJHON

IN spite of South Africa's business mood slipping deeply into pessimism, the building industry's depression appears to have been halted.

"The importance of this sideways movement," says the building survey by the University of Stellenbosch's Bureau of Economic Research, "lies in the fact that this might foreshadow an impending revival towards the latter part of 1983 or early in 1984."

However, contractors expect a downward trend in the current quarter. Tendering is becoming keener and supplies of materials are satisfactory. In spite of the lower activity, there are still slight shortages of artisans and foreman.

This highlights the structural labour problem and accentuates the importance of training.

Possible reasons for the shortage are:

- Many artisans did not return to the building industry after the 1976/77 recession.
 - A greater degree of mechanisation has taken place.
 - Many artisans are now "labour only" sub-contractors.
- Sub-contractors appear to be more pessimistic than the main contractors because of

insufficient demand for new building work.

The value of orders received by manufacturers of building materials dropped in the last quarter of 1982, resulting in a reduction in production and employment.

About 85% of the respondents to a survey reported that as a result of the reductions it was possible to maintain a higher level of production without adding to buildings and equipment.

But production has not been reduced sufficiently. A large percentage of the respondents said finished stocks were too high in relation to expected demand.

Labour unit costs of production, however, were higher because the shortage of skilled labour placed workers in a strong bargaining position.

Building material merchants say sales are still falling and turnover is well below that of a year ago. Many report that stocks are too high and that the period which debtors take to pay their accounts has lengthened. Prices are higher, but increased costs cannot be passed on to customers.

The dim light at the end of the tunnel appears to be coming from the building societies. At the end of December 1982 the building societies advanced R109-million net for new buildings compared with R28-million a year before.

"Easier availability of

bonds and some decline in mortgage rates should have a positive impact on investment in private housing, especially with continued net immigration pushing up the demand for housing."

The bureau reiterates what it stated in the previous survey. Provided that the overseas recovery starts at the beginning of 1983, a lower turning point in the South African business cycle is seen towards the end of 1983, but "the effects of the recovery will only become visible in the domestic economy about the middle of 1984."

	Internal	External
	(2)	(3)
1	9	
2	7	CRB
3	4	CRB
4	15	
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		

(Paper)

WARNING

1. No books, notes, pieces of paper or other material may be brought into the examination room unless candidates are so instructed.
2. Candidates are not to communicate with other candidates or with any person except the invigilator.
3. No part of an answer book is to be torn out.
4. All answer books must be handed to the commissioner or to an invigilator before leaving the examination.

Any dishonesty will render the candidate liable to disqualification and to possible exclusion from the University

Build now or pay later

Building costs increases could be even lower than the 5% predicted for 1983 in January, indicating that now could be a good time to build. According to the Stellenbosch Bureau of Economic Research (BER) March building survey, costs increases could drop further before a revival in construction in the last quarter of 1983 and beginning of 1984. Building cost increases, which at the height of the building boom in 1981 reached 35%, are now at the lowest they have been since 1978.

The business mood, says the report, has declined dramatically in the last few months, and is in all probability at its lowest ebb. It notes that an early change in the mood is detectable which could foreshadow the expected increase in building activity in the last quarter of 1983.

Building material and labour cost increases, major contributors to steep escalations in the last four years, are expected to decline marginally in 1983 because of the recently announced fuel cost reductions and a lower inflation rate. Availability of labour and materials at the present lower level of construction activity will also keep the cost increases down.

The Haylett index, which measures cost input increases, is forecast to drop from December's 17,2% to 13% this year. But contractors continue to cut profit margins to the bone (see graph), and the BER price index, which reflects accepted tender prices has now dropped well below the Haylett input cost increases index.

Tender prices moved up from the floor in 1978 when activity was at an all time low and increased steadily, overtaking cost increases and inflation at the 1981 highpoint, at the peak of the building boom and then plummeted to the current 5% forecast for

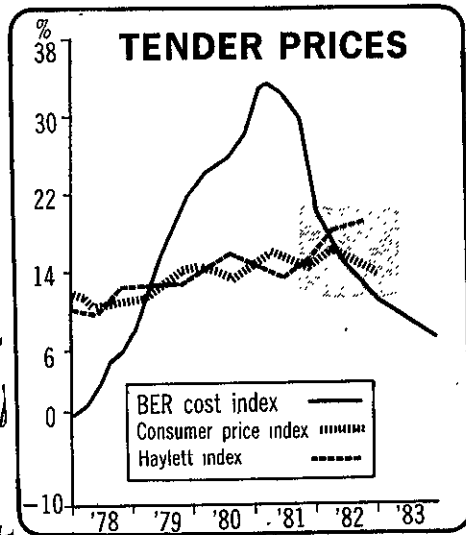
1983.

Contractors are sacrificing profits margins to stay in business and will be hard pressed to add on profits when competition is less fierce.

The report says lower interest rates and the reversal in building society cash flows will have an impact on residential investment, especially as more pressure is placed on demand by immigrants. Against the paltry R28,2m in loans granted for new housing units in December 1981, the figure in the corresponding month in 1982 was a healthy R109,1m. While non-residential investment is predicted to stay at low levels during the year, residential construction should stay on the up.

13

cost
of
material
near
a
level



Market good for
value building \$
The welfare of the
DA who have
The future in the
regions depends
on the policies
for the
surrounding

State may back Soweto Project

Frank Jeans

The Soweto Project — the engineers' drive to bring blacks into the profession by stimulating interest among schoolchildren and preparing them for an engineering career, could become a nation-wide effort backed by State funds and embracing all population groups.

Addressing members of the SA Institution of Civil Engineers, Dr P J van der Merwe, Director-General of the Department of Manpower, said the project was "a worthy one, deserving the widest possible support".

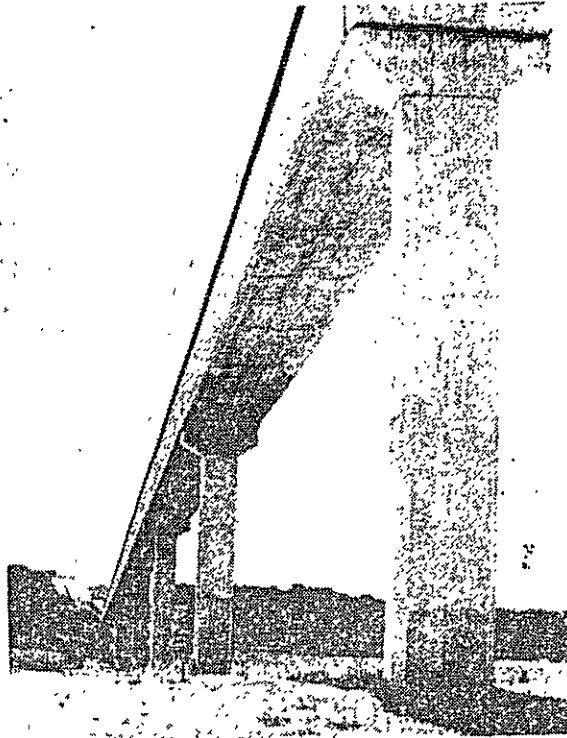
And, while he would not commit himself on Government finance for the scheme, he called on the engineers to take the initiative and approach the authorities with a view to spreading the concept.

Mr Con Roux, chairman of the steering committee of the project, said: "While the groundwork for the project has been well laid, it is an expensive scheme because of its many connotations and the Government should give assistance, for ultimately the stability of the country must come from the black areas."

Six former top executives of Group Five Projects have joined forces with Peter Bayly Construction to form a new company called Skelton and Plummer Projects. The managing director is Mr Harry Skelton and directors are Mr Colin Plummer, Mr Roy Dukes, Mr Aubrey Michel, Mr Richard Leitao and Mr Ian Wright.

Civil engineering group Wilson-Holmes has completed five major projects for South African Transport Services with a total value of R25-million.

The contracts were at the new Sentrarrand marshalling yards at Bapsfontein and include 30 km



The concrete conveyor for the export of timber at Richards Bay.

of railway line, loco sheds and carriage and wagon depot.

A civic centre costing about R2 million is to be built in Louis Trichardt. Tenders are now open and the closing date is 10 am on April 19 this year.

Plans are available from the Town Council, PO Box 96, Louis Trichardt, 0920.

An elevated conveyor system for exporting timber at the Richards Bay terminal is one of the entries for the Fulton Awards made annually by the Concrete Society of SA for "excellence in the use of concrete in building and civil engineering structures".

Fulton Award winners will be announced on May 4.

FINANCE

THE building and construction sector can take little comfort in the new batch of statistics showing that the total value of civil engineering work in 1982 actually managed to nudge a little higher to touch R2 400-million while the recession was causing havoc elsewhere.

It is common knowledge that the construction industry as a whole is among the last of the sectors to be clouted by downturns, because of contracts in the pipeline still to feed on.

Full scale battle rages for dwindling construction contracts

By Insider

customers take time to regain enough confidence to repair capital spending programmes. The reduction in civil engineering activity was already beginning to pinch at the tail-end of 1982 and when the annual total of work carried out is tallied it can be seen that while the monetary value made a modest gain it was stripped to a hefty

decline of 15% in volume terms when inflation is taken into account. Behind the tumble were the restrictions on public sector work as well as curtailments of capital expenditure in the private sector as everyone battered down the hatches. Fortunately, Escom was still pressing on last

year with its vast expansion programme - the juiciest of all civil engineering contracts was the R80-million award for six units of the new Kendal power station and though the pace of the programme has slowed down it still promises to yield good-size contracts. What makes the in-

dusty cautious, however, is the high reliance on power station contracts. Since they are usually spread over much longer building schedules - generally between four and seven years compared with a more normal two or three years - it means a far lower percentage of last year's con-

tracts is for actual execution in 1983 and 1984. Add the Escom snags to the overall drop in new work and Ken Lasay, director of the SA Federation of Civil Engineering Contractors, is left with no option but to forecast a downturn that may go as deep as five to 10% this year.

Put inflation into the calculations and one sees the volume has been in a nasty downward slide all the time. The private sector has already been in a huddle about trends. It cheered up a bit when Parliament recently decided to increase the fuel levy which is allocated to the National Road Fund - but the date for the increase was omitted. Still awaited, too, is the outcome of investigations into the possible introduction of toll roads.

The public sector capital expenditure budgets for 1983/84 could still influence the scenario, true, but Lasay for one expects no basic change in the outlook yet. The heat of competition to win shrinking contracts is also burning away at profits.

For the moment, nearly all the roads faced by the civil engineering sector look rather bumpy.

When Monday morning Smeil doesn't meet breakfast!

What it does mean is that you're about to pour valuable water soluble oil emulsions down the drain.



As Lasay puts it: "In the light of the declining order books of contractors and their concern about securing sufficient work, competition for new contracts is particularly intense and it is having a serious destabilising effect on the whole industry."

For the moment, nearly all the roads faced by the civil engineering sector look rather bumpy.

People turn to Classified for buying and selling in the most convenient and cost effective way. Our tele-ad girls are trained to help you get the best value

Biggest boom soon in building

By Amrit Manga

The SA building industry is set to experience the greatest boom in the country's history as the business cycle begins its upswing within the next nine months, according to most tenders in the building industry.

A repeat of 1980 trends, when building prices for homes increased by an unprecedented 30%, is, however, also likely to follow a 12% rise projected for this year.

According to the Building Industries Federation of SA (Bifsa) executive director, Lou Davis, building activity has been fairly vigorous despite recessionary conditions.

The industry has reached a plateau from which it is expected to lift off in about the last quarter this year as passed plans shelved during the downswing are considered for completion.

As building activity increases, costs will rise at a rate that could top the rate of inflation in about 18 months, according to the Master Builders Association's (MBA) Pretoria president, Robin Nixon.

The rate of increase in the contract-price index for building is, however, expected to continue along the downward slope which began in 1981.

The continuous deceleration in the rate of increases in tender prices can be attributed to two factors, according to Mr Nixon.

"Slack demand has forced contractors into reducing their profit margins, resulting in keener tender prices.

"Further, artisans have increased their productivity awareness in the light of less work.

"This, added to the fact that builders are now in a position to control costs more effectively, has led to tender-price increases being below that of the inflation rate," says Mr Nixon.

Whereas contract prices for buildings in the first quar-

ter of last year were 15,9% higher than the comparable figure for the previous year, the third quarter was only 7,1% more than a year ago.

The contract-price index for building in the country's major centres fell by an average of 4%, reflecting a significant slowing down in building trade.

Value of residential buildings completed in December, seasonally adjusted at R110-million, is nevertheless still 29,4% higher than the comparable figure for the previous year.

Last year's total value of buildings completed, at R1 257-million, represents more than double the 1980 total of R623-million.

The Durban-Pinetown area experienced the sharpest drop during the third quarter to 356,5 from the previous quarter's 386,5. It was, however, up on the previous year's third-quarter index of 322,3.

In the Vaal triangle the index fell by 10,3 during the third quarter to 367,4. It was also 16,6% down on the index for the same period last year.

The slowdown in activity is also reflected in the value of building plans passed during 1982 - R599-million less than the total value the previous year. Last year's total value, however, exceeded 1980's total by R1 500-million.

Value of plans passed peaked in December last year at R213-million, which is R77-million more than for the same period during the previous year.

The value of buildings completed increased from R1 701-million in 1981 to R2 335-million last year, which is an increase of about 37,3%. December's total of R204-million exceeded that of December 1981 by R50-million.

With the expected upswing set for the last quarter of this year, the building industry is faced with a severe shortage of artisans estimated to be in the region of 4 000.

32

2

FM 29/4/83

100
 110
 32

Uncooking the books

The sharp attack mounted this week against Pretoria's official statistics by Natal University economist, Charles Meth, may be obscured by the left-wing rhetoric in which it is clothed. Nonetheless, it contains some valid charges which will surely need answering.

The attack, mounted in the form of a paper produced for the Federation of SA Trade Unions, Fosatu, has its ideological colours firmly nailed to the mast. Meth is primarily concerned to dispel what he views as the official myth that SA has shown a dismal productivity performance over the last decade, a myth used by management against workers demanding higher wages.

Related to this is a challenge to the conventional wisdom that fast economic growth is the best means to provide employment. Meth characterises the most important implications of his findings as: "South Africa has, contrary to popular belief, experienced both high economic growth and high productivity from 1970 to 1980 in spite of two recessions and that this good performance has not produced sufficient jobs ..." and: "Considerable ignorance about the real performance of cap-

italist enterprises hampers workers' struggle for their rightful share of output."

Meth's terminology and vested interests may alienate some. A Johannesburg economist, for instance, believes that "the loose and vitriolic style in which he writes dismisses his paper as a serious academic endeavour." And in fact Meth may have tumbled into his own trap by charging that statistical treatments of figures cannot in general be rigidly interpreted, but that his treatments are "more right" than are Pretoria's. As another economist puts it: "You can prove many things with statistics. The truth of your conclusions is always a relative one and heavily dependent upon your assumptions."

Something wrong

But the paper is not an isolated voice in its criticism of the validity of many of the figures produced by the Central Statistical Services (CSS) in Pretoria. That these do not always meet the highest standards of presentation, quite apart from questions of interpretation, is clear from the second example in the accompanying box (*Meth's method*). Further, it is difficult to see how the CSS can explain away the internal

inconsistencies in some of its figures that Meth demonstrates. There is clearly something wrong there that transcends the universally acknowledged relativity of statistical convention.

More important, the paper can be seen as a plea for moderation in attaching over-significance to the official statistics compiled for the national accounts, insofar as they claim to measure real trends in the development of the economy and in national welfare. As Meth says: "My findings are subject to the same objections. The whole point is to demystify them — to avoid treating them rigidly." This is especially important when vital socio-economic decisions are based on these results. Here Meth's real argument is with the National Productivity Institute, whose influential assertions of falling productivity in the mining sector over the last decade appear to contradict even those of the CSS. Both cannot be right, although both could be wrong.

In broader terms, divested of its polemic, Meth's findings are a contribution to a wider and older econometric debate — the problem of measurement. Here, his claim that the United Nations conventions used by SA in computing its national accounts

METH'S METHOD

For the technically minded, we have extracted three major criticisms of official statistics from the welter of charges that Meth levels:

□ **Valuing mining output:** Meth claims that the deflator used by the Central Statistical Services (CSS) to reduce current values of mining output to real or constant values is unsuitable. The CSS uses an index of physical volume of production, so that if the number of ounces of gold produced declines, the real value of the contribution of the gold to gross domestic product also declines. This ignores price fluctuations, as it is meant to do. So it produces the result that although the total income of the mining sector in 1980 was R13,4 billion, the real value of output is given as R3,5 billion, lower than the 1970 figure, simply because a lower tonnage was produced.

Meth argues that extreme price fluctuations make large differences to current income, and that a deflator that pays due account to, say, the income effects of this R13,4 billion should be used. He produces one that suggests that the real value of mining output in 1980 was actually R7,5 billion, and in 1970 was R1,9 billion. He amends the gdp figures

by this amount, producing an overall economic growth rate over the decade of 6%, as opposed to the official rate of 3,6%. This obviously alters productivity (production per worker) figures.

Economists argue that the real value figures for mining do not profess to measure anything more than physical output. Meth, they say, is trying to produce a different figure — one that shows changes in real welfare. They argue that current income — like the R13,4 billion in 1980 — is not ignored, but is picked up as it flows into higher real demand in other sectors of the economy. They add that *gross national product* measures, which do take account of large price fluctuations, are better indications of real welfare. Meth counters that productivity measures generally use *gdp* and not *gnp*. This, however, is not really the fault of the CSS.

□ **Valuing manufacturing:** In 1980, the CSS changed the base year for its manufacturing production index from 1970 to 1975. In the process, it revised its estimate of real growth in manufacturing between 1970 and 1979 from 2,6% to 5%. This was the result of a modernisation

of its weighting systems. The revised figures, says Meth, show that productivity in manufacturing rose substantially during the decade. That this escaped critical attention was due to "a series of self-cancelling errors" which meant that the revised manufacturing figures did not change overall growth figures. Meth claims that the overall growth figure between 1979 and 1980 was close to 5% as opposed to the official 3,2%.

More telling and obvious, the 1982 edition of the authoritative SA Statistics produced by the CSS contains a gross and glaring anomaly. Its index of physical manufacturing production clearly states that the base year is 1975 — that is, 1975 equals 100. But the table actually *omits altogether* both the years of 1974 and 1975, and makes 1973 the base year. As it stands, the table is meaningless.

□ **Valuing construction:** Meth demonstrates convincingly that the official statistics for the construction industry are internally inconsistent. He concedes that the CSS is aware of this, but "do not know how to solve the problem." He claims that similar inconsistencies can be found in mining output figures and in pre-1980 manufacturing figures.

(9) 9 MAILSONO

Barlows seeks State support for heavy engineering

32 ROM
30/4/83

By SIMON WILLSON

Industrial Editor

BARLOWS Heavy Engineering is to lobby the Government for more State assistance for domestic engineering contractors tendering against foreign competition.

Mr Derek Cooper, chairman of the group's electronics and general engineering division, will start the campaign by holding discussions with officials at the Department of Mineral and Energy Affairs.

Mr Cooper raised the topic yesterday with the Minister of Mineral and Energy Affairs, Mr P T du Plessis, during a commissioning ceremony at BHE's Benoni

headquarters. Mr Du Plessis opened a fabrication bay and vertical boring facility

Mr Cooper said: "Our problem is that there are big overseas countries which are cleverer than we are at subsidising industry and therefore offering more competitive prices than we can."

"The Minister of Finance said this week that South Africa was embarking on a new industrial revolution. We would like to spend time with Government departments discussing this new era."

The Government would have to rethink the whole question of funding import replacement industries

"We don't mind competing on costs, but we are faced with two problems in this area."

"First, I don't believe South African inflation will ever get down to, say, the level of inflation in the UK, for social reasons. Therefore, there will always have to be

some sort of tariff protection to enable us to match prices.

"The second problem is that countries like Japan are always prepared to make long-term loans available to big corporations as part of a tender for a heavy engineering contract."

If heavy industry was to stay competitive, SA could not afford to be myopic about interest rates.

"For the next major domestic engineering project, funds should be made available at low rates of interest through, say, the IDC (Industrial Development Corporation). This would remove the built-in advantage held by foreign competition, which can beat local import-replacing industry by offering cheap funding as part of a tender package."

BEE would propose such a scheme, among others, to the relevant Government departments as part of its lobbying campaign

D. DURASCA

~~1/11/83~~

5/5/83

~~1/11/83~~

32

Big Expansion Developments

R15 million expansion Rising factory



EAST LONDON — Tek Corporation, the East London-based electronics manufacturer, has announced a R15 million expansion programme.

The company is to start manufacturing household appliances (up to now it has concentrated on television sets and sound equipment), beginning with refrigerators and freezers.

Plans are to begin production in a new factory in April next year, and approximately 200 new jobs will be created.

The managing director, Mr Mike Bosworth,

swung influenced by the ever-growing importance of the black market.

He added, "Our customer profile with the existing products is identical to those handling appliances. We have

By TOM LOUW
Business Editor

therefore decided to expand our product range with the introduction of appliances

"This is a logical development and while a separate sales force will be established, the new activity will be handled through our existing distribution infrastruc-

duled to start in April 1984 and the initial product range will include refrigerators and freezers.

"Overall investment of this project will be in the region of R15 million. This activity will initially provide about 200 additional jobs and a substantial increase in the loading of our plastics factory."

Mr Bosworth said that while the company's initial entry into the white goods market was based on the manufacture of refrigerators and freezers, other products would be included in the range

"Furthermore, it is our intention to extend future manufacturing to products such as

EAST LONDON — A contract to build 1 000 houses at a total cost of R12.5 million — the biggest single housing project in the coloured areas here — was signed by the City Council and a representative of LTA Housing yesterday.

Involved in the signing were the Mayor of East London, Councillor Errol Spryng, the Town Clerk, Mr J. J. Human, the councillor in charge of housing, Mrs Elsie Kemp, the chairman of the Coloured Management Committee (CMC), Mr F. N. Barlow, the chairman of housing in

Mrs Kemp said all houses in the scheme will have electricity and running water.

She said contractors and sub-contractors were on site already putting up their site offices

By LESLIE XINWA

and it was expected they would start the actual preparation of infrastructure and building within three weeks

"It is hard to say exactly when they will finish but we expect the last houses to be ready for handing over in July, 1985 if everything goes

Mr Goodie said the contract was big by any standards in South Africa and his company was proud to have been nominated to handle it.

"I only hope we shall be as friendly when the job is completed as we are now," he added.

Mr Barlow said the contract and the decision to provide the houses had come at a time when the CMC was under pressure from the coloured community.

"Now they see they can be relieved with the provision of 1 000 more homes," he said.

"If each and every person has a home and a decent living standard half our problems in this country will be solved."

EAST LONDON — Tek Corporation, the East London-based electronics manufacturer, has announced a R15 million expansion programme.

The company is to start manufacturing household appliances (up to now it has concentrated on television sets and sound equipment) beginning with refrigerators and freezers.

Plans are to begin production in a new factory in April next year and approximately 200 new jobs will be created.

The managing director, Mr Mike Bosworth, said in his announcement: "The company is essentially engaged in the consumer durable market in the form of television, hi-fi and car stereo. We enjoy leading market positions under the well known Telefunken and Pioneer brands.

"We have over the years established a very comprehensive sales distribution and service structure. This provides an excellent platform for diversification into other allied products."

Mr Bosworth said the consumer market, while severely hit by the current recession, was destined for a sharp up-

swing influenced by the ever-growing importance of the black market.

He added: "Our customer profile with the existing products is identical to those handling appliances. We have

BY
TOM LOUW
Business Editor

therefore decided to expand our product range with the introduction of appliances

"This is a logical development and while a separate sales force will be established, the new activity will be handled through our existing distribution infrastructure."

The company had experts in appliance manufacture and distribution and was recruiting a project team.

"Site work will commence adjacent to our plastics factory where it is planned to erect a 5 000 square metre factory. Production is sche-

duled to start in April 1984 and the initial production range will include refrigerators and freezers.

"Overall investment of this project will be in the region of R15 million. This activity will initially provide about 200 additional jobs and a substantial increase in the loading of our plastics factory."

Mr Bosworth said that while the company's initial entry into the white goods market was based on the manufacture of refrigerators and freezers, other products would be included in the range.

"Furthermore, it is our intention to extend future manufacturing to include products such as cookers, washers, etc. These will be introduced based on market conditions and economic viability."

He concluded: "This diversification represents a significant investment and an endorsement of our company's commitment to East London."

EAST LONDON — A contract to build 1 000 houses at a total cost of R12.5 million — the biggest single housing project in the coloured areas here — was signed by the City Council and a representative of LTA Housing yesterday.

Involved in the signing were the Mayor of East London, Councillor Errol Spring, the Town Clerk, Mr J. J. Human, the councillor in charge of housing, Mrs Elzabe Kemp, the chairman of the Coloured Management Committee (CMC), Mr F. N. Barlow, the chairman of housing in the CMC, Mr A. Green and the chairman of LTA Housing, Mr D. Goodie.

The scheme, to be financed by the Department of Community Development, will comprise eight different types of houses, divided into two sizes of three and two-bedroomed homes

Mrs Kemp said all houses in the scheme will have electricity and running water.

She said contractors and sub-contractors were on site already putting up their site offices

BY
LESLIE
XINWA

and it was expected they would start the actual preparation of infrastructure and building within three weeks.

"It is hard to say exactly when they will finish but we expect the last houses to be ready for handing over in July, 1985 if everything goes according to plan," Mrs Kemp said.

Mr Spring said the City Council had taken great care in awarding the contract.

He said it was a big contract and the City Council hoped it would result in a fruitful and mutually beneficial association.

Mr Goodie said the contract was big by any standards in South Africa and his company was proud to have been nominated to handle it.

"I only hope we shall be as friendly when the job is completed as we are now," he added.

Mr Barlow said the contract and the decision to provide the houses had come at a time when the CMC was under pressure from the coloured community.

"Now they see they can be relieved with the provision of 1 000 more homes," he said.

"If each and every person has a home and a decent living standard half our problems in this country will be solved."

He hoped the company would provide good quality houses and the community would be spared the problem of cracks in their homes.

It was learnt from Mr Barlow after the signing that the housing backlog in the coloured areas was growing by 30 families a month.

6 MAY 1983

O. DISPATCH

EL builders pleased with new projects

32

EAST LONDON — Local builders are said to be pleased with the recent expansion of housing estates and factories — even though most of the projects have been undertaken by large companies from outside East London.

The chairman of the East London branch of the Master Builders' Association, Mr John Heeger, said local building contractors were getting "a fair share" of recently announced developments.

"We are definitely getting our slice," he said yesterday, shortly after the announcement of two major building projects in the city.

The projects are for a R15 million expansion plan at the Tek electronics plant and a R12.5 million housing project in the Buffalo Flats area.

The housing project —

for 1 000 two- and three bedroomed houses — is the biggest in the city's coloured group area.

"Even though most of the work will be done by the big companies, the smaller contractors become involved in sub-contracting, provision of housing for staff at new factories, and that sort of thing," Mr Heeger said.

"It also means that while the big companies are tied up in large projects, the smaller companies are free to pick up the rest of the work in the region."

Mr Heeger said builders in the East London area were faring "fairly well" at the moment, although "the eternal pessimists are still gloomy".

"On the whole the picture is fairly rosy," he said. "There are no fireworks, though." — DDR

A 'WHITE' SOLUTION TO A 'BLACK' PROBLEM

CP Reporter
SOWETO — There is bad news for people planning to build or extend their houses: The job will cost you about 50 percent more.

This is because new building industry legislation forces black contractors — who will probably be doing the job for you — to register with the Industrial Council.

“Instead of ensuring protection against fly-by-night operators, this system will be a big disadvantage,” said the vice-chairman of the Soweto Building Contractors Association, Mr Joe Leisegang.

“The council will be looking at wages and working conditions in the townships to bring black contractors into line with their white colleagues.

“Soweto residents are going to be hit hard. Our increased expenses in wages, building fees and other costs will have to be passed on to customers.”

Mr Leisegang said that the cost of building a garage and two outside rooms is about R7 000 at the moment but will probably go up to R12 000

because black contractors are compelled to charge “white” rates. When the Black Building Workers Act of 1951 (amended) was repealed in August last

year, contractors in Soweto were forced to register with the council.

Mr Leisegang said: “Looking at the building industry in Soweto as a whole, this is a ‘white’ solution to a ‘black’ problem.”

Black building contractors forced to charge more

City Press 29/5/82

Handwritten scribbles and a circled number '32' at the bottom right of the page.

Black population rise 'irresponsible'

NEWS 14/6/83 32

Staff Reporter
WHITES have been effectively and irretrievably outnumbered in South Africa and black leaders must realise that population control can no longer be interpreted as a device to obliterate their race.

This was said today by Mr Hennie Klerck, newly-elected president of the Afrikaanse Handel-sinstituuat (AHI).

He told delegates to the annual general meeting of the Brick Development Association in Durban that there was an estimated backlog of

600 000 housing units for all ethnic groups in South Africa.

This figure increased by 180 000 units a year because of "the irresponsible population growth factor of our black countrymen".

"Nobody can possibly provide for such a human tide, not even a strong and powerful government — whether it be white, brown or black; capitalist, socialist or even communist.

"The answer lies in controlling that population now," Mr Klerck said.

Mr Klerck said the

AHI had often been branded as an apologist for Government policy, but it was totally apolitical and concerned itself only with the business interests of a specific group.

Statement

Referring to his statement welcoming the new constitution at the AHI's congress in Cape Town last month, Mr Klerck said: "I have naturally been criticised because I have committed the AHI in support of constitutional reform. But I do not see this as entering the party political arena.

"I merely believe that if there is going to be a change in our economy and lifestyle, we have a right to have our say."

Mr Klerck said the huge housing backlog put the building industry "on the threshold of entering the most dramatic boom in its history, which will be sustained for many years because of socio-political demand pressures".

He questioned whether it was necessary to build brick homes "to last 1 000 years" and suggested that one of the main reasons for high housing costs was "over-specification".

Speakers slam conservatism, ignorance

EAST LONDON — Local authorities and financial institutions came in for severe criticism yesterday over their reluctance to accept "alternative" building methods.

Delegates at a symposium on timber frame house construction repeatedly rapped municipalities and the building societies for the delay in recognising new methods of home building which, the delegates said, could be the answer to South Africa's housing shortage.

"The critical housing shortage necessitates the application of all proven building methods," said one speaker, Dr A. J. du Toit, who is technical and research manager for the SA Lumber Millers' Association.

"This must be done to avoid a serious socio-economic or even political conflict in the not too distant future."

Referring specifically to timber frame building methods, Dr Du Toit said the immediate reaction of South African people was "it will burn, it will rot and fall apart, it is a cheap method of construction and therefore not long-lasting . . ."

"Ignorance of this building method has, of course, led certain people in authoritative positions to be afraid of making the wrong decisions, and therefore they have become prejudiced against it.

"We can only hope that we will eventually be able to educate fully these individuals," Dr Du Toit said.

Other people, although aware of all the advantages of timber frame building, "prefer to adhere to what they consider a conservative policy".

"These are individuals who lack the insight, the initiative and the progressiveness to really utilise the scope allowed them by the building regulations — to develop and employ building innovations which have already been proven,

CHRIS VICK reports on a symposium on timber frame house construction held in East London yesterday

and which could greatly contribute to alleviating the present housing dilemma."

This conservatism could also manifest itself in a "hard-headedness" where individuals would "just not agree to its acceptance".

Dr Du Toit said he could quote examples of officials who — even though they accepted the Agreement Board certification and the method of building had been passed by the SABS and the National Building Research Institute — said "no timber frame structure would be erected in their municipal area as long as they were in charge".

He then questioned why, when timber frame construction had been proved to answer all requirements, officials managed to block its acceptance.

"The answer is that their interpretation of building regulations usually only takes cognisance of those clauses which could be considered restrictive if read on their own.

"They opt for what they consider to be the safe approach, an approach which will conceal their ignorance."

As far as local authorities were concerned, Dr Du Toit said the National Building Regulations Act clearly "vests the power of decision concerning the erection of buildings, in the local authority concerned.

"It also allows it to use its own discretion in taking such decisions."

Dr Du Toit congratulated the Transvaal Board for Peri-urban Areas, and the Cape Provincial Administration for being "quite positive" in their approach towards "prefabricated" buildings.

Turning to building societies and other financial institutions, Dr

Du Toit said practical experience was that they turned down applications for the funding of timber frame houses.

However, in many instances no problems were experienced.

Dr Du Toit concluded his paper by appealing to "everyone in local government concerned with housing" to get acquainted with new building systems, to overcome their ignorance and to use their initiative in alleviating the country's "housing dilemma".

Dr Du Toit's call for a more open-minded attitude towards new building methods was backed by, among other:

- Mr Doug Trower, a building consultant, who felt the advent of the new National Building Regulations could overcome "municipal resistance" to timber frame housing.

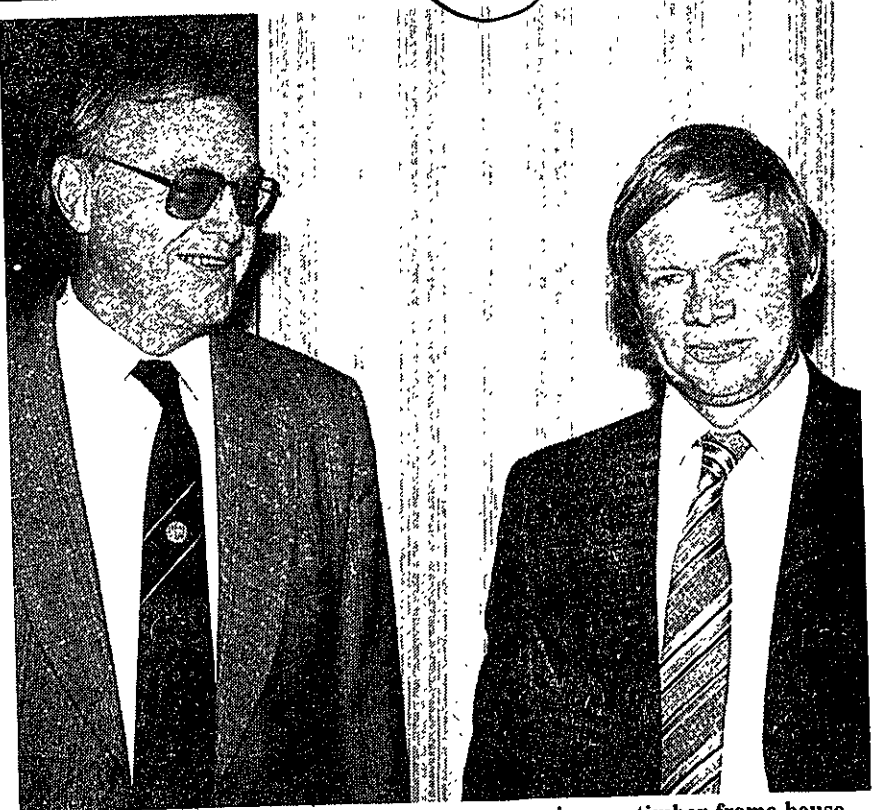
These regulations, published in 1981, are being discussed by a select ministerial committee. Among others, the draft contains a call for the recognition of timber frame construction as a building method.

- Mr J. C. Geyer, town clerk of Randburg, who urged local authorities to "change their opinion to allow alternative building frame methods such as timber frame houses".

Mr Geyer said in his paper that local authorities should accept methods recognised by "competent authorities" such as the SABS and which carried a certificate from the Agreement Board.

"Resistance to this could, in the long run, be counterproductive in terms of the provision of suitable and sufficient housing.

"It could have a negative effect on the improvement of the quality of life of the inhabitants of our municipalities." — DDR



Two of the main speakers at yesterday's symposium on timber frame house construction were Mr D. G. Trower, right, and Dr A. J. du Toit.

Randburg gives thumbs up to frame homes

EAST LONDON — Randburg, Johannesburg's western neighbour, is one of the few centres which allows the construction of timber frame houses with a brick veneer.

What do people there think of the timber frame houses built in the city since 1972?

What do people there think of it?

"The public was initially curious and had reservations about the system," Randburg's town clerk, Mr J. C. Geyer, told the symposium.

"However, once the first house was completed and was seen to blend into the neighbourhood, which consisted of orthodox houses, it was totally accepted."

Mr Geyer said it was impossible for visitors to the city to identify timber frame houses built among conventional brick and mortar houses.

"It was also proved that timber frame houses do not depreciate the value of existing development or investment, or detract from the appearance of the neighbourhood."

As regards value, Mr Geyer said a timber frame house with a cement plaster skin built in 1979 at a cost of R42 000 — land included — sold for R66 000 a year later and R92 000 in 1982.

Randburg's attitude to the new building methods was that they must conform to Agreement Board standards, be carried out under the control of licenceholders, and be aesthetically acceptable to the areas they are built in. — DDR

Timber advantages outlined

EAST LONDON — Timber frame building could bring about a major change in South Africa's home-building future.

In a paper read on his behalf the town clerk of Randburg, Mr J. C. Geyer, listed the following advantages of timber frame housing in which brick veneer panels are used for walling:

- The building process is easier, as less skills are involved. "This is an important benefit in view of the chronic shortage of skilled labour," Mr Geyer said.
- Houses are built in a shorter time, resulting in a saving on labour costs. "This benefit extends to quite a few

weeks, as the building process is simplified."

- The house is sturdier, as timber has a better strength to weight ratio than most building materials — including concrete and steel.

- The brick veneer is defined as "non-combustible" and acts as a fire-resistant cladding which protects the timber frames.

- The finish on walls is superior to plaster work. "Walls are smooth and straight and the finishes are definitely superior to those of the orthodox home."

- Because the walls are thinner, more floor space is available. "In an average sized home the space gain would be

in the region of 8 square metres by 12 square metres — the size of an extra children's bedroom."

Mr Geyer added: "Although cost savings are not a major factor, energy costs in terms of heating bills could be substantially lower as the timber frame home has an envelope of fibreglass insulation in all external walls and in the ceiling."

Once timber frame housing "took off" in this country, Mr Geyer said, savings of up to 20 per cent could be expected if the veneer panels were mass-produced.

"This has already been experienced in some other countries." — DDR

Alternative concept explained

EAST LONDON — What is timber frame brick veneer housing?

One building consultant at yesterday's symposium, Mr D. G. Trower, explained it this way:

"Panelised building, in essence, consists of timber frames cladded together on one or both sides in a factory. These are transported to a site, where the wall panels are assembled to form a home.

"The panels generally incorporate services (such as plumbing piping) and are either made in full length or in smaller dimensions to allow manual assembly.

"There is a variety of materials

which can be used as external cladding which have the necessary functional properties such as durability, as well as giving a pleasing appearance.

"Some of these include fibrous cement, sheeting with a plaster or wood-grained effect, simulated brick panels or plasterboard.

"A variety of decorative and functional internal linings is also available."

Both outside and inside walls can be built with this "veneer" which is built onto the timber frame, which in turn rests on foundations similar to those in an ordinary house. — DDR

Brick shortage as housing demand rises

A BRICK shortage has arisen in the Transvaal in the past few weeks, but it is not likely to reach crisis proportions, says Toncoro's

By NORMAN CUTHBERT

managing director, Mr Cedric Savage.

At present deliveries of stock (or plaster) bricks by all manufacturers in the Transvaal are subject to delays of two to four months because of an unexpected and prolonged increase in demand.

Corobrik, which has a 50% share of the Transvaal brick market, is to meet the situation by railing in supplies from the Free State and Natal, which are not experiencing similar shortages, he says.

All Corobrik clay brick factories in the Transvaal are working at maximum capacity. The only factories in the province that have been closed are a cement block plant and a lime-based brick factory, both of which were uneconomic.

Attempts by the Corobrik group over recent months to build up a stock equal to three months' output countrywide have been thwarted by a demand considered abnormal in the light of the current recession.

Heavy sales have prevented the stockpile from growing larger than 31 days' supply and in certain types of brick all built-up stocks are now exhausted.

The delays mostly affect stock bricks, but have hit high-quality face bricks, which are also in heavy demand. At present average-quality face bricks are available.

Although there is no crisis, builders are advised to order in advance to enable manufacturers to schedule their production and distribution.

The situation for high-quality face bricks is expected to improve greatly when the R31-million Rietvlei factory, south of Pretoria, comes on stream next year.

The capital-intensive plant, which will have an output of 81-million bricks a

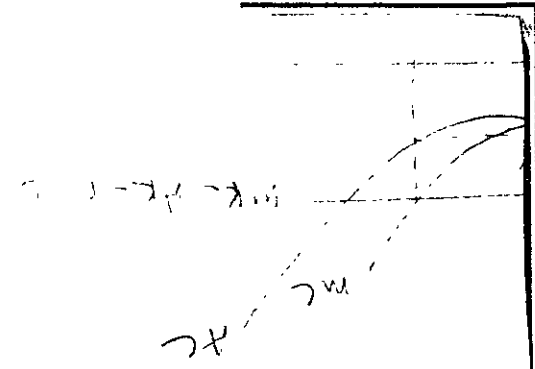
year, will be the group's most efficient production unit and add about 10% to its production capacity in the Transvaal.

Overall, Corobrik sales nationally are only slightly higher than at this time last year.

He attributes the position in the Transvaal to the increased demand for residential housing in recent months, caused by the increase in the lending capacity of building societies.

"In all probability the delays will be a short-term phenomenon as the situation is an anomaly in a recession climate.

"Factors that will restrain the present high demand for bricks in coming months include the rising cost of house building and the shortage of serviced sites," he says.



Ammunition explodes in hostel blaze

(32)
18/6/83

PRETORIA—Four-hundred rounds of .45 ammunition exploded in a local youth hostel room which was completely destroyed in a fire yesterday. (2) (27) (31)

A cleaner at the hostel, in Vermeulen Street, Mrs Beauty Nkosi, collapsed from inhaling smoke and had to be dragged out of a corridor outside the room. 18/6/83

Mr Pieter Wiid, 23, a computer programmer, who lived in the room, said the 400 rounds of reloaded ammunition were in his built-in cupboard. Mercury

Miss Elzabe Gibson arrived at the youth hostel from town and noticed flames and smoke bellowing from the fifth floor window of Mr Wiid's room.

She called a man watering the gardens of the hostel and he in turn alerted the Fire Department.

One of the men living in the hostel, Mr Neels Steyn, clutching a fire hose, edged along a narrow ledge outside the room and tried to get the fire under control until the Fire Department arrived.

Firemen using oxygen masks brought the fire under control quickly.

All Mr Wiid's clothing, some electronic equipment and bed were destroyed.

Mr Wiid said he thought the fire might have started from a fan heater he had in the room. — (Sapa)

Building industry faces brick shortage — BER

RRGWS 23/6/83

32 193 52 175

THE building industry in the Western Cape will face a serious shortage of face bricks and of good quality labour, particularly foremen, when the economy revives.

This is suggested in the quarterly building survey published today by the Stellenbosch Bureau for Economic Research

The survey says that although most building materials are freely available shortages of face bricks have been reported in the Western Cape, Durban and Pietermaritzburg, Pretoria and to a lesser extent the Witwatersrand

BOTTLENECKS

"Extremely serious brick shortages are to be expected once the economy revives, in view of the fact that all bottlenecks have not been eliminated despite the severe economic downswing in certain sectors of the economy."

The survey says that although the shortage of artisans has eased, the shortage of foremen has become slightly worse

"It should be realised that relatively serious labour bottlenecks at this stage of the building cycle do not augur well for any revival in building activity during the years to come."

DISSATISFIED

Many firms are also dissatisfied with the quality of labour available

"The organised building industry is, however, fully aware of the unsatisfactory labour situation and is doing what it can by way of education and training to improve matters with a view to long-term growth."

Uniform rules for building could result in big savings

S. Express 32
26/6/83

SIGNIFICANT cost savings in the building of houses could be in store for homebuyers when the new National Building Regulations come into effect sometime next year, Mr Pat Middlecote, the SABS Deputy Director General, said this week.

He estimated that homeowners could save "several thousand rands" when the new regulations came into force.

Up to now, the building of a home presented builders with a minefield of problems.

"They have had to face different regulations in each municipality, often dependant on whims of some officials who in one town would, say, disallow certain building procedures which would be quite acceptable across the road in an adjoining municipality.

"The chaos that has often ensued has understandably made building expensive — and this has been passed on to the home buyer.

The new regulations compiled by the South African Bureau of Standards are presently before an evaluating committee made up of architects, builders, town-planners, municipal officials and other professionals.

The regulations, which will govern every aspect of building, from the height of ceilings to materials, will fall under the Building Standards Act to be passed next year.

They will replace existing regulations which are seen as being rather archaic by many in the building and property industries.

"Particular stress will be laid on safety and cost-saving in the regulations," said Mr Middlecote, chairman of the evaluating committee.

According to SABS engineer, Mr Norman Thomas,

By **STEPHEN DAVIMES**

the various bylaws with differing requirements from municipality to municipality have caused insurmountable problems in the past.

"A designer working with Pretoria requirements has problems with his design when it may be used in Cape Town because of the differing regulations there," he said.

"What we've done is to modernise the regulations and make them more flexible."

One example was in the case of lighting and ventilation.

While some municipalities state specifically that a room should have windows — of which half must be able to open — of 10% of the floor area, the new regulations will state merely that the room must have adequate light and ventilation.

"By this they also make provision for developments in building," he said.

"For example if someone comes along and invents a wonderful solar air-exchange unit which can replace windows, then the regulations already allow for this.

"The regulations will also allow for cheaper, lighter materials which do the same job," Mr Thomas said.

The trouble with building by-laws, he added, was that

they always specified what could or could not be used.

The result was that when cheaper equivalent materials came into existence the law still demanded that the same materials be used, despite drastically increased prices.

There was also a need to make new technology available, Mr Thomas said.

Many municipalities' planners rejected the idea of mobile timber homes, for instance, because being made of wood it was thought they were a fire hazard or would lead to slums.

With new fireproof materials available today, coupled to the desperate housing need, these mobile homes could be an asset.

In the United States, they cost around R25 000 each and could be erected in a day.

"Wouldn't it make a pleasant change to buy a stand and then see a house on it within a few days?" he said.

The new regulations would modernise scales and colours used on plans.

They would also standardise ceiling heights, which would be fixed at a minimum of 2,4m as well as reducing minimum room areas and standardising stairways.

This alone would result in

great savings, he said.

The new regulations would also make reinforced safety-glass, compulsory in certain buildings, particularly where large windows were installed less than 800mm above floor-level.

They would also make emergency fire-immune evacuation routes compulsory.

Fire precautions varied greatly from municipality to municipality, he said and were often out of date.

The householder would score greatly when it came to minor building work.

It would no longer be necessary for homeowners to submit costly building plans if they wanted to extend a wall or build a carport, wendyhouse or toolshed — as long as they stood up to certain tests such as rain penetration and fire.

Notice would merely have to be given to a municipal official who would be appointed a building control Officer.

There was also provision for an appeal committee. If plans were submitted to the local authority and were turned down, they could be submitted to a quasi-judicial body on appeal, if the homeowner thought they were sound.

The regulations would eventually be reproduced for the public with detailed explanations and diagrams.

Hopes of sharing Falklands contract

By **BENNIE VAN DELFT**
SOUTH AFRICAN companies are holding thumbs that they will be able to share in the R370-million contract for the building of a strategic airfield in the Falkland Islands.

The possibility that Cape Town might be used as a half-way station for the shipment of the large labour force and building materials has been welcomed as a much-needed stimulus in the economic recession.

It was learnt this week that several companies have put out feelers in an attempt to participate in the multi-million-rand contract.

Publicity

But the companies fear that too much publicity at this stage might play into the hands of South Africa's enemies and jeopardise their chances of cashing in on the deal.

British Defence Secretary Michael Heseltine announced this week that the airfield would be built at Mount Pleasant, about 32km from Port Stanley.

He indicated that the contractors might stage materials and men through Cape Town.

A Cape Town shipping company spokesman said this week his firm was hoping to clinch a deal to ferry the materials and men from Cape Town to the islands.

"But at this stage there is nothing definite yet. The British consortium has merely expressed its intention of using Cape Town as a halfway station.

"Once the contracts have been awarded, we will know where we stand and make definite arrangements."

32

~~32~~

S.
T. Weg

3/7/83

Building costs to 'go up by 3,4%',

4/7/83 E-Port 32

By SHARON LI GREEN
BUILDING costs are expected to rise by 3,4% due to the brick price increase which came into effect on July 1, coupled with an increase in the cement price, which comes into effect on July 18.

The removal of the price control which became effective from March 26 last year after an announcement by the Minister of Industries, Commerce and Tourism, Dr Dawie de Villiers, was intended to stabilise prices in the long-term although initial price increases were expected.

Mr Willie Landman, director of the Port Elizabeth Master Builders' and Allied Traders' Association, said the total increase in the cost of building a house would amount to about 3,4%, which he described as "substantial".

"Nothing can be done to stop the increases which are expected because of the abolition of price control on steel, bricks and cement," he said.

"Inflation, too, is running

at about 14%, so the increase in building materials is still below the inflation rate," he said.

The increases come in the wake of a steel price increase of a just under 10%.

However, manufacturers and marketers of building materials feel the price increase in bricks and cement are not significant.

Mr H Roodt, regional manager of Cement Distributors (SA) Pty Ltd, said the price increase in cement was "not significant".

There would be a 10% price increase in bulk cement, bringing the cost to R3 (excluding sales tax), for 50 kilograms.

The price of a 50-kilogram bag of cement would be increased by 12% to R3,26, without sales tax.

Mr Roodt said cement constituted only about 2% of the building costs of a house.

The price of railed cement would also increase by various percentages. The increase for East London would be 5,07%.

The increases came as a result of the higher railage and electricity charges absorbed by the cement-producing companies.

Since the abolition of price controls on March 26 last year, consumers had experienced three price hikes, he said.

Immediately after the lifting of controls, the cement price was increased on April 1 by a 16% hike (or 26c) on a 50-kilogram bag which was "higher than usual in order to recoup losses", according to Mr Roodt.

This was followed by another increase of 8,9% (or 22,3c) on October 1 last year.

Mr Roodt said these price increases were not more frequent or much higher than before the removal of price control.

Mr Geoff Bird, Press liaison officer for Corobrick, South Africa's largest brick producer, said he did not think the R7 increase in the price of bricks was significant.

The price of common

bricks had been increased from R81 per 1 000 to R88 since Friday.

A R75 000 house would use about 50 000 bricks, resulting in an additional cost of R350 in the cost of the house, he said.

"Previously, the price of bricks was controlled and, like rent control, the price was kept artificially low. The price adjustments might bring it to a more realistic level."

Since the abolition of price controls, Corobrick has had two increases — 17% in March, 1982, and the other later last year.

Mr W Offerman, chairman of the Brickmaker's Association of Eastern Cape, said today it would definitely increase its brick prices. But it had not decided on the size of the increase.

"We've been at full production now since 1978, with demand exceeding supply all the time. To expand, more capital is needed and the only way to get this is to increase prices regularly," he said.

M&R buys R21m stake in Gillis-Mason

By STEVE ELLIS
IN AN effort to play a more dominant role in the heavy engineering sector, Murray & Roberts has bought 60% of the Gillis-Mason Civil Engineering group for R21-million.

Settlement will be in cash and the deal became effective from the start of this month.

M&R has bought the 14% in Gillis-Mason held by Volkskas Merchant Bank, and the other 46% from existing management. Gillis-Mason's management will retain 40%.

Volkskas says "the acquisition by M&R will not affect the position of any of the management of Gillis-Mason, who will continue to manage the group as in the past".

Gillis-Mason is active in power-station construction — last year it was awarded an R80-million contract to build part of Escom's Kendal power station — and has extensive interests in other heavy-engineering fields.

Investments are also held in allied industries.

Gillis-Mason's turnover totalled R83-million in the year to last December, on which operating profits were nearly R11-million. Taxed profit was more than R6-million.

If the acquisition had become effective from July 1982, M&R's earnings would have been 89c — 4,7% higher than the 85c a share achieved. However, the group net asset value would have been 7,6% lower at 715c (774c).

The chief executive of M&R's supplies and services division, Mr Andre van der Colff, said the R21-million price — it values the entire group at R31 500 000 — was not unduly high.

He said the price might look expensive if compared

to the R34-million total asset value. But when compared with its earnings ability (the R6-million 1982 profit gives a P:E of about 5,2 times) the price was fair.

Mr Van der Colff said there were two main reasons M&R bought the company:

- Gillis-Mason operated in a market in which M&R had not been dominant for the past couple of years, and M&R wanted to participate in large projects such as those offered by Escom.

- Gillis-Mason had a "fairly substantial forward order book, standing at about R300-million for the next four or five years". M&R's order book had suffered from the sharp downturn in construction work and "it now stands at less than Gillis-Mason's".

The R21-million payment would be made from "normal facilities" and was not expected to cause any liquidity problems.

COMMENT: Market observers thought that after M&R's previous venture into heavy engineering — the Amardah Shipyards joint venture with Darling & Hodgson — the group would have been happy to leave that side of the business alone.

M&R has shown that that is not the case and the Gillis-Mason acquisition looks like a good deal — in spite of the hefty goodwill payment included in the price.

Everybody knows that, nowadays, if you want something, you've got to pay for it. Ask Old Mutual.



dead

Mail Correspondent

DURBAN. — THE blood-splattered body of a well-known Natal soil conservation technician was found early yesterday on the veranda of a Port Shepstone hotel. He was Mr J A Geldenhuys, 50, of Aberdeen Gardens, Maritzburg.

Mr Geldenhuys had been staying in a rondavel at the Port Shepstone Hotel. He was attacked there during the night and had stab wounds on his thighs, according to police.

After the stabbing Mr Geldenhuys managed to drag himself a few metres to a veranda where he died. A servant found his body at 7.20am yesterday.

It is believed that an artery in Mr Geldenhuys' leg was cut in the attack, causing profuse bleeding.

He had booked into the hotel at 4pm on Tuesday. A distraught Mrs Meline Geldenhuys said her husband left for Port Shepstone on Tuesday morning on business and was due back last night.

"The police informed us that he was found just outside his rondavel at the Port Shepstone Hotel. We don't yet know what happened," Mrs Geldenhuys said.

She said her husband's position as a senior soil erosion technician at Cedara, near Maritzburg, involved frequent trips around Natal.

A spokesman at Cedara for the Department of Agriculture, Natal region, said Mr Geldenhuys' death had come as a great shock to his friends and colleagues in the department and organised agriculture in Natal.

"Many of those who worked with him in the field of soil protection will feel his departure acutely."

Mr Geldenhuys leaves two children, Wynand, 26, a South African policeman who is at present serving on the border, and a daughter Dorothea, who lives in Newcastle. A murder docket has been opened.

Builders listen attentively as the constitution is read out

Soweto builders take a giant step forward

BUILDERS in Soweto took a major step yesterday towards putting themselves on a legally constituted and recognised footing aimed at improving the standards and status of township contractors.

At a lively meeting in Mofole, about 40 builders voted to adopt the draft constitution of the Soweto Building Contractors Association.

Those who had not yet joined were urged to apply for membership.

"Join us — we're going to be powerful," was the message of the meeting, to which HOMEFRONT was specially invited.

Once the association is legally constituted, it can seek recognition from the West Rand Administration Board and work to obtain its own premises. At present there are 187 builders registered with Wraab but they are not all "approved" or even genuine builders. The existing as-

sociation is not a legal body, so it has no standing.

The chairman, Mr Jan Mahlangu, asked Mr Cedric Tennant, of the Centre for Developing Business of the Wits Graduate School of Business Administration, to present the draft constitution to the meeting for their approval. It had been drawn up by the attorneys who act for the Urban Foundation, at a reduced fee.

The aims of the Soweto Building Contractors Association will be to promote unity and co-operation between the contractors to promote the training of its members, to maintain the highest professional standards, to work towards a true free enterprise system and to establish a permanent centre.

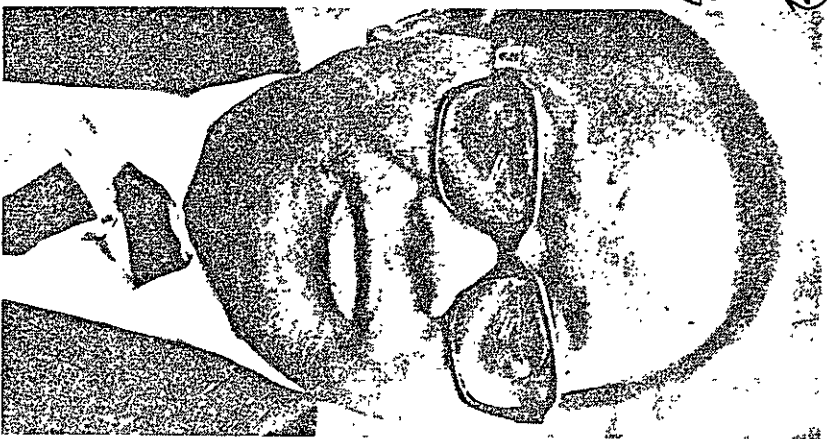
People will be able to apply for membership either as building contractors or as sub-contractors. A disciplinary committee will investigate complaints and be able

to recommend suspension of membership. Anyone who is involved in dishonesty or who is sequestered will automatically lose his membership. A standards committee will impose a code of standards as regards contracts and workmanship.

The present registration fee is R30 and the meeting agreed to an annual subscription of R150. The final draft will be referred back to the executive for their approval, Mr Tennant said.

Watch HOMEFRONT for more details of the association. If it succeeds, it will offer considerably more protection to both builders and public.

□□□
GREAT NEWS! Yesterday the water supply was returned to the Klipspruit home of Mrs Edith Shongwe. Now, we hope, the builder can get back to erecting that bathroom.



Jan Mahlangu... in the chair



Cedric Tennant... explained draft

29/7/83 (32) R.M.
Union's white member quits

Labour Correspondent

THE first white member of the unregistered National General Workers' Union, Pick 'n Pay cashier Ms Maria Barnard, has resigned.

But at the same time, the union announced yesterday that it was negotiating a procedural recognition agreement with Pick 'n Pay at six of its Northern Transvaal stores and that it expected this to be signed soon.

The agreement would be the recently-formed union's first formal agreement with an employer.

The NGWU general secretary, Mr Donsie Kumalo, yesterday confirmed that Ms Barnard, who works at Pick 'n Pay's Doornkop, Pretoria, store had submitted a formal letter of resignation.

Ms Barnard joined the union last Friday but resigned in the wake of an inci-

dent in which Mr Kumalo, accompanied by Pressmen and photographers, arrived at the store to interview her.

She declined and Mr Kumalo attributed this to "intimidation" by the store's manager, a claim Pick 'n Pay denied.

Mr Kumalo said her letter gave no reasons for her resignation "so we can only speculate about the real reasons". The union regretted her decision.

But Mr Kumalo said the union had also won a breakthrough at Pick 'n Pay Northern Transvaal stores.

"We are negotiating a procedural agreement with the company which will cover six stores in the Pretoria area where we have substantial membership. We expect it to be signed soon and it would then be extended to other stores when we win

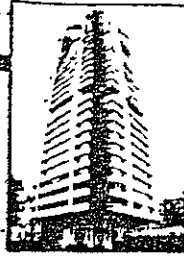
membership there," he said.

A Pick 'n Pay spokesman, Mr N Els, confirmed that talks on a procedural agreement were under way and said they had been initiated by the company.

But he stressed that the agreement would "only formalise a situation which has been in existence here for two years".

He said it would incorporate the company's existing discipline and grievance procedure "This is our own procedure, which is already in force and the union has agreed to it," he added.

Mr Els stressed that "a substantive agreement between us and the union, setting down negotiated wages and conditions, is still a long way down the road — this agreement is only procedural and would only spell out certain basics".



PRO

Small start, big hopes for LTA Brisbane office

S. S. News 21/7/83

CONSTRUCTION giant LTA has followed the example of supermarket king Raymond Ackerman and is set to enter the Australian market.

Undaunted by fears of political opposition, the company has opened its first office in Brisbane and is ready to challenge the continent's biggest contractor, Leightons.

In overall size, the South African LTA group is larger than any similar organisation in Australia, according to group managing director Mike Ridley. In terms of civil engineering and road building, LTA (South Africa) is probably on a par with Australia's biggest.

This will be the first time LTA has set up a company overseas since less successful efforts with the Murray and Roberts group some years ago to enter the South American market.

LTA's efforts in Brazil and

By TERRY MEYER
Property Editor

Chile, where it built a transmission line, were on a "very small" scale.

The LTA Australian move was instigated by former LTA senior executive Peter Owen, who emigrated to Australia and persuaded LTA there was an untapped market there.

LTA has acquired a dormant company in Brisbane and changed its name to LTA (Australia) Pty as the basis for the new move. The new company, however, has been formed with an established civil engineering company in Australia, Allico, and is set to make its first impact on the local scene.

It has entered the market in a low-key way and in its first bid has tendered the lowest price on a cooling tower contract. If successful, LTA will start by only leasing equipment, but will ex-

port its widespread expertise in this field.

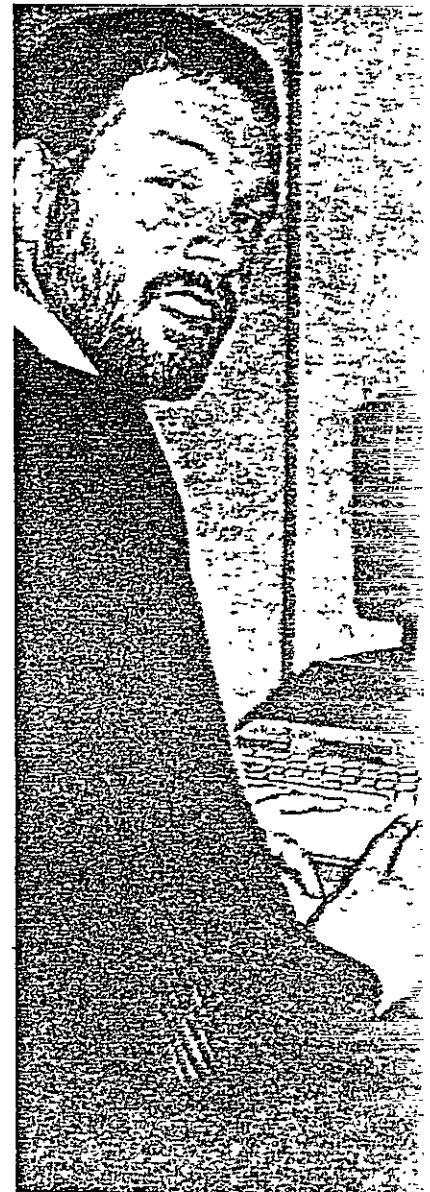
Ridley says that Allico has no experience in cooling towers whereas LTA has considerable experience to draw on. No tenders have yet been awarded.

The tie-up with Allico means that LTA can minimise the chance of political intervention as well as make use of Allico's local expertise and contacts.

On the South African scene, however, LTA's efforts to build in the homelands has proved less than successful, according to its chairman, Dr Zac De Beer.

In the latest annual report of the company, Dr De Beer reports that the partnership companies formed in Ciskei, Lebowa, Swaziland, Transkei and Venda "have not proved to be particularly fruitful". But the report says that some important contracts were completed.

The one flourishing side of LTA's business lies in building and the company is busy on contracts for seven high-rise office blocks, six hospitals, two shopping centres and five colleges.



Mr Frank Gross — steering his fight against concrete.

TUPPERWARE CENTRE
GRAVEN ESTATES
SMIT ST FAIRLAND TEL: 678 4451/2

HELDERKRUIJN
CNR OUKLIP & SONDEREND

A SELECTION OF TOWNHOUSES
ACAPULCO R80 000
LUXURY 2 BEDROOM MES, CHEF'S KITCHEN, EYE LEVEL OVEN, FAMILY ROOM, LOUNGE, DINING ROOM, 2 1/2 COLOURFUL BATHROOMS, PRIVATE GARDEN, ENCLOSED COURTYARD, POOL, TENNIS COURT.
STOP PRESS LAS PALMAS R97 000
LUXURY 3 BEDROOM (mes) 2 COLOURFUL BATHROOMS, ATRIUM, FEATURE FAMILY ROOM, OPEN PLAN KITCHEN, LOUNGE, DINING ROOM
DIRECTIONS: WEST ALONG ONTDEKKERS ROAD PAST FLORA CENTRE PAST HORISON VIEW SHOPPING CENTRE: TURN RIGHT RUHAMAH DRIVE. FOLLOW POINTERS.
IN ATTENDANCE: 11 — 5 PM VIA GRAVEN ESTATES

VIEW BY APPOINTMENT ONLY

Delightful thatch home, 3 bedrooms, 2 bathrooms (mes), lounge separate dining room and a roomy farmhouse kitchen. Situated in Halfway House on 2 1/2 acres. Close to the School and amenities.

ONLY R135 000 — GUARANTEED BOND.
Tel ANTHEA ROBINSON. 805-2051
AFTER HOURS: 702-1310

We also have a good investment opportunity situated on 2 1/2 ha in President Park with a lovely warm 2 bedroom cottage. The stand is subdivisible.

R130 000
Call at our office, we are open all weekend

PEIRCE ESTATES

Pri up in !

ANOTHER rights — is the Johanna

And with area — whi site is expc

The site c Bolton R undevelop and the on

A portion 15m muni: Road from Although council has

32 100 M
1 8 83

Computer brain to speed up surveying

A COMPUTER bureau will open in Kelvin, Sandton, this week, which will make it possible to produce a surveying plan in a third of the time usually required.

So says Mr Keith Young, a surveyor by profession and managing director of the bureau, which is named Surcomp.

Mr Young says the bureau will enable smaller surveying companies with limited computerisation, or none at all, "to have access to a turn-key computer-aided draughting system at a price within their means".

Because the draughtsman stage is bypassed, a surveying plan can be produced in a third of the time usually required. Instead the computer package he has developed will allow the surveyor to generate plans on the computer screen.

No fewer than 25 000 housing plots have already been scheduled for surveying by means of the package, says Mr Young.

At present the surveying profession is heavily in-



HOME

FRONT

involved in the mass surveying of urban black residential stands for 99-year-leasehold. A similar emergency mass survey of stands in areas occupied by other races is expected to follow.

For further inquiries Telephone 011-21-0911.

● The East Rand Administration Board chief director, Mr Frans Marx, says it will be another couple of weeks before the Big House Sale gets under way in his townships.

Erab has calculated the prices, but they now have to produce the documents giving the individual house prices. These will be made available to would-be buyers through their township managers, Mr Marx said.

A1665 3/8/83

R30-million building boost

Tygerberg Bureau

INSURANCE giant Sanlam is financing major developments this year in the Tygerberg area.

A shop and office complex costing R23-million, with a Pick 'n Pay supermarket and a 12-storey office block as the main features, is expected to be completed by September next year.

The complex will occupy a 5 000 sq m site in Bellville now used by the Burger Fair Drive-in Restaurant.

Tower block

Sanlam built the major portion of the street block bounded by Strand Road, Mazzur Street and Old Paarl Road some years ago. The tower block with its prime office space totalling 14 100 sq m will near completion in December 1984.

Construction has already started on Sanlam's industrial park in Parow.

The R5-million venture will cater for small to medium-sized, attractive industrial, warehouse and semi-commercial factories at Fritz Spilhaus Avenue.

The first stage of development is taking place on three erven of 29 949 sq m.

The factory site will comprise 27 single storey units, with mezzanine storage above the offices. Each is planned with self-contained offices with kitchenette and ablution facilities.

Road system

The sole letting agents, David Newham Property Management Company, reports keen rental interest in the range of R5 to R6 a square metre.

Parow City Council is at present upgrading the existing road system to the area.

Bellville has also been chosen for the new site of a "furniture city" store on a site about 4 000-sq m with an estimated cost of R2-million. This is to be complete by April 1984.

It will be Amalgamated Retail Group's first venture into the Western Cape. Similar super furniture shops have already been established in the Transvaal and Natal.

~~32~~
32

LTA

Recovery road

Activities: Building, engineering and construction group.

Control: Anglo American owns 28,8% of the equity.

Chairman: Z J de Beer; managing director: M T Ridley.

Capital structure: 13,1m ords of R1 and 15 600 10% cum red prefs of R1. Market capitalisation: R57m.

Share market: Price: 435c. Yields: 8% on dividend; 18,8% on earnings; PE ratio, 5,3; cover, 2,3. 1982-1983 high, 510c; low, 290c. Trading volume last quarter, 261 000 shares.

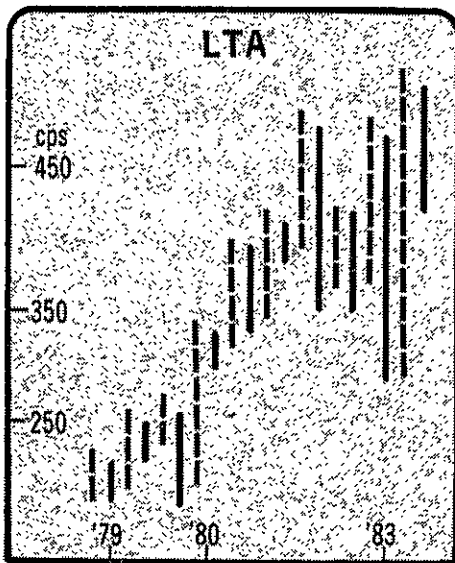
Financial: Year to March 31

	'80	'81	'82	'83
Debt:				
Short-term (Rm)	8,4	14,6	13,4	9,6
Long-term (Rm)	8,4	7,4	31,7	22,1
Debt:equity ratio	0,29	0,50	0,61	0,37
Shareholders' interest	0,30	0,25	0,26	0,26
Int & leasing cover ...	5,6	6,9	4,0	3,1
Debt cover	1,5	1,0	0,8	1,3

Performance:

	'80	'81	'82	'83
Return on cap (%)	9,6	8,8	7,7	8,2
Turnover (Rm)	473	601	836	1 075
Pre-int profit (Rm)	15,0	18,3	23,2	27,2
Pre-int margin (%)	3,3	3,1	2,8	2,5
Earnings (c)	56,2	70,4	103,9	81,6
Dividends (c)	24	30	35	35
Net asset value (c) ...	337	394	587	646

The sharp reduction in government spending on infrastructural projects has hit LTA



The share is testing minor support in the low 400c area after breaking out of a 3-year consolidation pattern. It must now hold current levels and trade above 520c to confirm breakout.



LTA's De Beer ... solid foundations

harder than most others in the construction sector. And chairman Zac de Beer expects little improvement in this area in financial 1984.

However, the group's diversified base has also protected it to a greater extent than many of its competitors during the current economic downturn and should again stand it in good stead this year. Operating profit last year showed a 17% improvement on 1982 and, while it is unlikely that rate of growth will be matched this year, the current level could well be maintained.

The group's order book is still healthy at R830m, though down on R878m at end-March and R885m a year ago. And the surprising strength of demand in the building sector gives further cause for optimism.

Nevertheless, the construction division, which is still the largest profit source, is generally having a difficult time. Its earthworks division, in particular, is struggling to find enough work as it relies on the public sector for some 90% of its business. To a lesser extent, the civil engineering side is also having difficulties. This division depends on government for some 70% of its contracts.

The earthworks side, which concentrates mainly on road building, is, however, looking to generate more work through road re-surfacing operations. In this area the company has developed a process which it believes is unique to this country. And, given the weak demand for new roads at present, LTA is hoping that re-surfacing will compensate to some degree for fall-offs in other areas.

The building side of the construction division is still buoyant and, apart from the widespread demand for residential accommodation, it has picked up some sizeable office block contracts. In this area, in particular, it is perhaps fortunate that LTA is so closely linked to the Anglo American group.

While all Anglo companies obviously look very carefully when placing a major project out to tender, the presence within the group of a company of the stature of LTA may on occasion tip the decision-making scales. The awarding of the contracts to LTA for the Anglo Life buildings in Johannesburg and Durban bear this out.

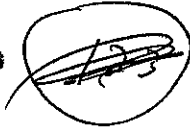
Even so, the company is obviously facing a difficult year. And projections for a sectoral revival are being strung out further than the initial projections. De Beer says that while the economy in general may start to recover around the middle of 1984, the construction sector traditionally lags behind by a further 12 months. Therefore, he expects no significant upturn in the near future.

The share price, however, looks a relatively good buy at the current 435c, down from 485c a month ago. The historic 8% dividend yield looks a little over-cautious, given the group's sound foundations and the 5,5% sector average.

Peter Farley

HOUSING

Acceptable alternatives?



A plethora of industrialised building systems is emerging in response to the growing housing shortage and the rising cost of conventionally built homes. Products range from complete factory-built homes, timber-framed, brick veneer and concrete block and panel structures to steel shutter, wire mesh buildings that can be erected entirely by unskilled labour.

The various systems are confidently touted as the answer to SA's housing crisis, but huge question marks remain. Do they, for example, address the real housing problem in SA, which is to provide acceptable housing for blacks? Do they meet the normal standards of aesthetic appeal and durability? Are they really that cost effective and are government and local authorities doing enough to encourage those that could make a contribution to solving the housing problem?

Bruce Boaden, professor of Building Economics at Natal University, says there is no doubt that most building systems are aimed at the lower and middle income groups. But there are only a few which get to the heart of the problem and he warns that in the mass housing context "cheapest is not always best."

Boaden says the technology employed in mass housing developments should be carefully evaluated to ensure maximum benefit to the community concerned. He points out that a technology that relies primarily on factory-built components may be cheaper, but does not provide as much "spinoff" for the community as those that employ a degree of self-help. "It depends on whether your objective is to merely provide housing, or whether you view the housing problem in broader social terms," he says.

There are those, however, who argue that SA's housing problem is so huge that efforts should not be concentrated solely on providing shelter for the country's blacks. They contend that there is also a shortage of houses among whites, coloureds and Indians. The implication is that building systems should be developed to overcome the housing shortfall in these communities as well. Tony Erasmus, chairman of the Natal Branch of the Institute of Housing, says: "If one considers that we need to build 4m houses by the turn of the century, then we must pursue every possible direction."

However, some questions arise. Which, of all the systems on the market, would be acceptable by normal suburban standards? Is

the public not in danger of being sold something on the cheap which is clearly inferior? Erasmus thinks not. He says the quasi-government Agrément Board does a commendable job of vetting the various building systems and that few local authorities would countenance dwellings in their boroughs that did not carry the Agrément Board certificate of approval. Of the 25 or so building systems available, he estimates that only eight carry the Agrément Board's stamp of approval.

In addition, Erasmus maintains, the standards set and the cost of acquiring a certificate are so high that the fly-by-nighters will automatically fall by the wayside. "Besides, if builders put up shoddy stuff, they will dent their public image, lose their source of funding and almost certainly have their certificate withdrawn. No one is going to buy things that don't look good and don't last."

The crux of the battle between builders of conventional homes and those who build industrialised units is: are building systems more cost effective? In the face of scepticism from the established building community, purveyors of industrialised building systems have, at times, claimed cost savings of up to 25% over conventional methods. While the economies of scale inherent in most factory-type building must lend some credence to their claims, most have yet to be proved.

Erasmus alleges that industrialists themselves are partly to blame. He says they have hidden behind an array of building by-laws while making wild claims about the merits of their products and sniping at conventional builders. "The time for talking is over," he says. "They must come into the open and prove their cost effectiveness."

Rob Heywood, MD of CI Industries, which has a big investment in factory-built homes, has little doubt who will emerge the ultimate victor. He says the big advantage CI enjoys is that by increasing factory throughput it can reduce the square metre cost of building. Conventional building cost increases might have slowed somewhat because of the recession, but, he says, they are bound to take off again once the economy gets going. "If we keep the rate of increase below inflation, as we have done, the gap will widen rapidly."

There may be a degree of sales talk in what he says, but Heywood is convinced that the trend in SA, particularly for lower

income groups, will be towards transportable, factory-built homes. He points out that factory-built homes already hold the dominant share of the US market, where about 250 000 are produced a year. CI is gearing up its own production to around 2 000 a year. New US entrant into the SA market, Tidwell Industries, will add a further 300.

Though Agrément Board approval for CI homes is expected, Heywood does see some problems of a legislative nature. He says existing building regulations and by-laws are geared towards site-built homes and problems could result if factory-builts are expected to conform. Investment in the industry, he points out, has already been substantial. "The industry," he warns "will not be prepared to make further investments unless the authorities recognise the contribution which factory-built housing can make and adapt the regulations and specifications accordingly."

There is every likelihood that government will respond positively. It has shown immense flexibility on housing matters recently. The recent change in policy on low-cost housing is a case in point. The new standard building regulations, yet to be promulgated, could easily be broadened to include minimum standards for industrialised housing. Economic necessities might have prompted it, but few would dispute that government has shown far more pragmatism towards industrialised building methods of late.

Still, Erasmus, for one, believes there is a long way to go. Problems include building by-laws that make no exception of hybrids; local authorities which insist on holding the final veto over building systems; and building societies which follow disparate lending policies on system-built homes. But there are some who see the building societies' decision to finance the houses government is offering for sale in black townships — mainly built of concrete blocks — as presaging a change in attitude.

Erasmus believes government should indicate clearly that building systems are acceptable, provided they conform to certain standards.

It should also remove the restrictions which inhibit their development, encourage experimentation with new building methods and offer both moral and financial support to the entrepreneurs in the industry.

Construction takes a back seat as demand falls away

32 ROM 10/8/83

By NORMAN CUTHBERT

THE focus in the property market during the next 12 months will be on transactions rather than new construction, Dr Peter Penny told a Manpower and Management Foundation seminar in Cape Town yesterday.

The managing director of Herbert Penny said that for most commercial land uses, supply now exceeds demand — and by a widening margin.

Residential markets that have been extraordinarily buoyant will lose much of their steam. None of the key markets will return to enough buoyancy to support more than minimum new construction until the latter part of 1984.

The pinch will be felt by the professionals concerned with the building industry rather than estate agents.

While demand catches up with supply, the focus will be on tightening property management, acquisition of existing buildings and planning for the next wave of development, Dr Penny said.

Many existing buildings will change hands and sites be

bought for future development, with buying and selling covering a range of situations, including companies improving their balance sheets with lease-backs.

Problems will fall into two categories: properties and locations with weak underlying demand and properties, particularly sectional title projects, that take longer to lease or sell than projected.

Some sectional title developers are likely to run into trouble and this may offer opportunities to the stronger companies to take over properties on favourable terms.

The end of a private sector building cycle had been reached, with certain implications, he stated.

The end of a cycle always meant some overbuilding. This was most severe in the Johannesburg office market. In contrast, little space had come onto the Durban market for some time and rents were still rising.

The focus at the end of a cycle is on deal restructuring, imaginative leasing and the finding of interim uses. "Some developers will end up being taken out of deals by hard-nosed investors."

Awareness of the end of a commercial boom also causes a reduction in the flow of insti-

tutional money into real estate.

Some institutional managers, Dr Penny continued, may now want to sit back and see how their investments have really performed, but opportunities for investment will continue to exist in every city and in every land use.

He offered, as examples, neglected or under-served speciality retail markets in urban areas, company headquarters that will continue to be built in response to changed needs and increasing demand for economy hotels and motels.

There has been a total reversal of the Johannesburg office market, he said. The sellers' market of the first quarter of 1983 has now become a tenants' market, with occupancy levels dropping steadily away from 100%.

The situation is compounded by the increasing amounts of sublet space available as businesses cut back on their space utilisation.

However, there is also tremendous investor stability and staying power in the office market. Although there is over-building, many of the projects are in strong institutional hands.

While investor returns will fall, buildings will not be thrown onto the market and there will be willing buyers

ready to take up any non-institutional buildings that are renting slowly.

With the rise in surplus productive capacity, the demand for industrial property will inevitably fall.

But, because much industrial development is built to suit and because speculative buildings can be erected faster than other commercial projects, supply and demand tend to stay in better balance than for other land uses.

Although shopping centres can be attractive investments, they will not be in much demand in the next 12 months, he continued.

Retailing is now generally over-developed and for the time being there are only limited areas with demand for space. Johannesburg and Cape Town CBDs are continuing to lose business to suburban shopping developments.

Johannesburg CBD cries out for imaginative retail development which will come only with a markedly changed attitude towards parking on the part of the municipality.

The period to August 1984 will be a good time to buy real estate and, logically, not the optimum time to sell. It will be an unhappy time for new development to come onto the market and a good time to get new projects moving, Dr Penny concluded.

32
E. Post
12/8/83

Criticism of Bifsa 'emotive' — Lou Davis

Post Reporter

THE Building Industries Federation of South Africa (Bifsa) has described as "emotive" and "showing a lack of understanding of the building industry" an accusation of "protectionist selfishness" levelled at Bifsa by the chairman of the South African Property Owners Association (Sapoa), Mr R E Levitt.

Mr Levitt made his claim at Sapoa's 16th annual conference in Johannesburg this week.

The executive director of Bifsa, Mr Lou Davis, said in a statement yesterday that Mr Levitt's reference to claims of protectionist selfishness indicated that Sapoa regarded the building industry as a charitable organisation divorced from the capitalistic system of which it was a part.

Mr Davis said Bifsa's constant pressure for the entrenchment of the Haylett formula for cost escalation, described by Sapoa

as "highly inflationary", had been supported by the Building Industry Advisory Council as an effective form of cost escalation control.

He said Sapoa's criticism that standard contract conditions were against the interests of property owners, indicated that members of Sapoa wished to continue applying "punitive conditions on an industry already under pressure because of lack of resources".

"It is difficult to understand how Sapoa can demand acceptance of all its requirements and unequivocal agreement from the building industry, when it represents only a portion of the total building public interests and when the greater proportion of the building public is represented by the man in the street."

He said Bifsa was protecting the man in the street from increased costs by training adequate resources of manpower.

Grumpy owners and unhappy builders

THE President of the South African Property Owners' Association's attack on the Building Industries Federation will, no doubt, be responded to by the federation for the industry as a whole, but I must clarify certain points on behalf of building contractors (that is main contractors as distinct from subcontractors and suppliers).

● The Haylett formula certainly does not fully compensate the contractor for all cost increases. Our cost records for concrete structures and the like show this clearly.

● If no formula existed, contractors would allow for estimated cost escalation in their bids in any event. Any contractor who failed to do so would go insolvent very quickly.

● Competition in our industry is very fierce indeed, even during so-called boom times, and an examination of published construction company results will reveal that the margin of net profit earned before taxation on turnover will generally be under 2%. These fine margins leave no room for contractors to carry or share inflation risks — they have other risks aplenty and it is unreasonable to expect them to accept hazards neither under their control nor even under their influence.

● Members of SAPOA would do greater service to themselves if they concentrated upon their own methods of building and placing contracts as, happily, some are doing. Too many owners cling, together with some of their professional advisers, to the wholly outdated conventional system of "free for all" tendering. This conventional system provides an illusion, all too often, that the client is getting the best deal whereas, in fact, what often results is:

● Contractors, in the desperate scramble to get the lowest bid on the table, include the lowest possible subcontractor and material

prices. Subcontractors and suppliers are thus usually chosen on price alone, without sufficient reference to their ability to perform to time and the required standards. The end result may be a building which is late and unsatisfactory in finish with a dissatisfied owner who has lost rental income, even if he might have collected penalties from an equally unhappy builder.

● Contractors will tend to vary their prices for particular items, increasing unit prices where physical quantities are expected to go up, and lowering any which they think may decrease. The final result of this may well be that the ultimate price the client pays to the lowest initial bidder will be higher than expected.

● Innovative time and cost saving methods of construction are not encouraged by the system and the experience of the contractor at the planning stage is lost to the client.

● Recent construction methods used in Johannesburg in a situation of close teamwork with the client and his professional team have resulted in a dramatic shortening of construction times — with the double benefit to the client of savings in escalation and in earlier rental revenue.

● Most construction projects in South Africa take far too long from conception to completion, and the following of the archaic general tendering system is largely to blame for this.

Concerning Mr Levitt's attack on the industry's desire to have a standard form of contract, surely it is in all parties' interests to have a well established contract document which is thoroughly understood by everybody? I cannot understand why he should believe that adoption of such a form of agreement should be against the interests of property owners. — LTA LIMITED, Johannesburg.

Homes delayed in R2,5 m crash

ARGUS 23/8/83 (32)

Property Editor
CONSTRUCTION of more than 40 houses, worth about R2,5-million, for coloured home-buyers will be delayed as a result of the financial crash of a building sub-contractor.

Building work on eight partly completed houses in Brackenfell and 15 in Colorado, Mitchell's Plain — both NBS Development Company projects — came to a standstill at the weekend. Painting and plumbing are going ahead.

The detached three-bedroom homes cost from R58 000 to R62 000 at Brackenfell and R43 000 to R45 000 at Colorado.

Twenty-four private contracts scattered all over the Peninsula are similarly affected.

R600 000

Plans to build 53 more homes have been shelved until current problems are solved, says NBS Development's general manager, Mr Evan Vertue.

The sub-contractor, Mr Mohammed Hoosain Isaacs, trading as Isaacs Building Contractors, Grassy Park, has liabilities of about R600 000, both business and personal, according to papers lodged before the Supreme Court in Cape Town.

A provisional order was granted last week for the sequestration of his estate.

Mr Isaacs had been building exclusively for Cavalier Homes and was involved in constructing 47 houses in various stages of completion in the Peninsula.

He ran into severe cash flow problems and the pressure of his creditors and sub-contractors was so great that he could not meet his weekly liabilities to them, said Mr Bester, the provisional trustee.

Mr Vertue, said it would obviously be expensive bringing in a new sub-contractor to finish the building of the houses.

"But it won't cost buyers a cent" if there are any delays in completing houses as a result. "We will fulfil all our obligations and we will foot the bill."

He said he would send Cavalier a telegram today giving them three or four days to get back on the site, failing which "we will make other arrangements to get another contractor"



THE PRIME Minister, Mr P W Botha, and the United Nations Secretary-General, Dr Javier Perez de Cuellar, chat as they arrive for a luncheon given for Dr Perez de Cuellar and his delegation by the Government at the Castle today.

Naas on the fortune trail again

Argus Foreign Service
NEW YORK.— Former Springbok flyhalf Naas Botha has been axed from Dallas Cowboys, but he has wasted no time in going in search of a new position in American football.

He was cut from the Cowboys' roster with 50 other hopefuls last night and soon afterwards checked out of the team's hotel and "hit the road", according to a Cowboys official, Mike Walter.

"Naas left with our best wishes," he said, "and we're sure he will have no difficulty. Anyone coming from the Cowboys is certain to be picked up by another club, and we know all the scouts in the top teams have had their eyes on Naas for some time."

When the end came for the little Springbok, it came swift-

ly. Axed in accordance with the final pruning of National Football League team rosters to 49, Botha wasted no time in continuing his search for fame as a kicker in the American professional ranks.

Naas's immediate destination was not known, but it is believed he set out to make contact with scouts who are interested in snapping up his talents for their clubs, either in the National Football League or the newly-formed United States Football League.

Botha fought against massive odds to establish himself with the highly-regarded Cowboys, the glamour team of the NFL.

By his own choice he took on one of the NFL's best and most established field goal specialists, Rafael Septien, who is on the verge of achieving virtual

immortality with the Cowboys by becoming the first player ever to score 500 points for the team.

Naas also had hopes of displacing or supplementing the Cowboys quarterback Danny Whyte as a punter.

In the end it appeared, according to teammates, that Naas was over-ambitious.

But he was acknowledged by the Cowboys' official kicking coach, Ben Agajanian, as being one of the finest prospects he had ever handled.

Naas's wife, Lario, has declined to comment on her husband's axing from the squad until she has heard from him.

Speaking from the Kempton Park school where she teaches, she said she had not heard anything and denied that she had any plans to join him in the near future.

at a time," says Iwand.

For example, the largest conference room, the VOC, has a removable wall panel so that cars can be hoisted by crane onto the second floor. Getting large display objects into required areas has involved the removal of balconies or extraordinary feats of engineering to date. Other notably sophisticated features are translation rooms to cater for multi-lingual conferences and various communication aids. These facilities are hired out and pay for themselves.

Burmeister says there has been a rapid progression from the old function rooms

which were hired out as a service 10 years ago. SS's first generation resort hotels catered to local holiday custom and only marginally to business. Then came the Elangeni and Maharani generation which had function rooms, but were not geared to the sophistication of today's conference market.

Boosting revenue

The third generation hotels, including the Johannesburg Von Brandis project, the Sandton Sun — which will have 3 000 m² of conference and exhibition space — and the Cape Sun will rely on a large portion of the

international and local conference market to boost revenue and occupancy.

The Cape Sun will open as SA moves into summer and peak season. However, cyclical fluctuations are expected, especially in Cape Town's winter months. Iwand says local banqueting functions will fill the gaps.

Meanwhile, bookings stretching as far ahead as next March are coming in. At least 50% of accommodation and food and beverages revenue is expected to be generated from the conference facilities and, based on initial reaction, the hotel's first six-month results should be impressive.

construction

BUILDING COSTS

Hammering for Haylett

32

The long-simmering feud between Bifsa and Sapoa over tendering procedures in general and the Haylett formula in particular looks to be boiling up again.

Certainly, outgoing president Bob Levitt pulled no punches at the latest Sapoa conference when he accused the building industry of:

- Entrenching a highly inflationary cost-escalation formula (Haylett) with "its unfair apportionment of risk;"
- Moving towards a standard contract which, in his view, "is against the interest of employers" (owners); and
- Placing embargoes on employer contracts "which do not accord with Bifsa's self-interested views (thus interfering with the freedom of parties to contract as they see fit)."

For good measure, Levitt took a side-swipe at the materials supply side, charging that it was beset with "monopolies and near-monopolies which reduce or eliminate price competition and which can, and sometimes do, lead to serious bottlenecks." He gave bricks, steel and cement as examples.

The accusations are not new, of course. And neither are they without some foundation. The problem seems to be that when work is scarce and tendering fiercely competitive, as it has been recently, contractors see an enhanced need to exercise control over contracting procedures.

Bifsa director Lou Davis defends the measures with spirit. Referring to escalations, for examples, he says it would be "suicidal" for either contractor or developer to try to estimate building costs three years ahead.

To this end, he recalls, the Haylett Formula (HF) was devised. The formula is based on an index of building costs at the date the tender price is established. Price can then be adjusted using a scientific barometer of labour and material escalations over the contract period.

Indeed, contractors claim that the formula under-compensates for such increases because it is applied to only 85% of input. Still, Bifsa regards the HF as the fairest means of calculating cost escalations, both for the contractor and developer, and requires its members to qualify tenders in terms of Haylett or by way of the 'proven cost formula'.

Bifsa takes a strong line on contractors who work to the 'fixed price formula' on contracts worth more than R100 000. "The reason," says Davis, "is that this method of estimating escalations is not in the public interest, as the contractor will over-estimate to cover himself."

And members who don't comply are subject to disciplinary action from their respective MBA's which could involve anything from fines to expulsion.

The tough stand, Davis explains, is to ensure that all contractors start from the same base — in fairness to the developer.

Like most contractors, LTA's Brian Hackney holds that builders are, in fact, under-compensated by having only 85% of costs escalated by the HF. "The 15% fixed part," he says, "is for overheads and profit, which is not escalated and overstated."

Says Hackney: "If the indices upon which the HF is based were more closely linked to the building industry as a whole, the formula would be fairer on the contractor. I don't believe the contractor should carry escalation risk. In contrast to the owner, who can recover cost increases at the end of the day by hiking rentals and through the increased value of his building, the contractor has no means of recovery."

But there are two sides to that story as well. Says JH Isaacs' Errol Friedmann: "The developer never knows where he stands with the HF, which is why I prefer to work to the fixed price formula which estimates escalation rates in advance. This can be risky, but at least both developer and contractor know what they are in for

from the outset."

Sapoa's Bill Kruger points to three aspects of the HF which Sapoa regards as contrary to property owner's interests:

- It creates an unfair apportionment of risk as the contractor is able to claim for 85% of all building cost escalations, which reduces his incentive to manage a contract efficiently;
- It over-compensates contractors in good times and under-compensates in bad times — which adds to the instability of the industry;
- It doesn't seem to relate to market conditions, escalating rapidly in the upswings — but still rising in the slumps. It is thus inflationary.

But Davis argues that the HF recompenses the contractor for only the extra capital he has laid out on material and labour. In addition, the capital a contractor invests in every project, in the form of plant and machinery, provides him with enough incentive to do a job efficiently — "otherwise he would go insolvent very rapidly."

"And," continues Davis, "the contractor has to provide the developer with a written guarantee that the job will be finished on time."

But some Sapoa members, says Kruger, would prefer to go back to the 'proven cost method,' whereby cost escalations have to be substantiated with invoices before the client pays out. The drawback of this method is that it is cumbersome and time-consuming.

Contractors, on the other hand, agree with Hackney that "until such time as a more effective costing method is devised, the HF is the fairest means of covering both contractors and building owners."

Both sides have a point. But the central issue is that consenting adults should have the right to make up their own minds — on both sides. That's what free enterprise is all about.

(32) 201 6/9/83
Building better together

Homefront Reporter

THE way is now clear for the Soweto Building Contractors' Association (SBCA) to set about expanding its membership and working to raise the standards and status of township builders.

A general meeting last week approved their constitution in its final form. The next meeting will be held on September 28, at the Corobrik Centre in Mofolo.

The SBCA is a non-racial, non-profit association, legally constituted and requiring members to have a serious commitment to their trade.

They have to pay a R30 registration fee and R150 a year subscription, they will have a code of standards to adhere to, and they will face



**HOME
FRONT**



possible suspension by a disciplinary committee if complaints are brought against them.

That does not make them all good builders, but it will help to sort the fly-by-nights from the serious builder.

A proper form of contract is being prepared for them by

Mr Cedric Tennant of the Centre for Developing Business at the Graduate School of Business Administration at the University of the Witwatersrand.

Numerous inquiries about membership were received after HOMEFRONT listed the names of the first 45 fully-paid up members (August 18). The secretary is Mr Sam Mahlangu (949-2126/7).

Here are two new names to add to your list:

Section A1 Construction (Amos Ngwenya), 1622 Zondi, HIC Building Contractors, 11008 Orlando West Ext 949-1955

And two changes of address/tel: Snooks Construction, (A Senokoanyane), 1359a Naledi 1868 930-6467, 984-1127.

Dangi Construction, (E T Masingi), 7698B, Zone 2, Diepkloof. 944-2280.

P. Nigro
Pupils
attend
in mufti

27/9/85
registered their lowest attendance figures since the boycott started.

Most principals attributed the improvement to parents' meetings held at the weekend at which problems were discussed and suggestions aimed at solving the impasse were made.

Although figures were generally below 50 per cent in most schools, it was heartening to note that a school that had an attendance total of 20 on Friday had more than 200 pupils at school yesterday, a principal said.

Teachers were optimistic the figures would rise steadily during the week.

"We are hoping the return to classes will be much faster because some of the pupils have only 17 days before they sit their examinations," another principal said.
— DDR.

MDANTSANE — Secondary and high schools here hit by a boycott since September 6 reported increased attendance figures yesterday.

But most of the schools reported that some pupils had left school during the long break.

Pupils are also allowed to attend school in mufti. "We have realised that uniforms make pupils — especially boys — a ready target for intimidators," a principal said.

Principals said the number of pupils at school was "substantially higher" than last week, especially on Friday when - most schools

Future holds scant joy

32

There's little consensus on prospects for the building industry at the moment. But on one thing all agree — tender margins are being shaved dangerously fine to ensure a reasonable flow of work in a very competitive market. For the rest, paradoxes abound.

Although volume of work is down, there is an inexplicable shortage of bricks; builders are looking for work but some architects and quantity surveyors cannot find sufficient staff to handle the load; unskilled labour is plentiful but there is a shortage of artisans in some areas.

Indeed, the business mood itself is contradictory. Of the contractors participating in the regular survey undertaken by the Stellenbosch Bureau for Economic Research (BER), only 16% are more optimistic than they were a year ago. And while 67% of contractor respondents report poorer business conditions, sub-contractors are more hopeful — only 36% feel the same way.

The companies getting the jobs, however, are having to fight for them through competitive tendering. The BER building cost index, for example, showed a marginal 2,1% increase in the first quarter of this year on the corresponding quarter of 1982. Although the margin moved out to a slightly more comfortable year-on-year 3,5% in April-June, many contractors are clearly taking losses to keep the infrastructure employed. Some smaller firms are said to be battling to survive.

A look at the corresponding figures for 1981 and 1982 puts the first quarter's 2,1% increase into perspective. The equivalent figure was 18,3% last year and 36,6% in 1981. In fact, the increase in the building costs index during the first six months of this year is the lowest for at least 20 years, save in 1978 when year-on-year accepted tender prices dropped 1% in the first quarter and rose only 3% in the second.

If the cost of materials and labour input had fallen during the same period, builders may have still managed a respectable bottom line. But the opposite has happened. In May, labour and materials were up 21,9% and 18,9% respectively on the same month

Confused signals are coming from the building industry at the moment, but there are definite signs of a workload build-up in the pipeline. And, although costs increases are currently the lowest in years, there are fears that material and labour bottlenecks are set to send prices through the roof.

last year. A 2%-3% increase in tender prices, therefore, suggests a suicidal chop in margins.

But where the Haylett cost-escalation formula is used in contracts, most of this additional payout can be recouped — but not all. In April, for example, Halett provided for an 18,5% payback but 15% of the contract price is fixed; also, management overheads are not covered.

In terms of profitability, of course, the figures can be misleading. The building cost index measures only the accepted ten-

der prices, not builders' margins. As the BER's Johan Strydom points out, contractors can tot up profit and loss only after a job has been completed. Forward purchasing, discounts, on-site security and management, get-out time, building techniques and labour productivity are just some of the factors which have to be taken into account. As usual, therefore, the efficient are best placed to survive.

But the old markets-within-markets phenomenon, which permits some to prosper while others suffer, is as relevant to the building trade as it is to the property industry in general.

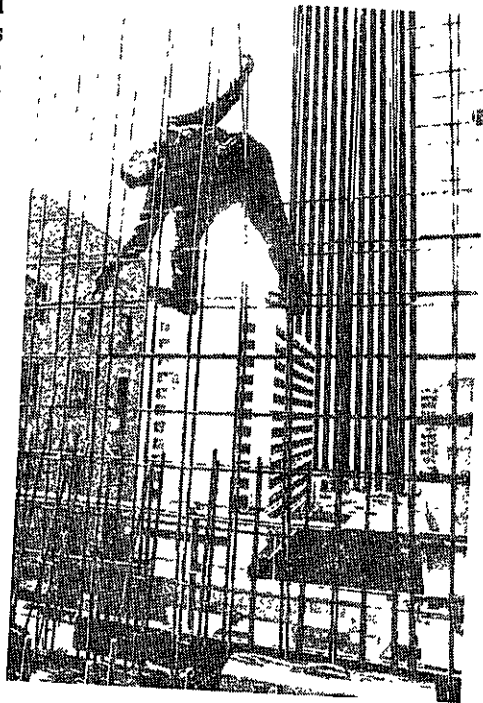
Thus contractors who traditionally rely on government for their work have been badly hit by the cutback in public sector spending. This is particularly true of civil engineering work from the public corporations which, with the notable exception of Escom, is down to a trickle.

On the other hand, while demand for new white housing remained high and building societies had the money to fund it, home-builders enjoyed buoyant demand at a time when commercial and industrial sector builders struggled to keep order books even half full.

Indeed, while the BER index reflected a year-on-year 3,5% increase in overall accepted tender prices in the second quarter of this year, the contract price for new dwellings moved ahead 11,9%. The obvious inference is that demand in the residential sector was higher than elsewhere and tendering competition less keen.

All the latest signs, however, suggest that the pattern is changing. Building societies are so short of cash — owing to price increases as much as demand for mortgages — that they are asking for back-to-back investments before granting bonds. Allocations for housing starts in May, for example, showed a declining trend (R103m against R107m in April and R151m in March) although the number of new houses and flats for which funds were provided in the first five months of this year is higher than it has been since the halcyon days of 1980.

Latest Department of Central Statistical



Time to cut the backlog, says Concor chairman

By JOHN MULCAHY

THE authorities will have to spend more money on water, transport and other infrastructure developments to catch up with the backlog, says Concor's chairman, Mr Frans Aab, in his annual review.

These are areas that seem more promising than others in the construction sector. Mr Aab says additional impetus should flow from an acceleration in building investment, especially housing.

He says the coming year should be as challenging as the last. No general improvement in the supply of work can be expected until some time after the general economy shows strong signs of recovery.

Without being able to quantify re-

sults for the year ending June 30, 1984, Mr Aab is confident that Concor will hold its own in the market place until the economic upswing takes place. He is also confident "that we will be able to maintain a healthy growth rate in the long term".

The balance sheet shows that Concor's bank balances and cash rose to R5,922m at the end of June from R5,281m a year earlier, while long-term liabilities rose marginally to R1,018m from R937 000.

Mr Aab says: "The financial statements show that we have maintained our liquidity, which will allow us to take advantage of new opportunities as and when they arise — in addition to servicing our continuing operations based on a fair order book at the start of the new term."

Concor's turnover rose by 12% in the year to June and taxed profit fell by 5.7%, but the effective tax rate

dropped, enabling attributable profit to rise by 14% to R5.7m from R5-million.

Over the year, the amount of work available to the heavy earthmoving sector of the construction industry was considerably lower than its capacity, resulting in fierce competition in the industry.

"We consider ourselves fortunate to have been able to keep our highly skilled teams together by widening the geographic area and type of operations under the control of our Transvaal management, without taking in longer term contracts at unrealistically low prices"

Mr Aab says further rationalisation has been applied to Concor's building activities inland, and while prices are competitive, the amount of work on offer in this sector is encouraging and further development is expected in the coming year.

"A start has been made on certain property development schemes, and it is expected that further strides will be made in the new year."

Concor has expanded its volume and range of services in the structural steel manufacturing, material handling, mechanical and electrical engineering fields.

"We should hold our own in these sectors and make good progress once the investment climate improves."

Concor's work is still proceeding in South America, says Mr Aab, although the financial climate is such that new contracts are scarce, "not only there but in the whole of the developing world, but some promising leads are being followed up".

Mr Aab says there are areas which seem more promising than others "and it will be our aim to concentrate on these".

LTA bids R15m for Acrow

By JOHN MULCAHY

LTA, Anglo American's construction and engineering arm, has emerged as the bidder for Acrow Engineers, offering 460c a share in cash, or a total of R15,249m.

Agreement has been reached between LTA and Acrow's controlling shareholders — Acrow of the UK owns about 24% of the equity and the directors another 10% — for the sale of their interest, and LTA is bidding for the entire issued capital.

If successful, LTA's offer will remove Acrow from the JSE lists after only two years — it was listed on October 1, 1981.

The offer price represents a premium of 9,5% over last night's 429c closing price, but is 43,8% higher than the price of 320c ruling on

September 12, when Acrow started moving for no apparent reason.

The Johannesburg Stock Exchange has instituted an enquiry into Acrow transactions between September 12 and September 21, when an announcement warned shareholders to exercise caution in their dealings in Acrow.

LTA's offer is about seven times Acrow's earnings for the year to June 30, and is 28% higher than the net asset value of 359c a share at the same date.

At June 30 Acrow had R6,227m in cash, equivalent to 189c a share, and earnings for the year amounted to 66,2c a share, compared with 73,7c the previous year and 83,3c in the year to June 1981.

LTA intends shifting Acrow into

its Steeldale division, which is involved in steel reinforcement, structural steel, roofing and cladding.

According to last night's statement the acquisition will have the effect of increasing LTA's earnings by about 4,5c a share for the year ending March 31, and will have no material effect on net asset value.

The statement adds: "It is expected that the acquisition will be of substantial long-term benefit to LTA."

In his review for the year to June, Acrow's chairman, Mr A B Theunissen, said it was not possible to quantify the full effect of the recession, but added the company's strong liquidity would have a major positive effect on profitability this year.

ARGUS 11/10/83 (32) 7/2

FINA

Construction chief criticises takeovers

TAKEOVERS of large construction companies by financial or mining houses are making the industry less competitive and fuelling inflation, the chairman of Murray

and Roberts, Mr W F de la H Beck, says in his annual report.

Tax-free, low-interest housing subsidies are causing "an inordinate and artificial amount of capital" to be directed

into providing houses of a type and cost which would not be built if normal market-related interest rates had to be paid.

And tax concessions for contributions to pension, retirement annuity and provident funds are encouraging too large a proportion of savings to be channelled into low-risk established businesses, leaving too little "risk capital" available.

"The implications of inadequate new risk capital enterprises involve not only a slower rate of growth in gross domestic product but also the lack of additional avenues of employment which are so necessary for social stability."

UNPRODUCTIVE

In spite of the recession, Murray and Roberts has ended the year to June with a 9.5 percent increase in profits attributable to ordinary shareholders.

A final dividend of 51c has been declared making a total dividend of 66c (60c) for the year.

The chief executive, Mr J E D Bramwell, says in his review that management throughout the group succeeded in difficult economic circumstances in maintaining satisfactory levels of return on assets and cash.

Turnover rose by 18 percent to R2 020-million and profits attributable to ordinary shareholders to R52.1-million.

The group has been restructured during the year and unproductive companies have been closed or sold off.

This disinvestment, and regrouping of companies operating in similar industrial environments, has led to a more cohesive group structure.

RECORD PROFITS

"One of the larger disinvestments was the sale of our refractory operation. In total, we have disposed of six operating companies without significant loss."

The construction subgroup had a satisfactory year with earnings about 9 percent above those in the previous financial year.

The property subgroup achieved record profits and the suppliers and services subgroup achieved results marginally ahead of targets.

But the industrial subgroup, which has been reorganised at great cost, showed considerable losses.

STREAMLINED

The Elgin group of engineering companies has been streamlined, with most of the smaller operations sold or closed down and some operations transferred to other subgroups.

"While some pressure in industrial relations has been exerted on our management, there is no doubt that the economic climate has tended to reduce the incidence of strikes.

"Management is finding that it has to devote more and more time to industrial relations issues in order to improve communications with the labour force and in order to avoid pitfalls which can so easily arise."

Audrey d'Angelo

Building industry boom predicted

ARGUS 24/10/83 (32) ~~123~~ ~~456~~ ~~789~~

From the Property Editor

PORT ELIZABETH. — The building industry will enter the busiest time the country has known before the end of next year, said the president of the Building Industries Federation, Mr Pat Morris, at the annual congress today.

While the federation was spending R15-million a year to train an adequate workforce to meet the boom situation, he had grave doubts whether manufacturers of cement and bricks were taking similar steps.

He said Bifsa was investigating the possibility of importing cement and bricks and "has already been successful in making contact with interested firms overseas".

Permission

"We have also received assurance from the Government that we would receive permission to import materials in short supply.

Mr Morris said South Africa now spent less on housing than most comparable countries.

He proposed a four-point plan to reduce building costs to a level the lower-income group could afford.

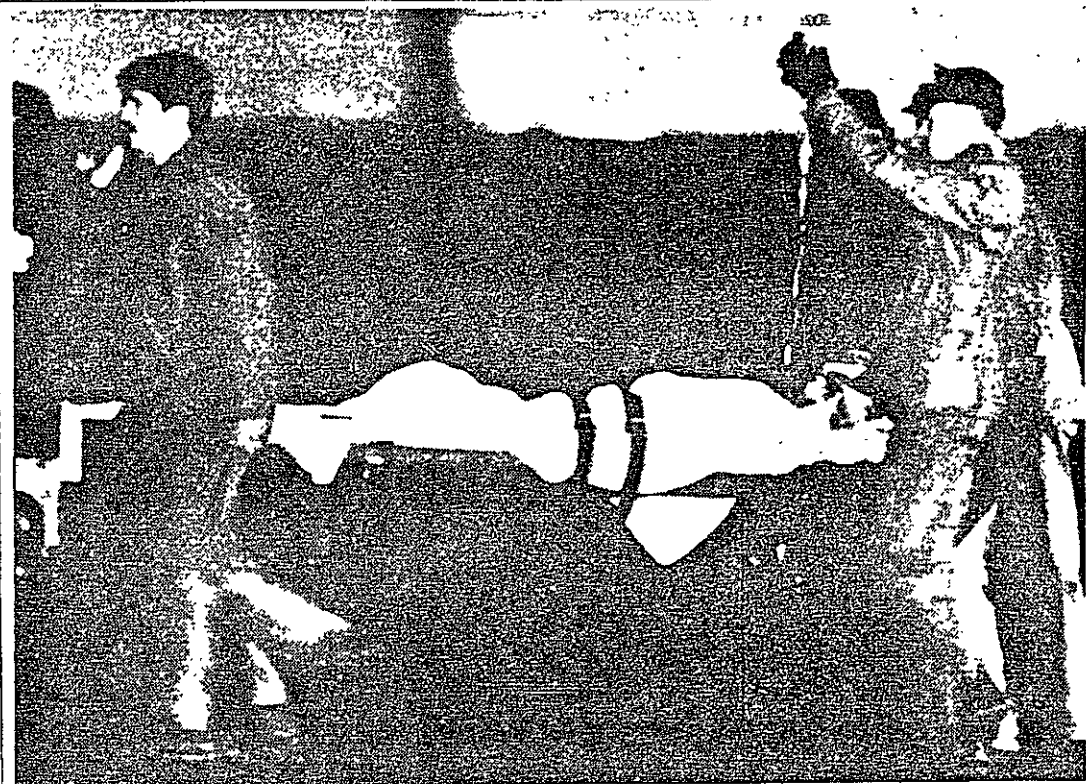
● Projects should be organised on a grand scale which, in the case of Mitchell's Plain, produced economics of 50 per cent.

Developed land

● The cost of developed land should be drastically reduced by the lowering or total elimination of certain services such as street-lighting, pavements and wide roads. By annually reducing the average waiting time in a township development application the final selling price of one erf could be halved, he said.

● Non-conventional housing forms, building methods and materials should be allowed.

● Housing should be made the responsibility of one dynamic democratic Government department.



Strapped to a stretcher, a United States Marine who was seriously injured in the Beirut bomb attack is rushed to a waiting helicopter at Frankfurt's Rhine-Main Airbase where 36 injured survivors were airlifted overnight for treatment in military hospitals in the area.

Horror and shock all over world

NEW YORK. — National leaders around the world have denounced yesterday's bombings.

President Reagan: "These deeds make so evident the bestial nature of those who would assume power", if the US forces were to leave Lebanon. "There are no words to properly express our outrage."

The French Prime Minister, Mr Pierre Mauroy: "An odious and cowardly attack against France and against peace."

Lebanese President Amin Gemayel: "Deep sorrow over brave sons who died in a for-

eign land in defence of freedom and democracy."

British Foreign Secretary Sir Geoffrey Howe: "A hideously malevolent action by any standards."

Mr Richard Luce, British Minister of State at the Foreign Office: "Gigantic atrocity."

The Pope: "An act of war."

Israel's Prime Minister, Mr Yitzhak Shamir: "A despicable crime."

Pravda: "The Vietnam story begins to repeat itself."

Mr Javier Perez de Cuellar,

Secretary-General of the United Nations: "A despicable act."

Italian Prime Minister Mr Bettino Craxi: "Vile attack by criminal hands."

Mr Walid Jumblatt, leader of Lebanon's leftist Druze faction: "Tragic."

Saudi Arabian Ambassador to Washington, Prince Bandar Bin Sultan: "Terrorist actions."

Egypt's Foreign Minister, Mr Kamal Hassan Aly, called for restraint for the sake of peace.

Brazil's President Joao Figueiredo: "Barbarian attack." — Sapa-AP.

INSIDE TODAY

Jackpot round-up

A number of top-class young horses will be in action in the four legs of Wednesday's jackpot at Milnerton. See Page 19 for The Argus Ratings.



Colour poster

A full-colour pop poster of Elton John, who has just visited the city, appears in Tonight.

TOMORROW

Pyramid power

Pyramid power — good vibrations, or just pie in the sky? Maureen, President Ronald Reagan's volatile daughter, Spring Brides, strawberry fare, fairy-tale fashions and more in Argus Woman tomorrow.

B
t
H

TH
spe
the
Sta
ban
rai
wi

R
and
cre
the
Bo
qua

cen
Te

ble
qui
ma

cha
tru
ra
un.

E
har
ha
wh
fied
on
Sa
bra

I
Soc
der

F
fi
ii

TH
Ev
Fe
out
un
an
cin

pre
die
SP

L

Ba
fir
ha
the
L

ju
we
G

dis
be
I
w

Increase ^{12/78} incomes or ^{E. Post} ³² drop price ^{25/10/83} of housing — Bifsa

Property Editor

SOUTH AFRICA spent less on housing than most comparable countries in the world, Mr P O Morris, president of Bifsa, said in his opening address at the organisation's annual congress in Port Elizabeth yesterday.

The urgency of South Africa's housing needs for the next two decades had been highlighted in numerous recent investigations and forecasts, all of which had endorsed the view that the need was urgent for a considerable acceleration in the provision of housing.

"The Prime Minister has, on several important occasions, called on private enterprise to play a bigger part, but this sector already provides almost 75% (in value terms) of all new housing in South Africa, albeit mostly in the middle and higher income categories."

Two obvious ways of bringing houses within the reach of lower income groups was to raise incomes to a level where they could afford them or to cut the cost of houses.

Bifsa, he said, believed the boldest and surest ways of reducing costs were:

- To plan, organise and execute low-cost housing projects on a grand scale which, in the case of Mitchells Plain for example, had halved costs.

- To reduce the cost of developed land through drastic new administrative and application procedures. Eliminating services such as street lighting, pavements and wide roads was suggested. An authority recently estimated that by reducing the average waiting time in a township development application, the final selling price of one

erf could be halved.

- To encourage and allow, subject to proper planning and control, non-conventional housing forms, building methods and materials.

- To place overall responsibility for housing in the hands of one dynamic democratic Government department.

Mr Morris said there was no doubt the workload in the industry had declined in the latter part of this year.

"This has, of course, resulted in a fiercely competitive tender market which property developers and intending home owners should take advantage of before the position changes."

Mr Morris said he had no doubt that before the end of next year "we will enter the busiest period of building activity this country has yet experienced".

While Bifsa had done everything possible to train an adequate work force to meet a boom situation by recruiting and spending millions of rands on training facilities, he said he had grave doubts as to whether the manufacturers were taking similar steps, especially regarding certain primary products such as cement and bricks.

"Bifsa would be failing in its responsibility to the building public if it did not at this time investigate the possibility of importing these materials and has already been successful in making contact with interested firms overseas:

"We have also received assurances from the Government that we would receive permission to import materials in short supply," said Mr Morris.

● See Page 12

confluence which is conducive to longer-term undertone, exports had increased and, coupled with gradual easing in the financial markets, price.

Construction bedevilled by closed shops

BY NORMAN CUTJERBERT
PORT ELIZABETH. — Mr Bill Bramwell, chief executive of Murray & Roberts Holdings, yesterday joined the concentration of power debate by slamming mining and financial groups for giving preference to their own companies. He said the progressive absorption of the means of production into fewer companies was leading to a disappearance of competition in the construction industry.

He said in the opening address to the BISA congress that many construction companies were now owned by mining and financial groups.

This had led to the undesirable practice of in-house trading in an industry which had always prided itself on representing the essence of the free-enterprise system.

The tendency for mining and financial groups to give preference to their own companies was causing frustration among many contractors.

They observed the tender system apparently only to check prices and maintain a level of honesty in their in-house companies.

Mr Bramwell pointed to the lack of opportunity of institutions to invest funds overseas as a factor contributing to the concentration of economic power in fewer hands.

It led to funds being channelled into the acquisition of existing buildings.

Regardless of whether exchange control restraints were lifted, more and more office and apartment buildings would in future be owned by institutions.

R60m Palmiet deal

Financial Reporter
 ESCOM has awarded a R60m civil engineering contract to Clifford Harris (Pty), Marti Inter of Switzerland and another overseas company.

The contract applies to the headworks, penstocks, power station and tailworks of the Palmiet pumped storage scheme near Grabouw, about 70km from Cape Town.

The scheme comprises two reservoirs, separated by a vertical distance of about 300m, with a power station between them.

The civil contract, due to start next month, will run for 44 months, and involves excavating about 352 000m³ of rock and pouring 130 000 m³ of concrete.

Clifford Harris, a subsidiary of Mifichell Cotts, and Marti will operate in the Palmiet contract through their joint venture company, Clifford Harris-Marti (Pty).

About 500 jobs will be created throughout the various phases of the contract.

The full Palmiet scheme will cost about R500m, and is designed to generate electricity during the day as water gravitates from one reservoir to the other.

At night, when demand is reduced, water will be pumped back into the upper reservoir, to be used later.

In this way, Palmiet will generate about 400mw of electricity into the national grid.

Rigid guidelines have been stipulated for the protection of the environment. Construction techniques will keep environmental impact to a minimum.

A Clifford Harris spokesman says meticulous planning is the key to the success of the project. A computer planning team of senior Clifford Harris staff will monitor progress of all construction phases.

MESSAGE

BRIDSKAP

DATE ALAN TIME 12 H 45

FOR MR SEARLE

FROM PLEASE CALL BACK URGENTLY

339-5871

OFFICE FURNITURE BARGAINS

AT DISCOUNT WORLD

AT BRAAMFONTEIN

Imbuia, Oak and Sapele Desks in various sizes with Credenzas to match

FREE!

On Purchases of R2 000 or more

MORE BARGAINS from **R 85.00**
 in steel desks with pedestals

Chairs of every description as well as, from **R 28.00**

4 drawer steel filing cabinets from **R 117.00**

Storage cupboards from **R 104.00**

Bifsa moves to protect home-buyers

32

MRGWS
26/1/83

From TOM HOOD
Property Editor
PORT ELIZABETH. — The Building Industries Federation wants to start an insurance system to provide home-buyers with guarantees against structural failures and major defects.

This was disclosed at the federation's annual congress here yesterday.

"One of the sad things in this country is that the general public is exploited by non-professional builders, many of whom are not our members,"

said Bifsa's executive director, Mr Lou Davis.

"Unfortunately, we get the blame as an organisation," he added in an interview.

"We are investigating with the insurance fraternity the establishment of a workable system whereby, if something goes wrong with a house after a certain time, it will be looked after through a written guarantee by an insurance company."

This was not just a question of a piece of pa-

per signed by an individual who might go away, but an insurance company that would take on the burden of putting things right.

Builders in Britain had a system by which they subscribed to a central body which inspected their operation.

The builders paid a premium and the owner of the house was given a guarantee on behalf of the builder that any defects would be put right within a limited time.

Heath: I'm not in porn pictures

Argus Foreign Service

LONDON. — Former British Prime Minister Mr Edward Heath has flatly denied that he was ever involved in pornographic pictures.

"There is no truth whatsoever in this extraordinary story," he said in a statement read yesterday in the Old Bailey's famous No 1 Court.

The statement, which ends weeks of gossip and rumours of a new sex and politics scandal, followed allegations by a man accused of rape.

Mr Justice Croom Johnson, who is at present hearing the Nilsen murder case, interrupted yesterday's hearing to announce that he was lifting an order banning publication of Mr Heath's name.

FOR RETRIAL

Next month the judge will sit at the retrial of the man who made the allegations.

Mr Robert Harman, QC, read Mr Heath's statement.

It said: "I am told that during a recent trial at the Old Bailey, the accused, who is facing charges of rape and assault of his common law wife, claimed that he had found pornographic photographs in his house showing his common law wife indulging in sexual activities with a police officer and a Member of Parliament, and that he named me as the MP."

"I do not know the accused or his common law or the police officer named and I am told that the alleged photographs were not produced to the court."

Inspector 'kept paperwork'

Tygerberg Bureau
MR David Loxton, 33, charged with 46 counts of car theft, owned a panel-beating firm for 15 years yet was unable to read or write, the Parow Regional Court heard.

Mr Loxton testified that an inspector of revenue with the Provincial Administration, Mr

Arend Visser, kept his paperwork in order and wrote out necessary cheques.

Mr Visser has been warned that he might be charged as an accomplice in the eight-day-old trial following his evidence that he bought four stolen vehicles from Mr Loxton. The vehicles

have since been confiscated by the authorities.

Mr Gerald Snow, 30, and Mr Joseph Sinclair, 23, are appearing on the same charges. All three have pleaded not guilty.

(Proceeding)

Mr J G Vermeulen is on the bench, Mr J Vermaak is appearing for the State and Mr N van Rooyen for Mr Loxton.

Impact of reserve — Simon's Town

Staff Reporter
SIMON'S Town town clerk Mr Charles Chevalier is concerned at the extent to which the proclaimed Peninsula nature area affects Simon's Town.

Mr Chevalier commented at a council meeting yesterday that as a result of the reserve area Simon's Town became a "permanently small town encapsulated in a large nature reserve — the only town I know of affected in this way".

He said that only on Red Hill plateau to the west of the municipal area, and at Rocklands Farm outside it to the south, was there any scope left for the town's "limited" outward development.

Proposals to develop an area above Jan Smuts Drive were now restricted by the reserve boundary.

"A new authority has taken over control of a large portion of the municipal area and this in-

cludes the waterfall area," Mr Chevalier said. The town council intended making this a nature reserve.

Mr Chevalier later said that much of the new reserve boundary came down to the limits of areas proposed for development or already developed.

Much of the municipal area now included in the Peninsula reserve was "probably too steep to develop anyway", but he

was thinking of the future development of the town — after the next 10 years — when pressure on land, the need for extending boundaries and the density of development would be "so much greater".

Mr Chevalier said Simon's Town, with the sea reserve and the nature reserve around it, attracted many people who wanted to "get away from the concrete jungle" — but he was also concerned about the

town's future economic prospect.

The waterfall would still be present but its control would be under the Peninsula reserve's board.

Crackdown

PEKING. — Traffic police are cracking on roadhogs after sharp rise in death injuries on crowded roads.

Official figures

New turn in Harris case

Why raving killer spared girl,

Builders ready to import material if SA can't cope

32
26/10/83

Own Correspondent

PORT ELIZABETH. — The president of the Building Industries Federation of SA, Mr P O Morris, has warned that the industry will import cement and bricks if manufacturers are unable to supply them.

He told Bifsa's annual congress in Port Elizabeth that overseas firms had been approached and the Government had agreed that materials in short supply could be imported. By the end of next year there would be the busiest period of building SA had ever had.

Bifsa had done everything possible to recruit and train an adequate work force to meet the boom, but he doubted that manufacturers of products such as cement and bricks had taken similar steps.

"Bifsa would be failing in its responsibility if it did not investigate the possibility of importing."

There was an urgent need to speed up the supply of housing, but less was spent on this sector than in most comparable

countries.

Bifsa found that the boldest and sur-est means of reducing costs would be:

- To plan, organise and execute low-cost housing projects on a grand scale which, in the case of Mitchells Plain, produced economies of scale cost reduction of about 50%.
- To reduce the cost of development drastically by the implementation of radically new administrative and application procedures, the lowering or elimination of certain services — such as street lighting, pavements and wide roads — which, it was estimated, would save up to 50% in the selling price of an erf.
- To encourage and allow, subject to proper planning and control, non-conventional housing, building methods and material.
- To identify overall responsibility for housing procurement, including efficient and effective business leadership, with housing the responsibility of one dynamic Government department.

Builder summoned to hearing

By LIN MENGE

SBCA, the Soweto Building Contractors Association, has held its first disciplinary hearing.

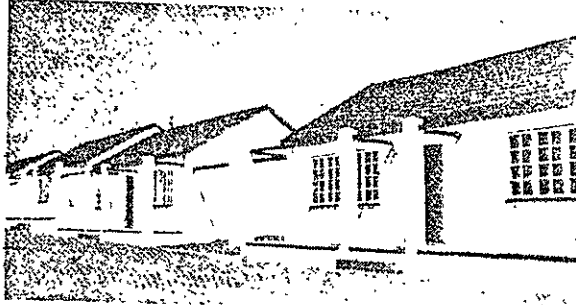
A Soweto resident had paid a building deposit, not to the West Rand Administration Board's New Canada office as she was supposed to, but directly to the builder.

Because the builder was going against the SBCA's rules by accepting the deposit, he was summoned to a

disciplinary committee hearing. His explanation that there was a misunderstanding involved was accepted, and the matter was put right with Wrab under SBCA supervision.



UDM 27/10/83
HOME FRONT



These stylish houses have been erected by Gilbey Distillers and Vintners for the company's farmworkers on the Montagne Wine Estate near Stellenbosch. The 10 houses each have a livingroom-cum-kitchen, two bedrooms, bathroom and flush toilet, and electricity. The architects' design and the finish do justice, says Gilbeys, to the standard and style of architecture on Montagne. As an incentive to maintain high standards, a prize is awarded every month to the two houses kept in the most immaculate condition inside and out.

The association now has 54 fully paid-up members. That means they have paid the R30 registration and R150 subscription. The non-racial SBCA is legally constituted, with a code of conduct which must be observed.

Today, we publish new names of fully paid-up members of the SBCA to add to your list, and a couple of old names who now have telephones. Further inquiries: SBCA secretary, Mr Sam

Mahlangu at 949 2126

Early Bird Construction (Elias Thou), 1852a Naledi

Solomon Mohlaba, 10058a Orlando W.

Jet Construction (Joseph Mazbuku, Elijah Ndaba, Teddy Zwane, R S Went), 7539 Maseko St, Orlando W, 838 3055.

L C Makhene Building Construction (Lobelo Clifford Makhene), 697 Tledi, P O KwaXuma, B: 849-1882 H, 949 1685

Alpheus Moleleki and Joseph Momo Contractors, 689a Thaga St, Zone 7, Meadowlands, 949 2807.

P H Interior and Exterior Decorators and Building Contractor (Paul Hickson Hlongwane), 1790 Orlando E, 944 1936

Benny's Building Contractor (M B G Mzongwane), P O Box 262, Dobsonville 949 4990

Meadowlands Brickyard and Building Contractor (Thomas and Eric Mashiso), P O Box 502, Meadowlands 949 1947.

Contemporary Homes (Themba Madida), 309 Dube Village 949 2339

Four-year drought is broken in Vryheid

A four-year drought in the Vryheid district in Natal was broken over the weekend and good soaking rains fell over many parts of the country.

More rain and scattered thundershowers are expected over the Transvaal today, where it will be cloudy and cool.

About 60 mm fell in the town of Vryheid during the 24 hours ending on Sunday morning. Up to 150 mm of rain was recorded on some farms in the district.

Ploughed lands were damaged and farm dams overflowed and flooded fields.

So far this month, the town has had 102 mm of rain. On the farm Driekwart, in the south-western region, Mr Hendrik van Rensburg recorded 150 mm of rain.

In the Black Umfolozi area, good rains fell and set the river flowing again. The White Umfolozi River is also filling, as is the Blood River, which last flowed a year ago.

The two municipal dams, Grootgewacht and Bloemveld — which were almost empty — started filling, as did the Klipfontein state dam south of the town, from which Vryheid receives its water supply.

Light rain fell on the Reef with only 7 mm being recorded in Pretoria and 11,5 at Jan Smuts Airport. There is a possibility of thundershowers this evening.

Spate of building rip-offs causes outcry

24 HOURS



The team that wraps up the news

Unscrupulous fly-by-night "builders" are ripping off hundreds of people in a wave of deception that has angered industry leaders.

People are losing thousands of rands to conmen posing as contractors, prompting a flood of complaints to bona fide building organisations.

And watchdog bodies such as the Building Industries Federation of South Africa (BIFSA) and the Master Builders' Association (MBA) are unable to help be-

cause of the cons involve people who are not members of their associations.

The "builders" include electricians, plumbers, joiners and other tradesmen who claim to be "jacks of all trades".

But not all live up to their claims and complaints are pouring into Bifsa offices and the Consumer Council.

Mr Lou van der Merwe, chief professional officer of the council, said he did not have statistics on complaints but the numbers were "quite substantial."

"We have quite a lot of fly-by-night builders — plumbers or electricians doing the whole building operation. They will even try their hand at tiling," he said.

Mr van der Merwe said people should always employ builders who were members of professional organisations, though they tended to be more

expensive.

He advised the public to get quotes from at least three builders — all with at least three references — before starting a job.

Walk off

He said it was common for these "builders" to walk off site before a job was completed.

"This is particularly true with swimming pools, home extensions or renovations."

If the contractors were not members of professional building organisations, the only recourse was through the courts.

A Bryanston family told the 24 Hours team that it was ripped off on a job involving extensions to its house. The family was quoted R4 400 by one "builder" and told to

leave R1 000 deposit.

The "builder" worked for a week and then asked for another R1 000. He sent a couple of his workers for three subsequent days and then the job was left. That was a month ago.

"They have not done half the work and less than a quarter of the material was provided," said the housewife. "We eventually had to get another builder to finish the job."

Mr Lou Davis, executive director of Bifsa, said his organisation was "terribly upset" at the rip-offs.

"But the public have themselves to blame. If they are silly enough to trust people who just walk in off the street then they must be prepared to take the consequences," he said.

Report by STEVE McQUILLAN

Seasoned campaigner wins Treasure Hunt

One of last week's winners of gold Krugerrands in The Star's Great Treasure Hunt was a young-at-heart granny to whom competitions are old hat.

Mrs Rachel Whitehorn (64) of Orange Grove,



5 killed, 10 hurt in Jo'burg crashes

At least five people died and 10 were injured in car accidents in a around Johannesburg the weekend.

The body of an Ind

32

Don't just sit and worry, Hendrik

In September Johannesburg's major artery, the M2 West, was closed for emergency repairs. It created disruptive traffic jams quite far afield. As matters now stand, this type of problem could become the rule on our national roads rather than the exception. The condition of our highways is deteriorating fast because of inadequate maintenance and expansion to cope with a growing volume of traffic. Money is at the root of the problem.

The national road network relies heavily on the National Road Fund (NRF) for financing. But the fund, which is replenished from a 3c/l levy on petrol, and diesel is being depleted by rising repair costs and a general increase in traffic which presumably leads to more wear and tear. Denzyl Vermooten, who heads the economics desk of the Automobile Association (AA), maintains that road users pay R2,6 billion into the general coffers, while expenditure on all SA roads amounts to less than R1,2 billion a year.

"In real terms, the Department of Transport (DT) is only spending 60% of what it spent in 1976 on building and maintaining national roads," says Ed Petzer, senior programming engineer with the DT's Directorate of Land Transport.

Provincial roads are faring no better. The provinces get their money from taxes and licensing fees, but must still rely on grants from Pretoria to make ends meet. But, since the government embarked on its austerity programme, these funds have been reducing.

If anything, the municipal road system is even worse off. An Urban Road Fund

Some national highways are in danger of falling into disrepair. This amounts to the erosion of a national asset that is vital to the smooth functioning of commerce and industry.

(URF) was set up by government in 1978 to help municipalities build and maintain their roads. But, here again, inflation and government's attempts to reduce its expenditure have taken their toll.

Says Gordon Swanepoel, chairman of the Transvaal region of the SA Road Federation, which represents a wide spectrum of groups involved in road building: "Theoretically, the DT should furnish 60% of the cost of a local road. In Johannesburg, the 10 local authorities have budgeted funds amounting to R25m for roads this year, but the URF has allocated absolutely nothing. "We never have enough money to build and maintain a road properly, but when that road falls apart the authorities always seem to find the funds to rebuild it."

He adds that the municipalities do not have enough money for vital maintenance let alone to finish capital projects.

Steps are being taken to avert further deterioration, but they may not be enough. The petrol levy was increased by 0,7c in April, which should add an extra R50m to the NRF this year and the DT has asked for an additional 1,1c increase. But some engineers and planners feel that double that amount is needed to continue expanding the network and ensuring that it is well

maintained.

The government also hopes to raise R257m over the next five years from toll gates on major capital projects such as the Cape Garden Route, the Du Toit's Kloof tunnel, the Warmbaths/Middleburg route and the Frere/Besters section of the N2 to Durban.

The idea is unpopular with the private sector and some civic groups, who argue that these particular toll schemes are not going to be economic and, as traffic is relatively sparse, will place too great a burden on local business.

A civic group that opposes the Garden Route toll project, for example, has calculated that annual revenue from the scheme will hover at around R875 000, while operating costs will amount to R1,1m.

This seems to be borne out by an Automobile Association (AA) policy paper on toll roads which estimates that more than 40% of the money collected from tolls will be filtered away by administrative costs. It calls toll roads discriminatory, dangerous, inflationary and harmful to commerce. The paper cites a French study which claims that at least 30 000 vehicles a day are needed to make a toll road viable, while some of the planned SA toll roads will have a daily traffic flow of less than 1 000 vehicles.

"We are not against a user pays approach, but we are totally against the use of tolls to help pay for new roads," says Vermooten.

"Tolls are expensive and inefficient and road users as a group already contribute more than their fair share towards road costs."

But the DT stands by the government decision: "We would rather get the extra money directly from the NRF, but barring that, tolls are the second best choice," says Petzer.

"Obviously, we will have to keep expenses down to a minimum, and we think we can keep administration costs to no more than 15% to 20% of revenues."

The private sector, led by the AA, Assocom and the SA Road Federation, would like to see the whole road financing process revamped. Generally, these organisations favour a single, Central Road Fund (CRF) that would cover national, provincial and municipal roads, assessing priorities "scientifically" to exclude political interference.

Says Vermooten: "It can be argued that a local resident who never goes beyond his town limits should not be obliged to pay for a dual carriageway elsewhere in the country. But people pay for a police force, hospitals and other social services they may not use."

The AA contends that a broad-based roads fund, financed from a levy on petrol, would cost motorists an average of R20 a year. A toll road, on the other hand, could cost a daily commuter as much as R750 a year.

It adds that the additional funds would be collected at no extra cost and that the contributions by road users to the fund would be directly related to road usage and wear and tear.

It would not necessarily lead to substantial increases at the pump if road user cross-subsidisation of "grey areas" like the State Oil Fund, which are currently paid for in part by the NRF, are completely taken over by Government.

In a comprehensive policy paper, Assocom suggests a number of other ways that road financing can be made more equitable:

- Roads built and maintained for development areas or for strategic reasons should be funded directly by government;
- Secondary roads that carry less than an accepted level of traffic and farm roads should remain the concern of the provinces and farmers could contribute in some way to the latter; and
- Local tertiary roads that are not feeder routes for the provincial or national systems should continue to be funded by the municipalities.

Assocom also would like to see licence fees for private automobiles abolished and the lost income regained with a slightly higher levy for the CRF. Heavy commercial vehicles, however they advocate, should still pay a licence fee since they are the main cause of road wear and tear.

The policy paper adds that all vehicles, including the government's, should pay the levy and that a reasonable reserve should be built up to ensure that construction and maintenance are continued through lean times.



Freeway ... how long will it last?

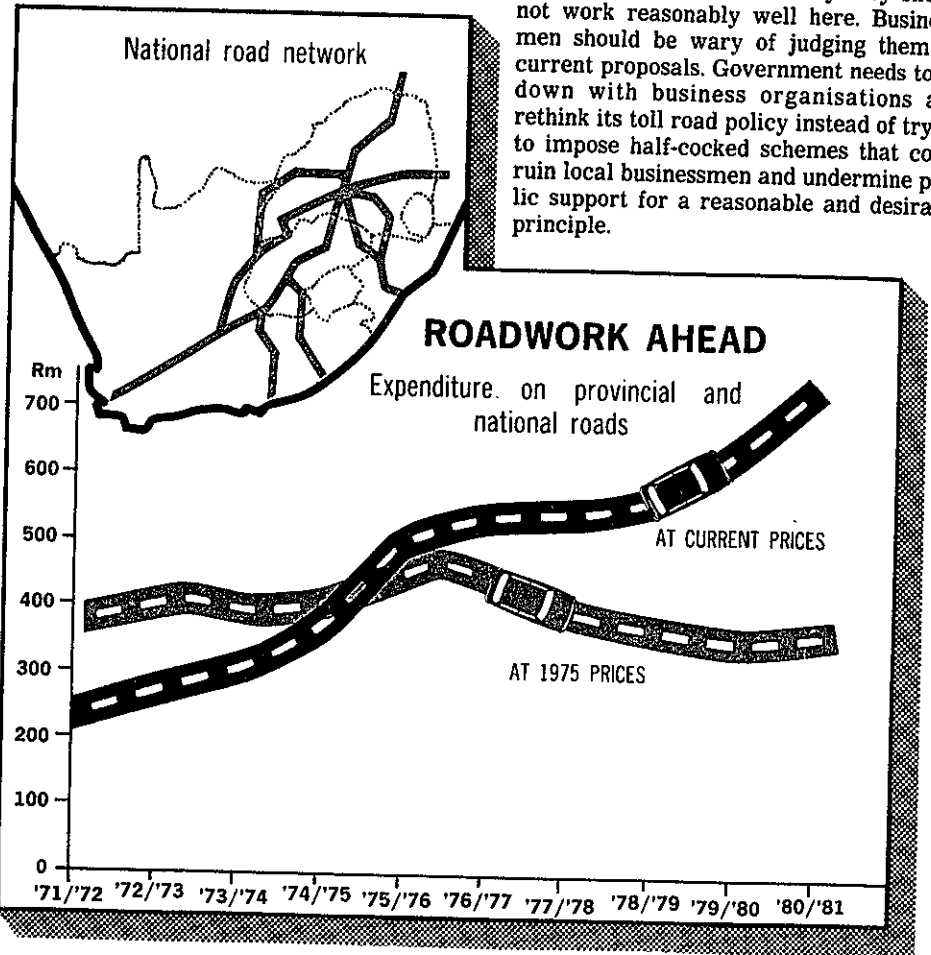
South Africans are lucky in that their road system is comprehensive and still relatively new. A properly maintained road network need not necessarily lead to a heavy drain on the public purse. But any delay or skimping on maintenance could send road costs soaring and cause frustrat-

ing bottlenecks, such as experienced with the M2 West, that are seriously detrimental to communications in particular and business in general.

"No matter what happens, consumers will still have to pay," says Swanepoel. "Either we make sure that the roads are properly funded or we will pay the price through increased vehicle damage, costly delays and accidents," all of which will ultimately be passed on in the form of higher prices.

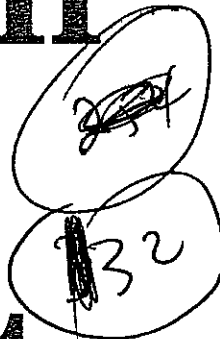
Whether this funding takes place collectively or incorporates to some degree the principle that users pay is going to be for long a moot point. Ultimately, in the FM's view, some recognition needs to be given to the principle that users pay if central government spending is to be kept down, thus freeing more assets to the private sector, which is to the general good of the country. One problem seems to be that the toll schemes proposed so far are seen by the officials who devised them as additional sources of funds for the general roads pool and that they have not been set up on a sound self-financing, economic basis. Maybe, too, the right roads have not been chosen for the proposed toll schemes. Perhaps Transport Minister Hendrik Schoeman needs to look more to the shortcomings of his own officials than the principle involved.

Toll roads are a success in some countries. There is no reason why they should not work reasonably well here. Businessmen should be wary of judging them on current proposals. Government needs to sit down with business organisations and rethink its toll road policy instead of trying to impose half-cocked schemes that could ruin local businessmen and undermine public support for a reasonable and desirable principle.



The Samag dream can still turn into reality

20/11/83 S. Times



WHEN Samag was launched just over a year ago, a blaze of enthusiasm and publicity made bold predictions for the all-South African venture.

But in the wake of the economic slump and the ADE local content traumas, it seemed as if Samag had disappeared from view.

Trucks & Trucking interviewed one of the key men in the Samag saga, Peter Whitfield, chief executive of the Messina Group of which Nissan SA and the Magnis Truck Corporation are subsidiaries.

Samag is alive and well and plans to shake up the South African trucking scene, said Mr Whitfield, the man who keeps a firm finger on the pulse of the motor industry.

The former Mr Datsun South Africa winces when asked about the sales slump experienced by the Nissan and Magnis operations.

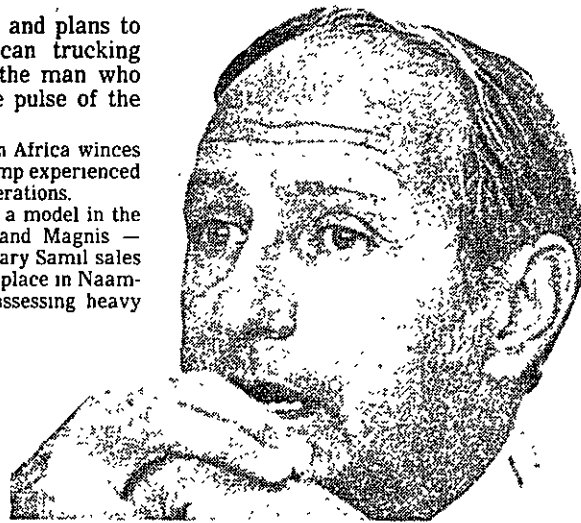
Nissan has not recently had a model in the top ten best-selling car list and Magnis — excluding its undisclosed military Samil sales — languishes in fourth or fifth place in Naamsa's rather peculiar way of assessing heavy truck sales.

"We were over-optimistic launching a completely new model range into a truck market that went steeply down and was affected by all the extraordinary repercussions of the Atlantis Diesel Engine programme," says Mr Whitfield.

"We made a few mistakes. But now, over the next few months, you will see the tide turning more to the advantage of Nissan and Magnis."

To understand the situation, one needs to look into the corporate structure of Messina's motor industry interests.

The group owns 100 per-



Mr Peter Whitfield ... a firm finger on the pulse of South Africa's trucking industry

cent of Nissan SA, which makes and markets the Nissan Diesel Trucks and what used to be called Datsun passenger cars and light commercial vehicles.

Messina also owns 100 per cent of Truckmakers, which develops and sells the Samil range of military vehicles to the SADF.

Samils were originally based on European commercial and military truck designs, but have now evolved into very much indigenous vehicles.

Truckmakers and Nissan got together and went 50:50 into buying the old Fiat plant at Rosslyn and developed it into South Africa's largest

truckmaking facility. It can turn out 800 heavy vehicles a month, but has recently been running at only 50 percent capacity because the truck market has been so deeply in the doldrums.

Magnis — theoretically the biggest truck-manufacturing operation on the continent — engineers for the local market, manufactures and distributes Nissan Diesel and Samag heavy vehicles.

It also makes the Samils for Truckmakers to sell to the SADF, an operation that injects a lot of expertise and engineering research resources into developing Samags for the local market.

The Samil could also build up a lot of potent goodwill for Magnis in the next generation of South African managers who influence fleet buying decisions.

The original idea was Samag trucks, with a family tree going back to the European "Club of Four" manufacturers, should compete against Mercedes, MAN and the like in the premium end of the South African truck market.

Then, running alongside them with parallel marketing teams, would be the Nissan Diesels targeted at price sensitive operators who preferred Japanese trucks at Japanese prices.

But since the formation of Magnis, the South African trucking has been turned up side-down.

Virtually everything now has a Daimler-Benz engine made and marketed by ADE. And all trucks, except the top-end, virtually customised units are standardised on Astas or Fuller transmission units.

It has created a rationalisation and some degree of manufacturing logic, but is a marketing man's nightmare in which the Japanese-sourced designs, now with similar drivelines to the European trucks, find themselves in a whole new ball game.

With new and much better cab and chassis designs coming from such Oriental sources as Nissan Diesel, Isuzu, Mitsubishi and Hino, the Japanese models are breaking into the premium market formerly dominated by the Europeans, with whom they share similar driveline components.

Mercedes, with a unique brand image and a slick local organisation, has managed to stay ahead, but newcomer Samag still seeks a slice of that market.

Current advertising reflects the search for an identity with three copy lines competing with each other — "Built by South Africa for South Africans" appealing to patriotism, "A bull of a truck" going for the macho image, and "Bred in Germany, proven on the border" hedging the bets of a Teutonic engineering pedigree and a proven track record with the military.

"We could not have picked a worse time to launch a new truck range in South Africa," says Mr Whitfield ruefully.

"We went right from the beginning with trucks of a very high local content which had to compete in the marketplace with a lot of pre-ADE units, some being sold at ridiculous prices as the general economic situation worsened.

"Now we are seeing an improvement in the market as a whole and in Samag's performance, but one must remember that truck operators are generally very conserva-

Samag anticipates an upswing for trucks

From Page 1

tive and do not readily switch from names which are familiar to them

"Another factor is that, during the downturn, competition has increased and the need and desire of the operators to change vehicles has reduced.

"Our launch-timing could not have been worse, but Samag is coming through and there will, I believe, be a significant improvement next year.

"We are looking to the end of next year before there is a return to a really strong truck market in South Africa.

"We are preparing for that by strengthening our retail operations and changing our marketing structure and, to some extent, our product line-up.

"Originally, Samag and Nissan Diesel trucks were to be built in the same factory, but marketed by different organisations competing against each other

"Now the organisational structure will be different with the marketing more co-ordinated.

"There will be less duplication and overlapping of Sa-

mag and Nissan Diesel models, although they will keep their distinctive identities and will be competing directly on their respective merits.

"Samag already has an identity and reputation, and there is a very important future rub-off for Samag from the regard young people have for the Samil military vehicles.

"They have experienced Samils in the operational areas and think very highly of them.

"These ex-servicemen may not be buying trucks yet, but in the coming years a significant number of them will move into civilian positions where they will influence truck-purchase decisions.

"Nissan Diesel is selling well and running No 2 to Mercedes at the top-end of the truck market, but we have an important job still to do with Samag, particularly the dealer network throughout the country

"We have not been well represented in the Johannesburg area, which generates nearly 20 percent of total truck sales, so we are doing something fundamental about that

"A Messina subsidiary is taking over both the Samag and Nissan Diesel franchises for the Johannesburg area and we expect this to greatly improve our representation in this important market

"The change will come into effect early next year and will be accompanied by a rationalisation of our existing dealer network

"Our subsidiary has a great deal of experience in heavy earth-movers, front-end loaders and similar equipment, so they will be selling our trucks in many cases to their existing customers.

"They are a good operation with competent staff and it is a natural evolution for them to move into the truck business.

"They are acquiring additional premises, re-organising their operations and, we think, will represent a major step forward for Magnis

"But this should not be interpreted as a policy change on our part to get directly involved in the retail market and compete with dealers who are performing well.

"Under these present depressed market conditions it is very difficult to find people to handle retail truck oper-

ations properly because of the financial resources and expertise that are required now

"So, as in our case in Johannesburg, it may be necessary for a manufacturer to become directly involved in retailing, but I don't see this as a general trend in the South African motor industry, especially as many truck dealerships can maintain viability by having a car franchise also.

"However, there is a trend for retail operations to be concentrated more in the hands of the larger groups

"Both the trucks and cars themselves and the marketing conditions for them bear very little resemblance to what we had ten years ago

"So, certainly in the case of larger trucks, they will tend to become the province of large, specialised dealers concentrated in the major centres.

"You need expert, specialist staff to sell the service heavy trucks to ensure that operators get the right unit for their particular operation.

"The lighter trucks are more general purpose vehicles and can continue to be handled perfectly ade-

quately by less specialised dealerships, especially in the smaller country areas.

"We also anticipate some changes in the Samag and Nissan product line-up which will be largely dictated by market forces

"We established Nissan Diesel as covering the lower to medium price categories and Samag has been positioned to span from the middle upwards

"Samag will continue to be marketed as a premium truck, but there will be less overlap in future with the Nissan Diesel models.

"For example, Samag with its European links will be up in the forefront competing with one of the new generation of 'super trucks' just released in Europe.

"Certainly, Samag is in the South African market for good.

"In fact, we think most of the existing truck manufacturers will stay around despite the tough times they have been experiencing

"I don't expect many more of them to disappear because those remaining have a good parts and after-sales business to underpin the viability of local manufacturing."

Bricklaying under the cost-saving microscope

2/12/83
COM

Property Reporter

IN AN attempt to improve bricklaying productivity by controlling costs, the National Productivity Institute has produced standard measures which enable home-builders to calculate the point at which bricklaying becomes too expensive.

The NPI produced the measures at the behest of the National Association of Home Builders, which had become concerned at the rising cost of building and the effects of inflation.

The NAHB pointed to the trend in the sizes of houses, which have in the last two years declined by almost 12% in area, from an average 100m²-110m² to 90m²-95m².

Bricklaying, which accounts for 20% of the total cost of the average home and is the largest single prime cost factor, was chosen for the first activity for in-depth investigation.

The measures — for use by contractors to calculate the amounts of bricks, bricklayer-hours and assistant-hours as a cost item — were worked out following field studies by an NAHB-NPI steering committee.

The first of two formulae, based on the construction of 20

houses, allows builders to calculate total brick quantities based on linear measurement of drawings.

The second formula allows calculations to be made on the estimated average times involved with bricklaying. It was based on work at five building sites and will give readily applicable standard times and more simplified control.

Levels of productivity can be measured against the standards and contractors can immediately make adjustments instead of being compelled to recover costs by increasing prices.

To explain the formulae, the NPI is to hold four seminars countrywide next March in conjunction with the NAHB.

NPI project manager Mr Jeremy Eccles said the calculations, which could be programmed into a calculator, took 20 minutes, compared to the two or three hours required by a quantity surveyor's traditional methods.

He pointed out that several caveats must be taken into account if the right answers were to be reached. For example, the formulae would not work if the house contained massive picture windows.

LTA lifts profits 28% to R8,351m

Cape Times
6/12/83

By PATRICK McLOUGHLIN

32

JOHANNESBURG. — LTA has increased attributable profit by 28 percent to R8,351m for the six months to September 30 from the R6,522m for the 1982 first half.

The performance from the construction group, which compares with bottom-line earnings of R10,677m for the year to March 31 last, was mainly the result of a paring of the interest bill and a drop in tax.

Turnover was R521m (R545m) and operating profit before interest was 3,7 percent up at R15,535m (R14,686m).

The interest bill fell

by more than two-thirds to R1,024m (R3,367m) and this increased pre-tax operating profit by 28 percent to R14,511m (R11,319m). Net borrowings at the end of September were about R35m compared with R55m previously.

Cash on deposit stands at between R10m to R12m and in the half-year was as high as R28m. In previous years the money would have gone to capital investment, but it is now in

the bank. Slack capacity use throughout the group — the result of the downturn — has given little inducement to buy plant.

The tax bill was R4,945m (R5,351m). LTA used assessed losses of certain divisions to reduce the tax rate to 34 percent (47 percent). Taxed operating profit was 60 percent higher at R9,566m (R5,968m).

A rise in attributable profit to outside shareholders was the main reason for the improvement in bottom-line earnings falling to 28 percent.

Earnings a share totalled 64c (50c).

LTA's financial director, Mr Jimmy Oosthuizen, said the group was "extremely pleased" with the results which contrasted strongly with a press report foreshadowing an earnings fall to around 36c a share.

The results were not a surprise, he added, be-

To page 17

LTA lifts profits

C.T.
6/12/83

From page 16

32

cause of the beneficial effects of LTA's "cash flush" coffers.

Marring the overall performance was a R5m write-off because of the closure of two divisions in a subsidiary called Industrial Electrical.

The subsidiary has been in the red for two years and the traction work (overhead wiring) operation, mainly servicing SAR, and IE's township reticulation operation, which mainly deals with Soweto, were closed down.

Other areas of IE — housing, building, and general electrical work — are profitable and are being kept on.

The directors said they had decided to make a conservative provision, but certain disputed claims with

clients will be pursued, if necessary in court, and the group may still recoup something to offset the loss.

Mr Oosthuizen said the earthworks and civil engineering division, which in fair times relies heavily on government work, has seen a fall-off in business. Counteracting this, however, has been the building division.

The building division, Mr Oosthuizen said, was enjoying a "mini-boom" in the PWV area as customers took advantage of competitive building prices.

The general construction division, in spite of lower capital expenditure in the private sector and increased competition, is holding up well.

The foundations rock

32

Government's decision to lift restrictions on the importation of bricks and cement appears to have two main aims: to speed up the residential building process and to expose local producers to more competition.

Import control on cement has been abandoned and it remains to be seen to what extent protection will be afforded by tariffs. But the new thinking is also evident in the granting of permits to brick customers. In other industries, the producers have traditionally been allocated import permits to make good shortfalls in the face of demand. This is a significant shift in emphasis by Pretoria and should serve to shake up ideas among producers.

So while the 40m West German bricks

Freer markets could be in sight for SA's hard-pressed building industry as restrictions on materials are lifted, exposing producers to greater competition.

being imported by a Cape property developer are insignificant compared with total brick sales in SA of 4 billion a year, the shipment will do more than just bring relief to the hard-pressed builders of the region. Government agreed once before, in 1981, to brick imports, but it has now confirmed the principle of moving towards a freer market

in a key, and hitherto over-protected, industry.

European building materials suppliers have, up to now, been diffident about SA as a customer. High freight rates and the relative smallness of our market have proved obstacles to anything approaching a determined, let alone aggressive, selling campaign. But that could change. Increased demand in SA, a softening of freight rates, and the severity of the northern winters — which leads to seasonal closures and a contraction of markets in Europe — have served to alter traditional thinking on marketing.

These factors lay behind the West German Henrich Oltmann group's contract

BUILDING TRADE

Outlook uncertain

32

This year has been one of apparent contradictions for the building industry. A slowdown in activity was predicted, but shortages of primary building materials and labour persisted throughout the year. Major contractors boasted full order-books but complained that tendering was tight and profits marginal.

But high building society liquidity in the early months and the resulting rub off on residential activity were the main cause of the anomalies. Now funds have dried up — net building society loans granted in October were the lowest in nine months — and the overall level of building work can be expected to fall.

The general consensus is that things will get worse before they get better. Johan Snyman of the Stellenbosch Bureau for Economic Research (BER), for example, says the predicted 3%-5% escalation in building costs for 1983 has been confirmed. But 1984 should see a marked rise in the rate of increase.

The continued high level of competition among contractors and increasing costs of inputs (materials, plant and labour) will accelerate the rate of increase. Snyman says the BER cost

index, measured by tender prices, could average 9% for 1984.

Building Industries Federation of SA (Bifsa) executive director Lou Davis is less optimistic. He foresees moderate increases in building costs during the first six months of next year, but thereafter he expects the industry to move quickly off the bottom and cost escalations to rise more substantially.

"Expensive resources like labour and materials will remain in short supply. And, unless material manufacturers take a more positive view on future demand pressures, there is every likelihood that building costs could once again hit the 20% a year rate," he says.

Cedric Savage, MD of Toncoro, says demand for bricks has been falling off over the past three months — a trend he predicts will continue throughout the first half of next year. If this is the case, he sees brick manufacturers being in a position to stockpile and meet the demand from the expected upturn in the second half of the year.

"Toncoro certainly has no intention of slowing down production rates — all our factories are going at full speed. Indeed, over the builders' holidays alone, some

150m bricks will be produced and this should help meet demand once builders resume work," he says.

Planning for the upturn doesn't end there. Savage foresees more growth in the brick supply industry over the next two years than in any previous period.

Cement suppliers are equally optimistic, and don't foresee any shortages.

Adds the National Association of Home Builders' (NAHB) Johan Grotius: "The Home Building Cost Index (based on the average change in building costs for housing on the Witwatersrand without taking tender margins into account) has declined in the past four years. In 1980, it averaged 24,65%; in 1981 18,74%; in 1982 11,89%; and this year, 10%. However, if inflation increases as the economy picks up, then naturally the home building sector will be affected."

But, gloomy as the predictions may sound, the construction industry is certainly not expecting activity to tail-off completely. With the number of large contracts on the drawing boards, and some increase in public sector spending, there will still be enough work to go around. But there might have to be a further cutback in margins.

CONSTRUCTION - GENERAL
1986

JAN. — AUG. → **DEC.**

Building trade finds survival is the name of the game

Deep gloom on the construction front

STAR

6/1/86

32

Own Correspondent

DURBAN — Survival is the prime objective of builders amid economic and political gloom, the Stellenbosch Bureau for Economic Research said today.

The bureau's building survey said builders were in dire straits and would have to become more productive to survive the depression.

Overall building plans fell in value terms by 20 percent year-on-year in the first eight months of 1985.

The bureau said: "The additions and alterations sector, however, has maintained its levels of activity and should record further growth during the next quarter."

Much like their counterparts in other provinces, Natal contractors complain of poor business conditions as a result of low work volumes and stiff tendering competition. They, too, see deeper gloom ahead.

In a background to the flagging business mood of the construction industry, the bureau warns that while moderate improvements in national growth and inflation rates can be expected these hinge on political reforms "enough to ensure a successful rescheduling of our foreign debts and that no further official sanctions will be imposed".

Low confidence

It said: "We cannot foresee domestic demand improving much in 1986 as a result of the impact of low confidence levels, under-utilised manufacturing capacity and pressure on household finances and company profits.

"The economy will remain at a low activity level and further adjustments will be necessary to ensure the start of a more lasting, although moderate, growth phase.

"These adjustments will be

more in the political field but could have a sharp impact on the economic outlook."

The bureau said real fixed investment in private housing would drop by 17 percent this year after last year's 19 percent decline. That would bring investment in 1986 back to 1980 levels.

Positive factors on the housing front are the improved cash-flow position of building societies and the downtrend in mortgage rates which make home-ownership easier. But these are overwhelmed by negative forces such as:

- Heavier fringe benefits tax on housing subsidies from April and the impending Building Societies Act will push up the effective cost of home financing.
- Despite the reductions in bond rates, individuals' real after-tax income will decline, making housing more difficult to afford.
- An oversupply of homes — aggravated by reduced immigration — has developed in cer-

tain brackets.

● With high unemployment, domestic political unrest, overseas political pressure and the lack of consumer confidence "it is rather difficult to convince individuals to invest in housing — particularly first-time homeowners".

The bureau says house prices are under minimal upward pressure and the house price index has been stable for nearly two years.

"Lower interest rates should stimulate demand so that we can expect an upward trend early in 1986," it said.

In the public sector, official programmes to provide low-cost homes and to alleviate unemployment should see an increase of more than 10 percent in public authorities' fixed investment on housing but the recession, lack of overseas finance and high interest rates will see a continued decline in housing investment by public corporations.

Argus 7/1/86 (32)

CONSTRUCTION

Builders in dire straits — BER

The Argus Financial Staff SURVIVAL is builders' prime objective amid deep economic and political gloom, says the Stellenbosch Bureau for Economic Research.

In its Building Survey today the bureau says builders are in dire straits and will have to become more productive to live through the present depression.

Overall building plans fell in value terms by 20 percent year-on-year in the first eight months of 1985 — a further indication of depressed building activity in the first and second quarters of 1986, says the bureau.

Contractors in the Western Cape — as elsewhere — complain both the residential and non-residential markets are experiencing very poor business conditions as a result of low work volumes and stiff tendering competition.

And they see no improvement in the current quarter.

It says: "We cannot foresee domestic demand improving much in 1986 as a result of the impact of low confidence levels, unutilised manufacturing capacity and pressure on household finances and company profits."

BER forecasts that real fixed in-

vestment in private housing will drop by 17 percent this year after last year's 19 percent decline. This, it says, will bring investment in 1986 back to 1980 levels.

● House prices are under minimal upward pressure and the bureau's house price index has been stable for nearly two years. "Lower interest rates should stimulate demand so that we can expect an upward trend early in 1986," it says.

● In the public sector, official programmes to provide low-cost homes and to alleviate unemployment should see an increase of more than 10 percent in public authorities' fixed investment on housing.

But recession, the lack of overseas finance and high interest rates will see a continued decline in housing investment by public corporations.

On non-residential prospects, BER says the short term looks bleak but substantial growth in investment will take place in the rest of the decade. Background factors include:

● An upswing anticipated to last from late 1986 to 1989, although because of the adverse political environment it will "probably be rather mild".

● Impact of privatisation of public services.

● Possible removal of laws such as the Group Areas Act which would create new demands on space.

Contracting base

Accused by members of painting too gloomy a picture, SA Federation of Civil Engineering Contractors (Safcec) executive director Kees Lagaay left it to his critics to prepare the first quarter report for the current year.

He makes no comment, but eight graphs based on returns from 125 companies accounting for 55% of total civil engineering output in SA tell the story.

They confirm that Lagaay's analysis was not far wrong: about 60% of firms described the tempo of construction work in the first three months to be quiet or very quiet, and nearly 40% expect the rate of activity in the second quarter to be even slower.

Not one firm says the value of new contracts awarded in the first quarter of the year was high, and none of them considered tender prices to be good or even reasonable.

Lagaay says the civil engineering sector is peculiarly dependent on government: more than 70% of its contracts were paid for by public spending.

"It's difficult to see how money can be found in current circumstances to revitalise the industry," he says. "And it's difficult to plan ahead as government does not think beyond the end of the current financial

year."

The industry has been badly hit by inflation, with materials costs rising 20% in 1985 and wages rising in line with Safcec's minimum wage schedule, giving some 17% increase in the year to March.

Safcec president Ron McClennan says there are no hopeful signs in the short term, but he hopes black housing construction will help the industry in the longer term.

He says the industry is operating at "suicidal" profit margins and will have to change. "Prices must go up or companies will go to

the wall."

Employment in the industry has declined from a peak of 130 000 in 1982 to 100 000 last year, and 88 000 at the last count in February.

Con Roux Construction CE Con Roux, an immediate past president of Safcec, says privatisation could provide an answer to the industry's problems. Government has already promised extensive privatisation of road building and maintenance and Roux hopes this will be extended to the Department of Water Affairs so that the private sector could build more dams.

And he echoes McClennan's plea for more infrastructural investment, particularly through the building of more sophisticated black townships.

(32) BU-S DAY 15/11/86

'Buy, build and sell' is Field's formula

MURRAY & Roberts Properties expects to do R100m of property developments this year. The person responsible for the operation is executive chairman Eric Field, who sees his work as part of a much wider picture.

Although the company's prime motivation is to make a profit in its own right, it also tries to generate as many opportunities as it can for the group's other divisions. It is a major creator of work for the construction sub-group, for example.

"Buy, build and sell" is Field's formula for successful property development, stressing that M & R Properties are developers, not owners.

"I see us fulfilling a vital role in relation to the institutions," he says, again slotting the organisation into a broader context. "We create a product they're seeking — their need is to acquire meaningful investments and we create those investments."

He maintains good relationships with the major institutions and is anxious to dispel the perception held by some that the company is a subsidiary of Sanlam.

Sanlam has a minority shareholdings — less than 10% — but the myth has created reservation in the minds of some other institutions about dealing with M & R.

"Our relationship with Sanlam is certainly not a control situation," he says.

Field's brief is as broad as he wants it to be, and he's prepared to look at any aspect of property development in Southern Africa. He believes M & R Properties is the only non-institutional developer as widely based as this.

The portfolio covers shopping centres, office buildings and factories and



□ M & R PROPERTIES' ERIC FIELD

residential projects — in fact, the only areas in which the company has not been successful to a marked degree is the development of nursing homes, private hospitals and hotels.

The medical field, in particular, requires specialist expertise and sources of finance which are limited at the moment.

Timeshare, too, is an area which Field has avoided, considering it too specialised for a general property practitioner to handle.

He advises prospective timeshare

owners that there are far more charlatans than genuine operators in this industry.

Field is a low-profile, taciturn man, he talks easily about his work and current projects. He's excited about the Durban Workshop speciality centre, which is, he says, attracting phenomenal interest.

But there's always something else to move on to in this game. M & R Properties recently acquired a 50% interest in Retail International, co-developers of the Durban centre and partner in a number of other joint ventures.

Field revealed that the partnership is about to embark on a shopping centre development in Edenvale, near Johannesburg, with Pick 'n Pay as a major tenant and several other nationals as additional anchors.

Also off the launching pad soon is an office development in Rosebank and some small industrial units at Rosslyn, outside Pretoria.

A shopping centre in Mossel Bay is almost a certainty and the revamping of a hotel there is already underway.

Work apart, Field attaches a lot of importance to physical fitness and, in keeping with the modern executive trend, goes to gym five times a week.

His long-standing interest in sport is backed by a 30-year association with the Wanderers Club.

RUS DIA 21/1/86 (244)

Fuel levy helps civil engineers

32

JANE STRACHAN

THE 5c/l fuel levy increase last year for the National Road Fund enabled the National Transport Commission to award civil engineering contracts worth R315m.

The industry as a whole, however, took a battering last year with a likely further decline still to come.

The 30 NTC contracts recorded by the SA Federation of Civil Engineering Contractors (Safcec) were more than in previous years, but other big clients, notably Sats and Escom, awarded much less work last year than in 1984.

In money terms the 1985 total was about 6% below that of the year before. Severity of the prolonged downswing is illustrated by the drop in the industry's workforce which, according to Safcec, fell from 125 000 in 1981 to 89 000 in November 1985.

This loss of 36 000 jobs represents nearly 30% of the 1981 labour force.

Safcec adds that the continuing highly-competitive conditions point to more hard times this year.

City builders get their R17-million slice

By TOM HOOD, Property Editor

THE work-starved Cape building industry received a multimillion-rand boost today when the go-ahead was given to build a 12-storey office block and shopping complex in central Cape Town.

The award of the R17-million building contract to Group Five Building R.H. Morris (Cape) was announced by the Natal Building Society.

Work on the project, which totals

DRGUS 24/1/86
32
R20-million, is due to start on the old Waldorf site in St Georges Street, within the next 10 days, said Mr Kingsley Loney, Cape regional manager of the NBS. Completion is scheduled for the end of October next year.

Competition for the contract was keen with seven companies tendering for the work, the city's only big project on the drawing board.

The highest tender was R18,5-million and the lowest, R17-million, won

the award.

The building will contain a ground floor shopping mall, four parking levels and seven floors of offices. Two floors will be taken by the NBS and five floors of offices will be let.

Mr Loney said he is confident the society will be able to let the five floors. He predicted that by the time the building was completed prime office accommodation "will be at a considerable premium".

Education system 'to blame for lack of skills'

ECONOMIC development has been retarded by neglect of human resources, the conference was told yesterday.

In his keynote address, Andre Spier, executive director of Synergy and Communication (Syncom), castigated the education system which, he said, "pushed students through without skills and produced thousands of frustrated matriculants every year".

Industrial Staff

He said there were five rules for economic development — deregulate, privatise, benefit, educate and innovate.

"The SA economy is strangled by regulations and bureaucracy. For the past four years, SA has been deteriorating through gross economic and political mismanagement. We must deregulate and government must get out of

all areas where it doesn't belong."

He said the first areas for privatisation should not necessarily be the Escoms and the Iscor. Privatisation could mean instead of LTA building townships, the people built them instead.

Education and health care should also be turned over to the private sector.

"It is cheaper for government

to subsidise the individual than to support the bureaucratic structure around these areas."

Deregulation was not possible overnight, as drastic structural changes could force some companies to shut down, but it should be phased in over a given number of years.

The quality of education must be improved and, above all, SA must innovate.

MBA meeting hits at price-fixing

Monopolies blamed for soaring building costs

MONOPOLIES and price-fixing in some sections of the building manufacturing industry have been held responsible for an "astronomical" increase in the cost of building materials.

Chris Kreunen, outgoing president of the Pretoria Master Builders' Association (MBA), said it was no secret that some sections of the building manufacturing industry were virtually controlled by monopolies.

Kreunen spoke at the organisation's annual meeting on Friday.

Last year at a time when contractors were fighting for survival, cutting their margins to virtually nothing, prices rose astronomically, he said.

JANE STRACHAN

"In the instance of soft floor coverings we had price increases, in some cases of 60% for the period December 1984 to December 1985, and in one particular case another increase of 25% in January 1986."

In Kreunen's opinion the problem lay with monopolies and price-fixing and a serious attempt must be made to stimulate free competition.

In so far as the Competition Board's investigation into trading and tendering practices was concerned, Kreunen noted it could lead to the abolition or amendment of certain by-laws and conditions that had operated for years. He expressed the hope that principles underlying the existing rules

would be retained to ensure equity in tendering. Tendering rules of the Building Industries Federation of SA (Bifesa) have been a contentious issue for some time.

Referring to the recession's effect on the building industry in Pretoria, he believed that as far as the amount of work was concerned, the problem was not as severe there as in other centres, but MBA members had contended with builders from other areas taking a large share of work. His impression now, however, was that Pretoria members got their houses in order, increased efficiency and productivity and were now taking most of available work. The Pretoria MBA's new president is Neels de Jong.

B&S D&Y
17/2/86
33

inagot 307 00 314222 In de...

Economics Staff

GILT market deals will soon go through much more smoothly. Banks and the JSE are jointly working out a better method to clear and settle transactions.

The closer co-operation comes after talks with the Registrar of Financial Institutions.

The banks' involvement will be through a company likely to be named the SA Settlement House (SASH).

SASH and the JSE will appoint a joint technical sub-committee to recommend as soon as possible a practical interface between the JSE Gilt Clearing House and SASH.

This way output of the JSE gilt clearing house will form the basis of

Extra wheat could cost R100m

THE cost of importing 300 000 tons of wheat could cost the country more than R100m.

There are doubts whether government will approve the imports because of the cost, say Wheat Board officials.

The current season from October 1985 to September 1986 is expected to

Banks and JSE talk on gilt market

cash payment and scrip delivery for deals settled through the JSE gilt clearing house.

The present method of dealing in gilts is not affected by these decisions. SASH plans to extend its activities in due course to act as a depository for scrip and as a settlement mechanism for other types of financial transactions.

Business Day Reporter

Yield a crop of only 1,576-million tons. A board spokesman says the 1984-85 season had seen a total crop of 2,2-million tons.

Estimated annual consumption is 2-million tons, the board has reserves of 720 000. A carry-over of 300 000 tons is required.

B&S D&Y
17/2/86

and squa... 000 2

Construction industry hit by Escom cutback

By Frank Jeans

The recent announcement by Escom that it was pruning R700 million a year from its costs over the next five years was welcome news for the consumer, but for the troubled construction industry it was a severe blow.

To make a saving of that order the commission must hold back on some capital projects.

There is even a possibility that work on the huge Majuba power station could be further deferred.

Majuba, a major development in South Africa's power network, was shelved for two years in October, 1984 — a blow for construction companies eagerly awaiting a share of the then R3,4 billion total contract value.

The Majuba "freeze" was due to be lifted at the end of this year and construction men were expecting the go-ahead for a massive spread of work which, in today's terms, could have reached the R4 billion mark.

Now, however, there is the chance that the Majuba contract will be put back on ice again.

At the Press conference to announce Escom's plans, Mr Ian McRae, senior general manager of the commission said: "With demand for power down and our overseas borrowings cut from a projected R4 billion to R3 billion, Majuba could be deferred further."

Mr McRae emphasised, however, that no final decision on Majuba or any other Escom project had been made and said the commission was negotiating with contractors and suppliers in order to establish the feasibility and implications of further deferments of the generation expansion programme.

Escom is obviously being careful not to overreact to pressures to curtail long-term expansion plans, particularly during a severe recession.

A shortage of generating capacity, it should be remembered, would seriously damage future growth of the country.

A contractor who was very much in contention for the Majuba job in 1984, says: "If Majuba is halted again, the industry will be plunged further into the depths of despair."

STAR

18/2/86

32

19/2/86.
 BUD DAY
 32
**Abercom swings
 back into profit**

STEPHEN ROGERS

ABERCOM, the Sanlam-controlled engineering group, has swung back into profit to report earnings of 17c a share (loss 46c) for the six months to December.

However, earnings from continued operations fell to 18c a share against the previous year's interim earnings of 23c.

A loss of R308 000 was recorded by discontinued operations — due to the sale of the group's Techniform subsidiary — which reduced overall earnings a share by 1c.

The dividend was maintained at 6c a share.

The number of shares in issue (average) was reduced from 21,5-million to 20,3-million due to the elimination of a staff share purchase scheme.

Chairman Peter Herbert says the group should perform better in the second half and, given no significant changes in the exchange rate, attributable earnings for the year should equal last year's earnings on continued operations of R11,4m.

This puts the share on a high prospective earnings yield of 23,8% and — with an expected dividend cover of three times — a dividend yield of 7,9%.

Turnover rose 40% from R89,1m to R126,6m, with overseas operations accounting for about 65% of turnover and local operations the remaining 35%.

However, the increase was due in part to the consolidation of US acquisition Sturtevant results and the fall in the rand during the period under review.

Herbert estimates that the local plants are currently operating at about 50%-70% of production capacity.

With operating margins down to a low 4,4% (5,1%) operating profits increased 22% to R5,6m (R4,6m), and with net interest turning from a positive R296 000 to a negative R1,7m — due mainly to an increase in borrowings to finance the Sturtevant acquisition — pre-tax income fell from R4,9m to R3,9m.

The increased borrowing has lifted gearing from 42% to 54%.

A tax bill of R101 000 (R35 000) left taxed profits standing at R3,8m (R4,8m).

The loss on the sale of Techniform reduced taxed and attributable profits on total operations to R3,5m.

After falling to a low of 120c last year the share has almost doubled to presently stand at 235c.

At long last the worst may be behind the group, and the high-risk profile of the share seems to have been substantially reduced.

the same time, they are fuelling industry speculation about Ford's position. The Escort will be replaced by the Laser amid industry sniping that it's merely a re-badged Mazda 323. And rolling out a new Sierra later this year fuels the debate on whether Samcor can afford to produce two medium-size cars in the current climate.

Meanwhile, plans to sink Ford's remaining Port Elizabeth assembly operation into Samcor's Silverton works are well advanced.

Quick rationalisation

Struandale's intended closure, stresses Halstead, "was not planned at the time of the merger." Forecasts for 1985 indicated Ford would need Struandale's capacity — but that was before a further slump hit the motor market. "Given the sharp downturn in the South African economy, it was essential to complete the re-organisation as quickly as possible," says Halstead.

Samcor's labour bill, for example, will be halved as a result of the closure of the Neave and Struandale assembly plants.

Another problem is raised by speculation that Mitsubishi is re-thinking its position in SA, causing friction in the Samcor partnership. But Halstead scotches this, saying: "One reason why the merger announcement was delayed until May was to enable Samcor to be absolutely sure of its three source products."

He adds that Ford has received no signals that Mitsubishi does not intend to fulfil its commitment in Samcor. In fact, says Halstead, "they were disappointed that we elected not to produce Mitsubishi cars in SA."

Ford's own stance on disinvestment remains unchanged. "If there were no hope of being successful in SA then the decision to withdraw would be simple. But this is not the case," says Halstead.

He says political pressure alone would not cause Ford to quit SA. "That sort of kudos doesn't buy you much," he adds. ■

MACSTEEL

Westward ho

South African steel merchant and investment group, Macsteel, is set to increase its portfolio of American companies with the takeover of Californian flat-rolled steel-maker Capitol Metals.

Capitol's 1985 turnover was \$100m, but profits have been low as a result of heavy capital investment in new rolling equipment, worth around \$15m. With no way of easing the financial burden, Capitol's owners approached Macsteel's American subsidiary, Ferro Union, with takeover proposals a few weeks ago.

"We're still waiting for our US office to telex through Capitol's numbers," Macsteel deputy chairman Jack Gerber tells the FM. "But it's a yes-in-principle." He adds that Capitol has the only pickling line, used to remove surface scale from steel, on the West

Coast.

Following the precedent set in Macsteel's previous American acquisitions, Ferro Union will use its asset base to avoid buying into the US with low rands.

Macsteel recently bought American tube-maker California Steel & Tube (CST), which produces around 40 000 t of welded mechanical tubing a year. CST's 1984 turnover was \$24m (*Business* November 8).

In the current climate any joint US-SA venture lays itself open to political sniping from both sides. On one side, Macsteel could be seen to be diluting its commitment to SA by expanding in the US. And on the other, San Francisco, where Capitol has an office, recently announced it would not do business with any company connected with SA.

Capitol's ownership has been choppy. Originally a family-owned company, it was sold to Dutch steelmaker Hoogovens who later sold back a slice to the original owners.

It is unlikely that more South African steel will find its way into the US as a result of the takeover. Exports from this country were fixed at 0.42% of US steel consumption — around 580 000 t — after President Reagan secured "voluntary" restraint agreements with steel exporting nations in 1984. ■

CONSTRUCTION

Into black areas

There could be truth in the old adage which holds that when one door closes another opens. Residential building activity in the white market is at a low ebb, but new opportunities are presenting themselves in the field of black housing.

Amalgamated Construction (AC), a subsidiary of Murray & Roberts, has embarked on a township development at Umlazi, near Durban, which it claims is the largest project ever undertaken by private contractors in a black area.

Contractors have, of course, been chipping away at the black housing market, but as the maze of bureaucratic red tape has been peeled back they have stepped up their involvement.

In the course of the year AC will be bringing 1 003 houses to the market in Umlazi. Prices will range from R20 000 to R34 000 and the first 10 show houses have already been completed. They are being sold on the deed of grant system of tenure and, apparently, there is a waiting list of buyers.

Another entrant into the black housing market in Natal, Alan Michell of Delene Investments (DI), a company jointly owned by the Stocks and Stocks group, says he has access to 1 500 building stands in both Umlazi and KwaMashu. The company hands over its first house at the end of February and is planning to complete around 30 houses a month thereafter.

Michell says DI is building more "up-market" than its competitors. Its houses will sell in the R30 000-R70 000 range and will

be aimed mainly at subsidised buyers in the civil service.

Building societies, among them SA Perm and NBS, have already agreed to put up the necessary bond finance. There are, however, some risks attached. While the societies are in agreement that amendments made to the deed-of-grant and 99-year leasehold make them an acceptable form of tenure to lend on, they have not yet been indemnified against the political risk of lending in a black homeland area.

Tim Hart, director of the Association of Building Societies, says the terms of the indemnity have been agreed by government. All that remains is for the individual societies to be served with the document. That he expects to be done in a matter of weeks.

Mike O'Donovan, AC's development manager, says he has been greatly encouraged by the initial response. "For the first time, contractors are involving themselves in white residential-type development in black areas. This represents a long term commitment by contractors to this market."

DI's Michell agrees. He says the market potential is enormous but red tape still presents a problem. It took him 18 months of negotiations with township authorities, the KwaZulu government and the Department of Development Aid before he could get the necessary approvals to make a start. "It's a whole new ball game," he says.

Other developers are no doubt keen to get into the black housing market but, as Michell points out, because of the logistical problems they will have to overcome they are "far behind." ■

US DUMPING

All clear

Macdem subsidiary McKechnie Brothers has successfully defended itself against charges of dumping in the US. But victory in the 11-month action has not come cheaply — the South African non-ferrous products manufacturer estimates its expenses at some R500 000.

The charges were laid by McKechnie's US competitors and financed by an association of US copper and brass manufacturers. The investigation by the US Department of Commerce involved on-the-spot examinations by American government verification teams.

The action was started at a time of increasing protectionist moves in the US to shore up local markets against foreign imports, protecting local industry.

McKechnie group executive chairman Murray Coutts-Trotter tells the FM: "This represented an all-out attack by the protectionist lobby. If it had succeeded it would have had the effect of excluding all similar products from any South African manufacturer from the US market."

The Americans tried to show that McKechnie received numerous government subsidies, including beneficiation allowances

sunrise finance

Giving construction a big lift

By Frank Jeans

If the ailing construction industry needs some upliftment in the face of plunging work volumes, Harold Johnson might well have a message so far as future prospects are concerned.

His crane hire operation is now the biggest in the country following the recent takeover of the South African arm of the British-based Grayston group — a deal which has created a combined fleet of 260 cranes with a replacement value of R100 million.

And with Johnson Crane Hire now projecting a R30 million a year turnover, that adds up to a lot of crane work for construction men.

Based on that figure, Harold Johnson sees construction making a gradual pull-back out of the slump and the best signs possible are there — a 50 per cent increase in the number of daily inquiries about crane work since the end of last year.

"There is no doubt the industry is still battling," he says, "but the fact that we have a 70 per cent crane-hire utilisation in the Transvaal and 100 per cent in the Cape is encouraging.

"All we need now is the support from the politicians."

Acquisitions

A former navy man, Harold Johnson thought plant hire was something to do with market gardening when he went into the business back in 1969 but as it turned out, he was no greenhorn when it came to the business.

Ten years ago he branched out to form Johnson Crane Hire and was soon to gobble up Leason-Armeac which Johnson had

helped establish and which was then in the Messina fold.

Within two years he was on the acquisition trail again and in a R4 million deal, the South African operation of the International Greenhams group came under the Johnson banner.

Now, with Grayston "getting it up for Johnson", too, the company has the major crane market share, with only Atlas in Germiston and Dawes of Alberton the main Transvaal competitors.

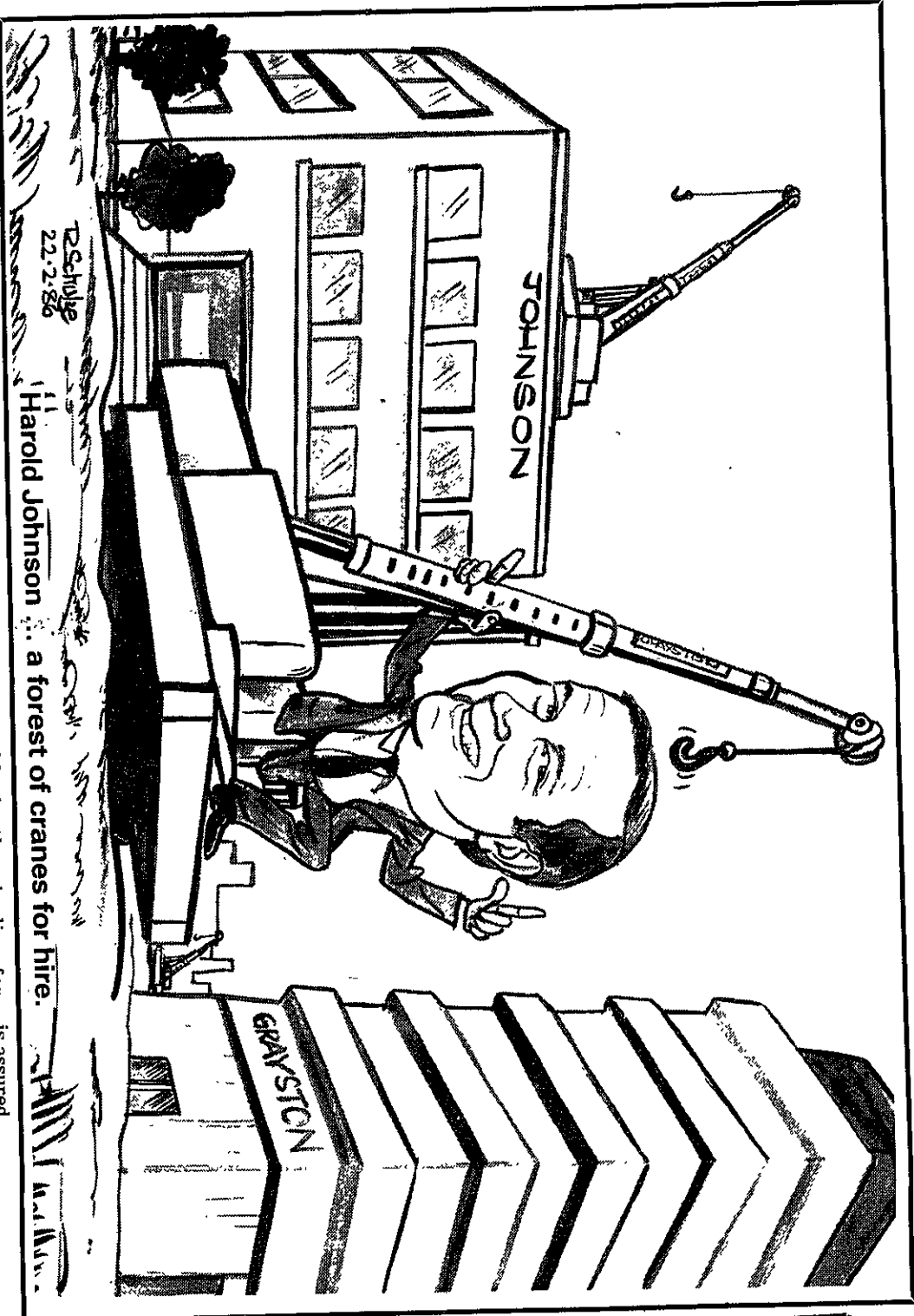
While Harold Johnson foresees full crane utilisation translated into better times for construction and, of course, personal profit growth, there is no doubt that the crane business, like all other ancillary industries of construction, has felt the brunt of recession.

Contractors forced into cut-throat tendering in these times, have no option but to cut back, for instance, on crane hire.

"And with this business so capital intensive, particularly from the point of view of costly imported parts, not to mention a 45 per cent rise in the fuel price, crane operators have reached breaking point," says Johnson.

"So far as the Grayston deal is concerned, it all comes down to economies of scale. I can now put out equipment so as to contain costs."

Some indication of the capital outlay involved in cranes is seen in the "big one" of the Johnson fleet, the Krupp 600-tonner which the company imported in late 1984 at a cost of R2,5 million. Today, because of the lower rand exchange rate and general inflation, the price has rebelled to about R6 million.



Harold Johnson ... a forest of cranes for hire.

Harold Johnson's confidence in the long-term is also seen in his plans for the massive Mossel Bay offshore oil project.

With a touch of clairvoyance he bought prime property there at a giveaway price at the first hint of an oil search and now he

is ready to capitalise when the project gets under way.

He and a consortium of other plant companies will set up a nest of cranes, compactors, compressors and earthmoving equipment ready to meet the demands of the infrastructure contracts at Mossel Bay, which are

probably in the pipeline for later this year.

One way or the other then, Harold Johnson and his cranes look set to help lift construction out of its doldrums and certainly, apart from the Mossel Bay venture, a lucrative hire market

is assured.

The cost of owning a crane is far too excessive for many companies today and there is little doubt that South Africa must eventually follow the trend in Europe where an estimated 80 per cent of capital equipment is hired for the job.

PROPERTY

GOVERNMENT'S subsidy for first-time home-buyers is pegged to a construction price level which, for whites, is becoming increasingly unrealistic.

The 33,3% subsidy on interest is paid to any buyer purchasing a home which has not been occupied before and where the construction cost is no more than R40 000.

Although homes are still available at this level, it is unlikely — particularly for whites — that they will be for much longer.

Costs of building materials have risen considerably in the past year or two — some say by more than 1% a month — and many builders, in an effort to keep their tender prices down to win contracts, have been absorbing a lot of the extra.

They cannot continue to do this, and it is likely that this year — presuming the residential market eases a little — construction costs will have to be passed on.

In addition to this, material prices will also no doubt continue their upward climb.

Some builders — such as Bellandia in the Cape and Vista on the East Rand — are taking large-scale advantage of the subsidy facility while they still can, but concern is being expressed in the industry that they cannot continue to build for R40 000 or less.

In the black, Indian and coloured markets there appears to be less of a problem, as cheaper core-type houses are more common.

It seems there are no plans to change the R40 000 ceiling. The scheme was first introduced in June 1983, when a 20% subsidy on interest was payable. In April last year, this went up to the current 33,3%.

Although initial response was sluggish — probably partly due to lack of knowledge — a government representative says numerous applications are now being received.

Any recent slowing-down in applications could well be attributed to changes in the scheme's administration.

Business Day's attempts to establish the current state of affairs were bogged down by tri-cameral quadruplication: it would be a particularly persistent applicant who persevered all the way.

In October last year, the Department of Public Works and Land Affairs handed over most of the paper-

Builders ³² struggle to keep within subsidy limit

*Bus DAY
26/2/86*

work to the white, coloured and Indian administrations and, for blacks, the Department of Constitutional Development and Planning.

Public Works, which still deals with parts of the subsidy scheme, can't give figures for subsidies granted to date.

However, a representative of the white Department of Local Government, Housing and Works notes that the scheme is "very popular," with that office receiving 30 to 40 calls and numerous letters every day from all over the country.

She comments that there appears to be no plans to raise the R40 000 ceiling, adding that this is sometimes brought up by applicants.

The Indian House of Delegates processes about 100 applications a month, but expects this number to increase. The average subsidy is around R140.

A representative says the condi-

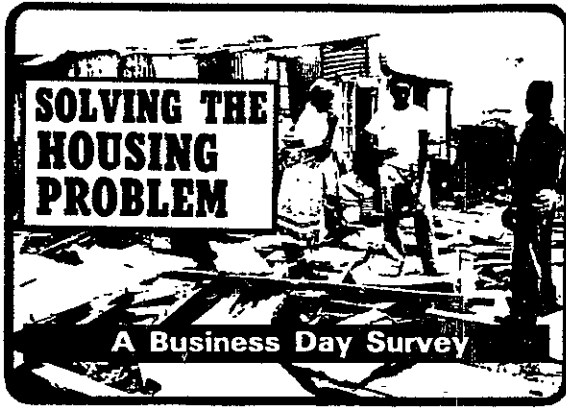
tions of the scheme are prescribed by the Treasury and any changes would have to go through the Minister of Finance. Hence alteration would be difficult.

However, as far as he is concerned, builders are having no problem in building for less than R40 000. He knows contractors who are prepared to build a basic, three-bedroomed home for as little as R19 000.

At the Coloured House of Representatives, an average of about 20 subsidies a month are being granted, with the total since the scheme's inception now standing at 346.

The average amount paid to each "customer" is R100, while the maximum allowable — as with all race groups of applicants — is R193 on a R40 000 bond, where the monthly repayment would be about R600.

The Department of Constitutional Development and Planning was unable to give figures.



Edited by Matthew White

Housing SA's masses demands higher priority

MATTHEW WHITE, Surveys Editor

SOUTH AFRICA faces problems on so many fronts that the housing crisis is not getting the attention it deserves.

For political, economic and humanitarian reasons, housing should be given far higher priority than it is currently accorded.

Estimates vary, but the current housing backlog is probably not less than 400 000 units, and to close the gap by the end of this century, about 250 000 units a year need to be built.

There is no doubt that, physically, this can be achieved. Given political and economic stability, the use of appropriate technology and abundant labour could see virtually everyone adequately housed, by Third World standards, with only one other proviso: that there is meaningful deregulation.

The housing problem has, like the economy, both Third and First World components.

Middle class

For the rapidly growing middle class, which includes most whites and an increasing number of blacks, coloureds and Asians, the problem is that the price of housing is increasing faster than their income. Saving the necessary deposit for a home of one's own is, in these inflationary times, like trying to run up a down escalator while carrying a heavy backpack.

Most urban blacks may wish they had such problems. For them the housing problem is much more basic: merely having a shelter they can call their own and the amenities others take for granted is as yet an unrealised dream.

For many years government itself accepted the responsibility for providing urban black housing. This was, quite evidently, not because it saw it as a duty to those in need of such housing, but because it mistakenly believed that by controlling the supply and quality of housing it could reverse the flow of people from the rural areas into the city.

Now that the impossi-

bility of this Verwoerdian scheme has been demonstrated, government has tried to shrug off the problem — largely onto the private sector, which also doesn't want the responsibility, particularly when its hands are still tied by apartheid legislation.

While government has moved towards liberalising its previously rigid attitudes on such matters as freehold rights resale of property, it remains the arbiter of what land it will provide services for and allow to be developed for housing.

Vital area

The supply of serviced land is hopelessly inadequate. If the private sector is to become more meaningfully involved, it must be allowed access to this vital area.

Government must also go further along the road to changing legislation that discourages black home ownership. Its vaunted 99-year leasehold scheme has been a crashing failure as was shown by the flop of the "great sale" of 500 000 State-owned properties. Announced with great fanfare in 1983, fewer than 8% have been sold to date.

Deregulation must also be applied to the type of housing permitted. Much more emphasis needs to be placed on unconventional methods and materials, especially those which the people themselves can use to build their own homes.

Industrialised building methods can demonstrate enormous savings over conventional brick-and-mortar construction, but there are still many barriers to the implementation of such systems. Local authorities have the power to refuse to permit certain buildings even after they have received Agreement Board certification on grounds of "aesthetics" on which there is no agreed standard.

Major role

The local authorities clearly have a duty to existing property owners to ensure minimum standards are met. However,

there needs to be a greater awareness of the benefits of new methods and an education programme to eradicate the prejudice against them that is apparent among many municipal officials.

While new methods and materials can play a major role in helping to solve the housing problem, they are still far too costly for a large part of the population.

If a real dent is to be made in the housing backlog, far greater opportunities must be provided for people to build their own houses. That this can be done while maintaining adequate health and safety standards has been

proved in many areas of Africa.

Utilising the natural desire of all people to improve their own circumstances will contribute more than any other factor to solving the housing problem. People have, after all, been building their own homes for millennia and, while many urban people may have lost these skills, the re-acquisition of them will provide a spin-off that will benefit first the informal sector, and then the country at large.

The housing problem, in fact, has the potential to provide SA with a labour-intensive pool of activity that could provide the basis for a vast social upliftment.

UNLESS deregulation, coupled with lower but acceptable realistic standards of accommodation, is established quickly, the low-cost housing problem may never be resolved, says Don Goodey, MD of LTA Building Projects, a private-sector company deeply involved in providing mass housing societies and other financial institutions, could cope with the demand for home ownership provided the bureaucratic procedures that delay and frustrate housing development could be simplified.

Important

The private sector has an important and growing role to play in solving the problem, he says, and his company is already committed to developing affordable homes for black, coloured and Asian communities.

Private sector developers are providing homes for sale to these communities and their role is to: Establish the needs and affordability of people within the community, select suitable locations for the homes and strive for the co-operation of the local and central government authority;

Provide serviced stands within an economic township design with the bulk services and in-

frastructure provided eventually by government; In conjunction with the community leaders, design homes based upon homeowners' needs and affordability; and Provide the necessary capital resources to undertake the construction of the housing units and provide guaranteed home loans for the homeowner.

"It is important the developer provides a 'one stop' service enabling the homeowner to be guided through loan application



LTA's Goodey: urges one-stop service

frastructure provided eventually by government;

In conjunction with the community leaders, design homes based upon homeowners' needs and affordability; and

Provide the necessary capital resources to undertake the construction of the housing units and provide guaranteed home loans for the homeowner.

"It is important the developer provides a 'one stop' service enabling the homeowner to be guided through loan application

procedures and the myriad controls and red tape set up by bureaucracy," says Goodey.

"LTA Building Projects believes local business-people should identify with the development of housing projects within their community.

"With this in mind LTA, with development partner Comat, has entered into joint development housing schemes with Asian partners in Tongaat and Durban, AD&CH, a black-controlled company for black housing, in Welkom, Kroonstad and Tembisa, and we are investigating housing in Ennerdale and other areas with members of the coloured community.

"I do not accept that the housing problem is entirely one of inadequate finance, lack of resources and land shortage.

"I believe the low-cost housing problem will be resolved only by the informal sector together with self-help schemes where people are assisted by government to be able to provide housing for themselves."

Red tape and conmen are among major problems

HOME ownership for blacks has not worked, according to Allied Building Society senior GM Geoff Bowker.

This is despite the fact that enlightened employers of black labour have already helped to arrange housing and bonds for their staff, and efforts to

bring about an education programme for blacks.

Employees can try to get help from their company personnel department, to organise a loan or a guarantee.

"The difficulty is getting the message through to lower echelon workers who have no understand-

ing of home ownership. Black clerical staff ask for bonds. Often it costs them more to own a property than to pay rent.

"The whole story crystallised in the lack of success of the big sale when 500 000 units were up for sale and only 38 000 were sold.

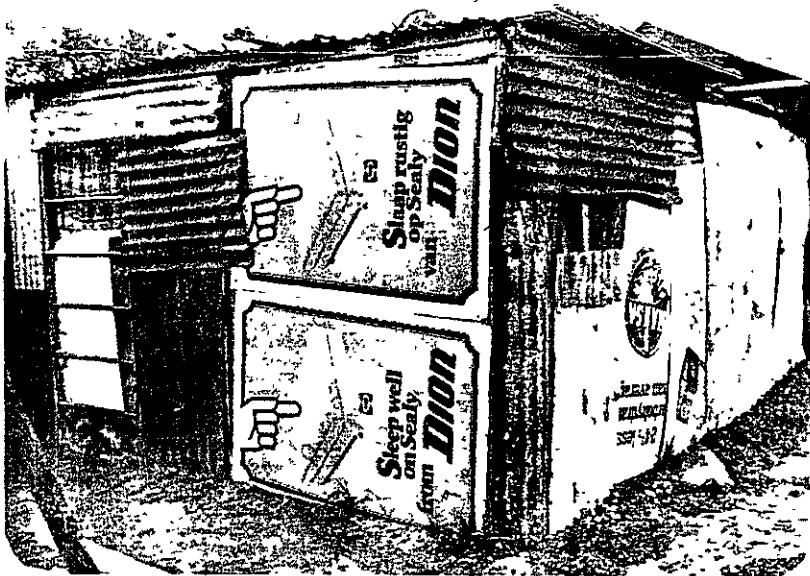
"The Urban Foundation, building societies and everyone else tried to help by producing booklets and contacting employers. Our staff were trained to answer queries about 99-year leasehold, but there are no enquiries.

"There is a tragic lack of home ownership for blacks. Our job is to uplift standards, meet housing needs, improve shells by adding ceilings and sanitation but there is always a level below which we cannot go, a strata of lower-level labourers who will never attain home ownership.

"If a black wants to own a home, he has to have a site allocated to him. Then he goes to the administration board for provisional right of leasehold. He then brings plans and quotes to us and we have the property investigated. If everything is in order, the provisional grant falls away and he gets a permanent grant.

"But there is red tape and bureaucracy and if an official decides he wants to see the bond first, the runaround starts, because it does not work that way. It is an educational problem for everyone, not just the man concerned.

"What is criminal — and cases do exist — is when conmen get the undeducated to sign papers they do not understand, and then the complications get messy. It is not surprising that many blacks feel it is a big swindle, or not worth the hassle, and just do not make an effort to own a home."



Shacks like this, without even the ironic humour of the hoardings, proliferate throughout SA. The lack of proper service makes them a health hazard. Despite this, the structure has been put together with some skill — there is even a window. Properly encouraged, the owner could no doubt build a house that, besides meeting basic standards of health safety, would be a far more comfortable habitation and a source of pride.

THE Cape Divisational Council (Divco) is establishing an experimental housing village at Belhar township on the Cape Flats aimed at promoting the concept of self-help housing.

Forty plots have been set aside for the project, which is also to be used to encourage innovative

Experimental village

construction methods and ideas with a view to developing suitable permanent affordable self-help housing for the lower income group.

"We are wide open to ideas and anything inno-

vative that will lead to a reduction in building costs," says a spokesman for Divco.

Official controls and guidelines will be completely flexible. The only ground rule is that any

proposed dwelling must be suitable for incremental development as well as for use within the framework of the self-help concept.

Interested parties are invited to contact the engineer in charge of Divco's housing development branch (Telephone: (021) 733120/1/2).

NEWS from the Building Industries Federation of SA (Bifsa) is that the housing market is not expected to improve until the second half of 1986.

Low personal finances and high bonds will curtail any short-term improvement regardless of the fact that credit finance is becoming more freely available.

Informal

A late housing recovery bodes ill for the public in the future: An upturn will bring a sharp increase in prices because the industry will be so debilitated: materials will be costly and wage levels will be high. And the population will keep expanding ... forcing up prices of existing accommodation.

During the year a bridge was built between Bifsa and the informal sector by way of numerous meetings with small

Late recovery bodes ill for the public

32
SEAR
27/2/86
Bw DAY supp

building contractors, South Africans of all small business entrepreneurs and influential members of the black building community from Alexandra to Soweto.

As a result a Bifsa brochure has been produced and distributed amongst the black population giving valuable advice regarding their housing needs and covering such diverse subject as land surveying requirements, finance, simple contract procedure and 99-year lease administration.

Augmenting the efforts of the building industry as we know it, will be those

While it may relieve many Bifsa members from the irritation of influx control as it affects many of their workers, considerable competition for the organised industry could be posed by building workers of other race groups who would be free of the restrictions of working in group areas other than as a registered employee.

By Frank Jeans

More black jobs could be lost if the Government's minimum wage increase for construction workers is not matched by some help for the contractors who have to meet the bill.

This is the view of Mr Ed Wilson, managing Director of CMGM (North), part of Group Five

Speaking at the opening of the Postmasburg sewerage works in the northern Cape, Mr Wilson said: "The inflation which hits workers' pockets also hits the contractor who has been trying, as much for their sake as his own, to retain as many of his workers as possible.

"But with the increase in wage rates without any reciprocal rise in productivity, there is the danger that mechanisation will become more and more attractive."

Mr Wilson believes that to avert such a situation, the contractor should be encouraged to

Contractors need help to meet higher wage bill

keep what staff he has. "I need hardly point out that it is in the national interest for him to do so."

He also believes the Government could offer greater assistance to contractors in the area of sub-economic housing which, in the majority of countries, receives heavy State subsidies.

"The scheme in this country, whereby the Government makes serviced plots available to individuals who then have to make their own financial arrangements is all right so far as it goes," he said.

"In the present economic recession, however, few of them have the means to build more than a corrugated iron and plastic shanty."

Urging greater accep-

tance of core housing, Mr Wilson makes the point that while no one pretends this is the ideal solution, at least it ensures proper basic housing with necessary services such as running water and sanitation.

"That is really what the situation in this country demand," he said. "There is a desperate shortage of homes and yet nothing like enough houses are being built.

"Contractors have the capacity to build these houses but are not getting enough work to keep their labour forces busy. These workers, too, desperately need to keep their job and in this regard, it is very much in the Government's interests that they should do so.

work for the construction industry."

OFFICE BLOCK

A R5.2 million, seven-storey office block is to be built in De Korte Street, Braamfontein.

Murray & Roberts (Transvaal) has been signed up as the main contractor by the developers, RMS Syfrets.

The building, which will also have shops and basement parking, is due for completion in June next year.



At the contract signing for the office and shop block in Braamfontein — front row, from left Mr David Brown, managing director of RMS Syfrets Property Development Company and Mr Jim Henrey, managing director of Murray & Roberts Buildings (Transvaal). Looking on are Mr Duncan Seth, left and Mr Colin Milliken, of architects, Franklin, Garland, Gibson and Partners.

27 000 jobs cut in SA building industry

By Sheryl Raine

More than 27 000 jobs have disappeared in the building industry since 1982.

According to the latest statistics from the Central Statistical Services in Pretoria, the number of people employed in the building industry peaked at 279 000 in March 1982. In August last year the figure was 251 800.

The official journal of the Building Industries Federation reports the greatest reduction of jobs occurred among black employees in the unskilled and semi-skilled categories.

Although the pace of retrenchments had declined, prospects for 1986 were still uncertain.

A survey of labour costs revealed the average annual wage increases for artisans in the period 1975 and 1984 were 12,4 percent and 15,2 percent respectively.

The rate of inflation over that period was 12,8 percent.

In 1984 the average nominal earnings of whites in the building industry was R18 700 a year compared with R3 924 for blacks, R6 773 for coloured people and R11 185 for Indians.

Estimated average wage increases this year would be eight to 10 percent.

Separate hospital will unleash world anger

The head of the department of anatomy and former dean of Wits Medical School, Professor Phillip Tobias, has criticised the possible enforcement of a directive to reserve Johannesburg's Coronation Hospital for coloureds.

He said it would unleash more anger on South Africa from the international medical community.

"I deplore the Transvaal Provincial Administration's attempt to impose a de facto racial barrier on the admission of patients to one of our major teaching hospitals. This attempt to fragment our medical services is shocking," he said.

Professor Tobias said he believed the instruction would virtually force doctors to breach medical ethics and the Hippocratic Oath which stated that a doctor's services be available to all sick persons.

TRICAMERAL SYSTEM

The TPA imposed the instruction calling for black and Indian patients to be transferred to regional hospitals in their "own" areas to ease Coronation Hospital's overcrowded conditions.

"I fully agree with the ad hoc committee formed by doctors who oppose the directive, the Wits Medical Graduate Association and the South African medical faculties that the hitching of medical care and health services to the tricameral system is wrong in principle, unacceptable in ethical conscience and contrary to the country's need for a unified health service," the professor said.

The instruction would "entrench apartheid in medicine in a way that would unleash the international medical community's anger towards this country".

Council probe then doctor asked to quit

CAPE TOWN — A senior member of the Medical Research Council has been relieved of all duties pending his resignation.

The MRC decided last week to give Dr Jaques Rossouw, director of the National Research Institute for Nutritional Diseases, until March 31 to resign.

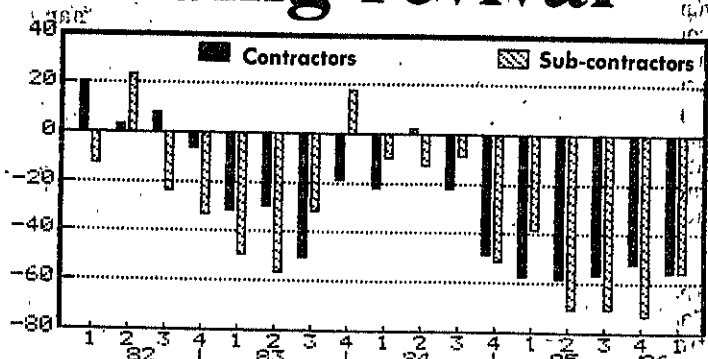
An investigation alleged Dr Rossouw infringed the MRC's conditions of employment. No details were given.

After a preliminary investigation in December he was released from duty pending a formal investigation and informed of the allegations.

A committee was appointed to investigate the allegations.

Signs of a mild building revival

SPAR 3/28/86 32



The graph represents the work volume in the building industry over the last three years. The index was determined by contractors and sub-contractors responses in the BER quarterly survey. A negative index indicates that most respondents feel they are doing less work than a year ago. This number has decreased this year, but the majority still view their work volume as being lower than in the first quarter of 1985.

By Frank Jeans

While sustained recovery is still a long way off, the building industry might well be taking a turn for the better.

Despite pessimism in most quarters, there are signs of a bottoming out and a mild revival on the way. This is the view of the University of Stellenbosch's Bureau for Economic Research in its assessment of the building and construction industries.

Cut-throat tendering of recent times has eased up, and this is probably the result of fewer competitors — casualties of the recession — being left in the market.

Sub-contractors are still affected by poor business conditions but might well have reached the turning point.

With inflation eroding personal disposable income and thus pushing home affordability still further beyond the reach of many, BER expects further cuts in the real value of private residential investment this year.

Growing pressure for black housing, on the other hand,

should result in increased spending by the public sector, the main thrust of which will be on the upgrading of black townships and investments in self-help housing schemes.

The bureau has little doubt that with the building industry having absorbed input costs over the past three years, it is inevitable for tender prices to skyrocket as soon as demand for work improves.

"Increased lending by building societies and higher levels of real estate transactions, are clear signals that the residential property market has acquired new life," the bureau found.

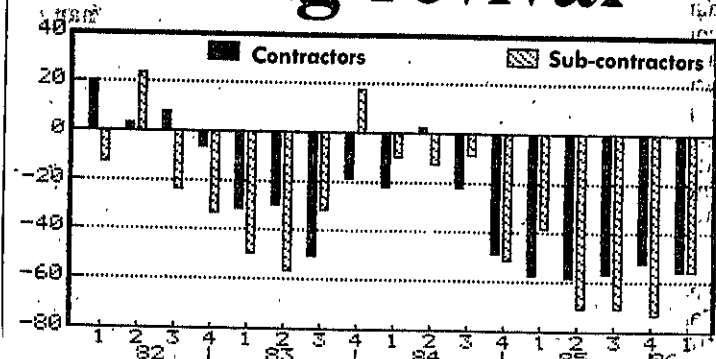
Construction's outlook remains bleak.

"In the adverse financial situation in which South Africa finds itself with almost no creditworthiness left after the declaration of a moratorium on foreign debt, it will be virtually impossible to obtain overseas finance for new capital projects.

This will place a constraint on future investments in construction, thus pushing this industry deeper into the doldrums."

Signs of a mild building revival

STAR 5/2/86 32



The graph represents the work volume in the building industry over the last three years. The index was determined by contractors and sub-contractors responses in the BER quarterly survey. A negative index indicates that most respondents feel they are doing less work than a year ago. This number has decreased this year, but the majority still view their work volume as being lower than in the first quarter of 1985.

By Frank Jeans

While sustained recovery is still a long way off, the building industry might well be taking a turn for the better.

Despite pessimism in most quarters, there are signs of a bottoming out and a mild revival on the way. This is the view of the University of Stellenbosch's Bureau for Economic Research in its assessment of the building and construction industries.

Cut-throat tendering of recent times has eased up, and this is probably the result of fewer competitors — casualties of the recession — being left in the market.

Sub-contractors are still affected by poor business conditions but might well have reached the turning point.

With inflation eroding personal disposable income and thus pushing home affordability still further beyond the reach of many, BER expects further cuts in the real value of private residential investment this year.

Growing pressure for black housing, on the other hand,

should result in increased spending by the public sector, the main thrust of which will be on the upgrading of black townships and investments in self-help housing schemes.

The bureau has little doubt that with the building industry having absorbed input costs over the past three years, it is inevitable for tender prices to skyrocket as soon as demand for work improves.

"Increased lending by building societies and higher levels of real estate transactions, are clear signals that the residential property market has acquired new life," the bureau found.

Construction's outlook remains bleak.

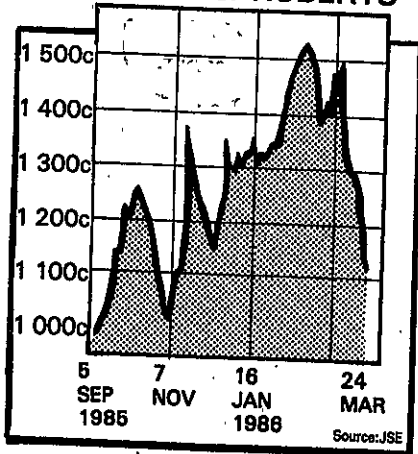
"In the adverse financial situation in which South Africa finds itself with almost no creditworthiness left after the declaration of a moratorium on foreign debt, it will be virtually impossible to obtain overseas finance for new capital projects.

"This will place a constraint on future investments in construction, thus pushing this industry deeper into the doldrums."

BODAY

10/3/86 (32)

MURRAY & ROBERTS



Source: JSE

PRISCILLA WHYTE

MURRAY & ROBERTS' share price has shown the first signs of cracking after last week's release of poor interim results.

The share hit a high of 1 500c before falling steeply to 1 125c at yesterday's close on news that earnings a share plunged from 74c a share to 42c and the dividend was halved to 10c a share.

Furthermore, the diversified industrial company's attributable profits of R11,1m (R19,4m) were boosted by a profit of R4,1m (R553 000) on the sale of fixed assets.

Chief executive Bill Bramwell says that the R4,1m profit was derived from

Rough time for M & R

property leasebacks, profit on the outright sale of property and disposal of surplus plant.

Analysts are generally lukewarm about construction shares.

M & R, with a large exposure to this industry, is viewed as one of the best stocks in a sector that is struggling to cope with a downturn far more severe than predicted.

It seems that construction companies can only hope to tender for work at margins that will cover overheads for the next 12 months, because government contracts will be the only work available.

An analyst says that profitable tendering will only materialise by mid-1987, because the construction industry lags the rest of the economy, and by 1988 a reasonable construction recovery will emerge.

He feels, however, that M & R, with its firm foot in non-construction activities, will recover faster and has the fat to survive.

Bramwell says: "In spite of the rough time we have endured, the balance sheet is in in good shape."

Gearing improved to 28% (40%) because borrowings have been reduced by R33m since June 1985.

Successful venture for builders ³²

By Frank Jeans

Construction group Stocks and Stocks should have a successful venture based on the financial package alone at its up-market, R5,3 million Sandton residential development called Charter House.

Buyers require only a five percent deposit for the 43-unit complex, which means that for as little as R4 000 they can secure a Sandton home with river frontage and for the first year repay R855 a month.

And although this increases in the second year, the outlay will still be well below normal building society rates.

While these home-buying sums might still be beyond the young, first-time homeowners, there is no doubt the main market thrust of Charter House, situated on a prime Riverclub site, will be at young executives.

It seems its appeal has already caught on, for already prior to marketing day on Sunday, 13 of the simplex and duplex homes have been sold.

Mr. Bart Dorrestein, Stocks and Stocks managing director, says: "We have priced the units for quick sales and believe that with a new optimism among younger people, Charter House will attract the buyers."

Mr. Scott McRae, MD of Camdon's Realty, says: "Stocks and Stocks have provided the right product for us to sell. The homes are large, well designed, well built and are in a magnificent setting. The market is set to turn around and they have kept the prices super-low."

the East and West Rands and in go-go Akasia adjoining Pretoria.

However, not all the properties have yet been sanctioned for sale by provincial authorities. Approval of general plans for only 10 of the townships are currently in JCI's hands.

The go-ahead for most of the others is likely to come within the next few months, but JCI faces little financial involvement until it decides to proceed with the provision of services.

For the moment, however, the company has sufficient stock to take quick advantage of a market upturn. Indeed, there are signs that sales of township stands are already on the increase.

In the current market, GM (Properties) Ian McPherson tells the *FM*, best sellers have proved to be at the lower end of the market. Of 350 stands sold since the start of the current financial year in July 1985, around 300 stands have been sold in Dawn Park, Boksburg, where prices range between R13 000 and R16 000.

Initially, JCI's township involvement centred on the sale of land held historically by its mines on the East Rand. In recent times, though, it has bought in a fair amount of new land in areas in which McPherson and his team foresee development prospects.

Some 800 stands on the West Rand, for example, will be available when demand picks up. And JCI is now looking at new townships right across the spectrum of prices.

McPherson says the market could well have bottomed. And when the turnaround comes in earnest, he says, it will come swiftly. He reckons prices on a total house package — land and buildings — could rise as much as 30% over a short period.

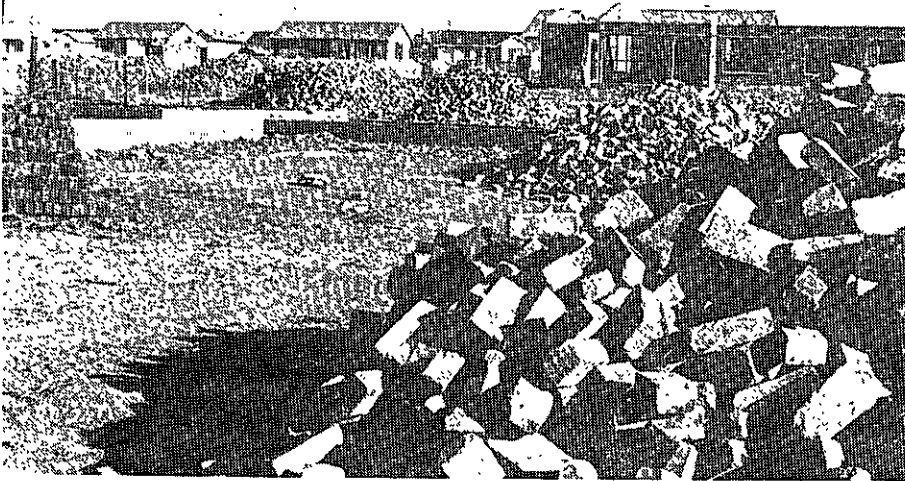
JCI FIN MAIL

14/3/86

Land bonanza

It may not be the country's largest township developer yet, but come the upturn and mining house JCI could well take top spot from competitors Gencor and Anglo as provider of housing stands in the PWV.

In the pipeline, now waiting to sell into an improving market, are some 6 000 stands spread over 30 new JCI townships, mainly on



JCI's East Rand townships ... dawning of a new era

JCI's township division — excluding last year when results were depressed along with the general industry trend — has increasingly contributed to group profits. The essence of success, though, is affordability of stands and the ability to get in and out of the market as quickly as possible.

A quick turnover, McPherson points out, allows JCI to save on holding costs and pass on the benefits to the consumer through lower prices.

McPherson is reluctant to comment on the spec investor market which has been dormant for some time now. But he acknowledges that, with a 20% inflation rate coupled with dropping interest rates, there is a growing demand for property as an investment hedge.

With economic indicators still far from clear, investment in spec property still carries a degree of risk. But risk, after all, is the cornerstone on which most great fortunes have been built. ■

B DAY 20/3/86.

32

GOVERNMENT is to spend more than R100m on building projects in Port Elizabeth over the next 40 months.

They could provide a much-needed boost to builders in the city.

Communication and Public Works Minister Dr L A P A Munnik disclosed the planned expenditure in a letter to the Labour Party MP for Gelvandale, Lawrence Erasmus, in the House of Representatives yesterday.

The projects include contracts which were to have been undertaken by the Public Works Department but will now be put out to tender.

A jubilant Erasmus said last night that Port Elizabeth's plight had been brought to Munnik's attention by Amalgamated Building Workers' Union national secretary George Beach, provincial secretary Neville Adrian and regional secretary Jeff Erasmus.

Builders in PE to get R100m boost

PATRICK CULL

The bulk of the R100m boost is to come from the construction of three prisons which government previously intended to build for the SA Prisons Service.

Tenders for two maximum security prisons — one to cost R29,63m and the other R23,23m — will be called for in July.

Tenders for the construction of a third R14,4m prison will be called for in October.

co-ordinates your use of those services.

TrustBank's corporate

Management
expansionist
creates an
us to anticipate
then they require

market, thereby accelerating the decline

Crunch looming at black schools

BLACK schools closed yesterday for the end-of-term holidays amid widespread boycotts, stayaways and the suspension of classes affecting more than 80,000 pupils in more than 100 schools.

Government has just over a week to meet pupils' demands before the major educational conference, convened by the National Education Crisis Committee, takes place at the end of the month.

THULMA TUCH
At the moment classes at 21 Western Transvaal Schools have been suspended. A decision is rife in Alexandra, near Johannesburg, where pupils are boycotting three secondary schools, thousands are staying away from 81 Port Elizabeth schools and stayaways have been reported in Heidelberg, Nelspruit, White River and Bethal.

Bianco, who also announced the formal resignation of the Socialist Cabinet headed by Laurent Fabius.
Chirac accepted the challenge after 48 hours of deliberation and had to form a government acceptable to Mitterrand, who reportedly rejected first choices for foreign, defence and interior ministers.
The government also had to be evenly balanced between the RPR and the five-party Union for French Democracy coalition. They jointly have a one-seat margin over the 289 absolute majority in the National Assembly. — Sapa-Reuter.
● See Page 10

JSE overall hits new high

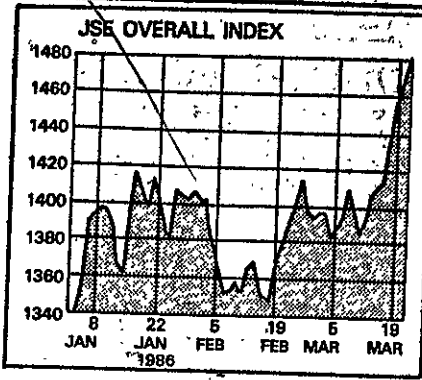
LIZ ROUSE
THE wave of institutional and public buying of minings and industrials swept the JSE overall index up 26 points (1,8%) to a new high of 1492 yesterday.

Although gold shares were a shade easier towards the close, turnover remained above the R40m mark.

The industrial index has risen 6,8% from its level of 1392 a week ago. Brokers expect the current run to continue in the next few weeks in line with other major stock markets such as Wall Street and London.

The JSE is soaring on a lower rand and a firmer gold price, which is giving a buy signal, say chartists. Conversely, it is also running on fears of inflation, while other markets are hitting new peaks on non-inflationary indicators.

The entire board was on the move



yesterday.
Prices were mixed in other markets. In London, prices closed at record levels after an active session. In New York, stock prices were sharply higher in active early trading, pushing the Dow Jones industrial average above the 1800 mark. In Frankfurt, prices closed mixed. The Commerzbank Index rose 6,9 points to close at 2102,2.

● See page 16

M & R slashes interim dividend

PRISCILLA WHYTE
MURRAY & ROBERTS, the diversified industrial group that grew out of the construction industry, was hard hit in the first half year to December 1985, with attributable earnings falling 43% to R11,1m.

The interim dividend has been slashed to 10c (20c), as earnings a share dropped to 42c from 74c.

Chief executive Bill Bramwell predicted earnings for the full year would be of the same order, possibly even worse. He declined to indicate what the final dividend would be.

"While steps have been taken to rectify those problem areas over which we have control, there appears little possibility during the balance of the financial year of any increase in gross domestic fixed investment on which the group is heavily dependent," the directors reported.

Showdown looms over E Cape bannings

ALAN RUDDOCK
BUSINESS and government are heading for a showdown over the bannings this month of leading Eastern Cape community leaders Henry Fazzie and Mkhoseli Jack.

Snubbed by Law and Order minister Louis le Grange, the Federated Chamber of Industries (FCI) now plan to take him to court to try and force government to lift the banning orders.

The FCI and the Midlands Chamber of Industries met Le Grange on Wednesday and failed to persuade him to change his mind. The Association of Chambers of Commerce (Assocom) had an equally un-

productive meeting with the unrelenting minister on Monday.

FCI executive director Johan van Zyl said the bannings had "raised a question mark against government's sincerity in negotiating with accepted community leaders".

Government officials said there was little likelihood of Le Grange lifting the bannings, which were described yesterday by one leading Eastern Cape industrialist as "crass and stupid".

The bannings of Jack and Fazzi have

drawn sharp criticism both locally and internationally, prompting US assistant secretary of state for African affairs Chester Crocker to accuse Pretoria of "perpetrating a sham by saying it wanted to negotiate with black leaders while banning anti-apartheid campaigners".

Le Grange has refused to disclose the reasons for the bannings.

Pick 'n' Pay chairman Raymond Ackerman warned yesterday that government's refusal to reverse the ban would lead to another consumer boycott in the region.

PRICE MOVES AT A GLANCE

KEY MARKET MOVEMENTS — MARCH 19 to MARCH 20												
Gold			JSE	Previous				Latest		Johannesburg Stock Exchange		
\$/oz	\$/oz	R/oz	Krugerrand	\$/R Comm	\$/R Fin	DM/\$	£/R	3 months BA	All Gold BD Index	BD Indust Index	JSE Ov'all Index	
350,00	350,65	730,52	750	0,4895	0,3350	2,2630	0,3309	12,25	1248,5	1305,3	1492,1	
↑	↑	↑	↑	↓	↓	↓	↓	↑	↑	↑	↑	
347,50	346,75	708,37	740	0,4800	0,3275	2,2635	0,3226	12,20	1230,7	1291,7	1455,6	
LONDON CLOSE	LONDON AFTERNOON FIX			FRANKFURT		LONDON						

SAP
2/13/86

BUSINE

Joint approach ⁽²⁾ needed to housing crisis — Schachat

By Frank Jeans

While the home building industry acknowledges the government's commitment to housing — a fact strengthened by the budget proposals — there is no way the private sector can meet the challenge alone.

This is the view of Mr. Riley Schachat, chairman of the National Association of Home Builders (NAHB).

Commenting on the budget and welcoming the increased allocations for the creation of infrastructures and homes in under-privileged areas, Mr. Schachat says:

"It is the policy of the government to provide the necessary infrastructure for housing but that the private sector should provide the housing.

"It is the opinion of the NAHB that even if the forces of the private sector were properly mobilised and co-ordinated, which is not the case at present, it will still be an impossible task to wipe out, without government assistance, the huge backlog in black housing.

"Until such time that the private sector has mobilised its forces to satisfy the normal housing demands, the government should embark on a massive home-building programme to provide affordable housing as was done with the Mitchells Plain and Atlantis programmes."

Mr Schachat emphasises that in the long term the private sector can be expected to play its rightful role in the provision of housing but there should be co-ordination in both the private and public sectors.

R3 billion for new villages

More than R3 billion is likely to be invested in retirement villages during the next 15 years in South Africa.

The village concept which has shown strong growth in this country should result in demand for 600 more projects for senior citizens up to the year 2001, according to a report by the South African Property Owners Association.

These points emerge from a Sapoa seminar at the Carlton Hotel today.

The seminar will analyse market research figures, locations and pricing.

08 BDA 24/3/86

Plans for new building tender guides hailed

Industry Reporter

THE Competition Board has welcomed the news that tender procedures and standard documentation for the building industry are to be revised.

A spokesman for the board stressed that, as the procedures in question relate only to larger contracts in the formal sector, they would not impair the informal sector in any way.

He said the board was pleased with the move and welcomed any endeavour by the industry to resolve its own problems without official intervention.

Announcing the news in Johannesburg last week, a spokesman for the Building Industries Federation of SA (Bifsa) said the federation's stance follows "a crucial period of self-examination related to its own members in particular".

The Bifsa presidential board has requested Johannes Hamman, deputy chairman of the Federated Insurance group, to act as an independent ombudsman in the matter.

Sapa reports that Hamman's main findings and recommendations are aimed at:

- The establishment of fair and equitable tender procedures coupled with standard documentation for the purpose of promoting effective competition between the building industry and its clients;
- The establishment of an independent forum with plenary powers, under the chairmanship of an independent arbiter outside the confines of the industry, to deliberate on the fair and equitable tendering and contractual procedures in the industry.

Hamman will try to arrange an information meeting with a group of interested parties comprising representatives from the South African Property Owners' Association, the Institute of SA Architects, quantity surveyors, civil engineers, structural engineers, representatives of specialist trades and Bifsa, the spokesman said.

The topic will be the formation of an independent body to lay down binding rules for tender procedures and to agree on standard documentation.

Get into
black housing
Heunis

SMC
25/3/56
32

Political Staff

The Minister of Community Development, Mr. Chris Heunis, urged the private sector yesterday to get involved in the provision of housing for blacks.

Speaking at the annual general meeting of the National Homebuilders Association in Johannesburg, he said the Government was enthusiastic about the involvement of the private sector.

Legislation would be introduced this year for the development of townships on private land which had been earmarked for township extension and development.

He again offered the assistance of his department in the solving of individual problems of private developers that still encounter.

There should be no difference between getting involved in the provision of housing for blacks and housing for other population groups.

IMPEDIMENTS

The Government was prepared, and had in fact, leaned backwards to remove all impediments that may in the past have prevented objectives for black housing being reached.

It was now legally possible for any eligible black to obtain title to property in a black township.

As in the case of other population groups, there were certain formalities that had to be completed by developers.

First of all sites had to be developed. There were approximately 300 black townships outside the national states and the Development Trust areas.

Surveyed sites were available in all the major metropolitan areas. The present backlog for housing units for blacks in urban black townships was 221 572 units.

The State had provided large amounts for a housing infrastructure and the private sector and the individual now had the ideal opportunity to get involved.

25/2/86
SAPS

SATS battles ⁽³²⁾ as tunnel costs ⁽³²⁾ soar

Jaap Boekkooi

The cost of Africa's longest transport tunnel, a 13,3 km rail route below the Hex River mountains, is likely to rise to four times the contract price of R26 million — and some R80 million of it could be claimed from SATS by the French company building it.

The tunnel, started in 1980, was due to be completed in August 1984, but will not be ready until 1988, mainly because a major rock fault zone is slowing down work.

The quadrupled cost and the delay may lead to the largest arbitration case in the history of South African building.

INADEQUATE

The French-based Comiat construction company will claim that SATS's geological investigation of the tunnel site was inadequate.

Both parties are unwilling to comment on the large claim, which has been estimated by *Construction Week* as being about R80 million, more than three times the original tender.

Comiat has said that the unexpected fault zone in the central loop section of the tunnel has forced it to use new techniques and equipment, and to undertake heavy rock support measures.

Unofficially, SATS has indicated that their study was not over-optimistic, and that the French company could have foreseen the problems.

Call to cut building standards

Municipal Reporter

Building standards would have to be lowered if there was to be any hope of beating the country's huge backlog in black housing.

This was said by Mr Frank Berkeley, financial director of Gough Cooper Homes, at a seminar on "Affordable Homes"

He said many aspects of the National Building Regulations announced in September last year would have to be waived as it was virtually impossible to apply them to black housing needs.

The only way of solving the problem was using alternative construction methods. These included using building materials not approved by the regulations — even corrugated iron.

"We have to face reality. We cannot apply first world standards to third world conditions," Mr Berkeley said.

Tax incentives were essential if the State wanted builders to invest in risky areas.

Recently a cricket tour sponsor was granted a tax incentive. "Was cricket, and the film industry that also received R14 for every R10 invested, more important than housing?"

The State had restricted housing for blacks for 30 years. Now it was passing the responsibility on to the private sector, but what incentives were offered, he asked.

Call for major push on black housing from private sector

By Shirley Woodgate,
Municipal Reporter

The private sector would have to play a major role in meeting South Africa's current black housing backlog, said Constitutional Development and Planning Minister, Mr Chris Heunis, in Randburg this week.

Addressing a seminar at the annual general meeting of the National Association of Home Builders, he said the total shortage in this country and the independent homelands in 1984 stood at 284 000 houses.

The main needs were not for homes in the R15 000 to R20 000 price range, but for people requiring R5 000 loans just to give their families a roof over their heads.

'ENORMOUS FIGURE'

Mr Heunis said black housing needs from 1980 to 1990 in South Africa had been estimated at 885 000.

To meet this enormous figure, the State would have to spend R1 212 million on services alone up to the year 2000, and a further R2 212 million would be needed if low cost housing was also provided.

Mr Heunis said the provision of the infrastructure by the State afforded the private sector, as well as individuals, a golden opportunity to share the task of solving the housing problem, described as one of the major socio-economic challenges in Southern Africa.

He said the Government believed that under self-help schemes, individuals should be provided with stands where they could erect their own houses to third world standards. They could then improve their homes at a later stage when they had the money.

State cash for housing 'inadequate'

Municipal Reporter

The main thrust of housing in South Africa is towards the black market and away from the former pattern of providing merely for white needs.

This was the message yesterday from Mr Chris Heunis, the Minister of Constitutional Planning and Development, as well as leading figures in the building industry, who addressed a seminar on "Affordable Housing" at the annual general meeting of the National Association of Home Builders (NAHB).

Mr Riley Schachat, outgoing chairman of the NAHB, said the substantial amount of money budgeted for housing by the State was totally inadequate

The building industry would have to look to major changes and innovations in the way homes were designed, built, financed and marketed if it was to meet the challenge of the new trend.

The housing needs could not be solved using traditional building methods, Mr Schachat said. Solutions included the recognition of controlled squatting, shell and core housing and self-help concepts. "Sweat equity" should be encouraged, he said.

He pleaded for a review of the present "outdated and unrealistic" R40 000 subsidy for first-time home buyers to be increased to R52 000 and for regular updating of the amount.

M & R firm gets Soekor contract

LINDA ENSOR and Sapa

SOEKOR is to be awarded Murray & Roberts company EMSO the contract for the conceptual design of the offshore portion of the Mossel Bay fuel-from-gas project.

Soekor PRO Mike Leibbrandt said the fact that EMSO undertook the feasibility study for this section of the project played a major part in the decision to award it the contract.

He would not disclose the names or number of other companies which tendered unsuccessfully.

EMSO (Engineering Management Services Offshore) is a joint company formed by EMS SA and Crawford & Russell International, which is part of Scotland's John Brown Group.

"A total of R21,3m will be spent on the offshore portion of the project in 1986," Soekor said yesterday.

EMSO chairman Robert St Leger said last night he was delighted with the development but wished to reserve further comment until the "knot is finally tied". He was quite confident there would be no hitches to finalising negotiations.

Brick sales hit hard

WIDESPREAD production cutbacks and consequent retrenchments have hit the brick manufacturing industry.

Despite the optimism shown in late 1985 that 1986 would be the "year of recovery", brick sales continue to plummet.

Concor Paving MD Joe Fink said January sales of paving bricks made some people believe that all was right in the industry.

"Unfortunately what they did not take account of was that the figures comprised a lot of December's backlog of orders which made the situation seem a lot better.

"What followed in February was an absolute disaster. The bottom just fell out of the market.

"Sales for March have shown a slight improvement, but our company has had to cut back to 50% of its

MICK COLLINS

production capacity.

"Two years ago the price for a metre of laid brick paving was R13,50. Today the same costs R11,50 from some contractors.

"You can see what is happening. Volumes are not what they used to be and any further price cuts by manufacturers or subcontractors will be suicide."

Brian Moorhead, executive director of the Brick Development Association of South Africa, said the situation was "extremely tough but there seems to be light at the end of the tunnel".

Quoting figures for building plans passed for January 1985 (dwelling houses 1 695) and January 1986 (dwelling houses 2 524) he said these were a ray of hope for the clay brick industry.

32 FIN MAIL 28/3/86

MURRAY & ROBERTS

Tarnished image

The market has indicated quickly that Murray & Roberts' (M & R) bad results for the six months to end-December came as a nasty shock. After the 43% earnings a share slide was announced on Friday, the share shed 300c or 20% by midday Tuesday.

It certainly would not be surprising if the share falls further. The image of this ostensibly blue-chip group is looking tarnished. After climbing every year for more than 10 years, earnings fell by 32% in the year to end-June and on management's present forecasts there could be a decline of some 40% or more for the 1986 year. The interim dividend was reduced by 50% to 10c, and a cut in the full year's payout must be a very real possibility.

Considering the extent of the group's exposure to gross domestic fixed investment (GDFI), some sort of profit setback should probably have been anticipated. Total GDFI fell in real terms by 2,1% during 1985 (far more severely in some key sectors) and by the year end had declined by 12,8% since the end of 1982. Despite M & R's diversification into industry, which has pushed the profit contribution from construction and civil engineering down to around 50%, M & R remains reliant on GDFI for a very substantial part of its earnings.

The market realises this. But that did not prevent some critical comments being made by analysts after the results. A number of questions were being asked. For one thing,

M & R SLIDES			
Six months to end	Dec '84	Jun '85	Dec '85
Operating profit after tax (Rm).....	25,2	25,2	11,3
Attributable operating profit after tax (Rm) .	18,7	16,8	6,3
Attributable earnings (Rm)	19,4	23,8	11,1
Earnings (c).....	74	91	42
Dividend (c)	20	40	10

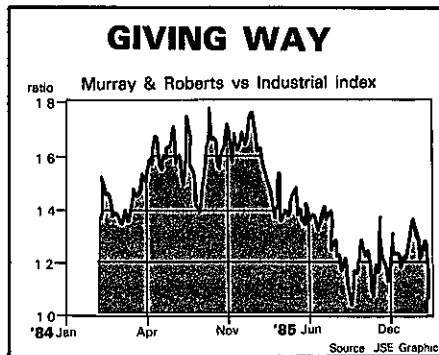
why was no warning of the slide given before M & R's R74m rights offer closed on December 13 last year? This caused more than one analyst to dredge up memories of the much-criticised Sappi rights issue earlier last year, when that group announced a substantial loss not too long after its rights offer closed.

With regard to the rights issue, financial director Jeremy Ractliffe says that the rights offer procedures ran over about two months, while the operating performance only deteriorated markedly in November and Decem-

ber.

That's all very well, but it remains difficult to conceive that management had no idea of what was happening before the offer closed. The comment in the prospectus, dated November 22, was that "provided economic conditions do not deteriorate further the directors believe that this aim (of maintained earnings for 1986) is still achievable."

Another question is: How serious was the "significant setback" in the international op-



erations, where improved results had been expected; how important is international to the overall picture; and, why have these operations been deconsolidated? To do this now without explanation must create uncertainties.

What certainly won't help to bolster confidence in the share is the sparseness of reporting in the interim statement. In keeping with previous M & R interims, no figures are given for interest paid or pre-interest operating profits. Nor is there much useful comment on the operating position.

Leaving aside the aspect of disclosure, it is clear that in its comments during the second half of last year management was, as one analyst put it, "overly and unduly optimistic." When I asked Ractliffe what had changed since the forecast of maintained earnings, he referred to the deferment of large capital projects, for which M & R had been maintaining resources.

But apart from Escom's power stations, it's difficult to see what else has actually been put off. It seems that part of the assumption was that work would have been under way by now on Mossel Bay and that M & R would have been enjoying some benefits. That's not necessarily an unreasonable expectation given M & R's involvement in the feasibility studies via its subsidiary Engineering Management Services (EMS), but it's stretching things a little to build it into an official forecast when the contracts for Mossel Bay have not yet been awarded.

If M & R wins such contracts, these could

boost earnings relatively quickly as the work involves management services rather than manufactured goods. Apart from that, and some improvement now being shown in the consumer interests — which contribute about 7% to overall profits — the group must now be largely dependent on an upturn in the construction and heavy industry sectors. Ractliffe does say that the international setback, which he attributes to growing pressure on South African companies and the debt standstill, is not expected to worsen.

The other reason given for the interim operating decline — the unexpectedly severe decline in factory-built accommodation — will probably also need an upturn in market conditions before being eliminated.

Thanks to the rights offer injection of a net R66m, the balance sheet has been strengthened, with the debt:equity ratio standing at around 0,24; without the rights funds it would have been about 0,52 at year end. This, and the lower rates, will ease interest payments in the second half of the 1986 year.

What would really help M & R in the medium to long term would be some more positive and swift developments with projects like Mossel Bay, the Lesotho Highlands water scheme and perhaps more toll roads. For this year, though, earnings could be down from last year's 165c to about 80c-90c (it's worth noting too that if the surplus on sale of fixed assets and investments is excluded then attributable taxed operating profits are down by a more realistic 66%).

With the cover cut to the historically low level of 2,2 times, there must be doubts that a cut in the dividend, the first in many years, will be avoided. That, and the blow dealt to confidence by these figures, leaves the share looking distinctly soggy at R12.

Andrew McNulty

REMGRO

Fuelled by assets

Why does a confirmed blue-chip like Remgro carry so many elements of an indifferently rated share? The share has gained 150c in the past week, but even at R52 it trades below net worth, on a derisory 11,7% earnings yield — a rating which shows little respect for the high quality of underlying assets. A large proportion of the assets is held overseas in near-liquid form.

Industrial shares yield an average 8,6% on earnings, while the giant SA Breweries currently yields 7,7% on earnings, and at 940c stands at more than double net worth. Remgro, however, has an impeccable growth re-

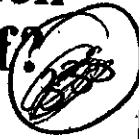
Very Unit at 32119.

29/3/86

M & R to retrench head office staff?

32

By Frank Jeans



The economic slump has led to a large-scale streamlining operation at one of South Africa's leading construction groups, Murray & Roberts — and it is rumoured that half the head office staff of 100 at Bedfordview is being retrenched.

In a tightening-up drive, the group — which has a R2 500 million-a-year turnover, equally spread over construction and consumer products — is offloading its sub-groups into self-sufficient operations.

It is understood that head office staff have protested over the handling of the pruning-down operation. M & R chief executive Mr Bill Bramwell was unavailable for comment yesterday.

HARTMANN & KE...



One of the finest investments you can make, from the home of fine furniture, imported accessories with exceptional designs.

62 Davies St., Doornfontein

TEL: 402-4400/5

Secure parking on premises.

Open Saturdays 9-12 am.

SA-LESOTHO F.W.N. (32)
Watering progress

It has taken many years, but the Lesotho Highlands water scheme now looks like getting under way. The change of government in Lesotho has opened the way for an early agreement on the preliminary stages of the R4 billion project.

Talks in Cape Town last week between ministerial delegations from SA and Lesotho ironed out final details which must now be ratified by the two governments. At a meeting in Cape Town two days later, the new Lesotho leader, General Metseng Lekhanya, and President P W Botha reaffirmed their commitment to the project.

If agreement is reached soon, the first phase of the scheme could be completed by 1996 and the final phase by 2017. When completed, the scheme will provide about 2 200m³ of water from the mountains of Lesotho to the PWV region, the eastern Transvaal and the Free State goldfields.

This is nearly double the current supply

from the Vaal Dam and is expected to adequately provide for the region's needs. The scheme includes four dams for the control of the water supply plus two dams for a hydro-electric project.

SA will buy the water from Lesotho, which will benefit from the revenue as well as from the electricity generated by the scheme. There is no indication yet how the project will be financed, although Lesotho has had negotiations with the World Bank over the financing of the hydro-electric scheme for which it will be responsible. The cost of the scheme is estimated at around R250m.

There is also no indication when tenders will be called for, although contracts for various technical investigations are expected to be concluded soon. ■

Contract move lauded

THE Electrical Contractors' Association (ECA) yesterday welcomed the news that tender procedures and standard documentation for the building industry are to be revised.



● VAN DER MERWE

Responding to a statement by the Building Industries Federation of SA (Bifsa), ECA president Carlof van der Merwe said there was no provision in current documentation to secure penultimate and final payment to a sub-contractor once work has been completed.

It was also difficult for a sub-contractor to familiarise himself with the

Industrial Staff

main contract between builder and owner. Many electrical contractors saw a copy only when they reached litigation stage with the builder.

Said Van der Merwe: "There is no protection for the sub-contractor in the existing contract documentation.

"If a project was to take two years, and ran over the time limit, the sub-contractor has no protection.

"But there is a provision in the contract document for the builder. He is able to take action against any hold-ups by the sub-contractor. So if a two-year contract takes four years to complete, the sub-contractor simply has to tag along."

Builders warned on costs

CHRIS CAIRNCROSS of **ENI**
DISMAL business conditions currently being experienced by the building industry are destined to be prolonged unless ways are found of keeping spiralling costs within bounds.

That warning comes from Old Mutual Properties (OMP), which — with a property portfolio exceeding R2bn — is SA's largest property owner, developer and administrator.

According to OMP property development manager Pierre van Ryneveld, the building sector was making it impossible for developers and others in the market to purchase its goods and services at an affordable cost.

"If the market can no longer afford the building industry's products and services, preference will be given to other investment vehicles," Van Ryneveld warned.

OMP's Derek Stuart Finlay said the problem was that building costs had risen but no like increases had occurred with rentals.

In other words, the relationship between rentals and the cost of putting up a commercial building was deteriorating.

"At this stage it is extremely difficult to justify any investment in a new structure," Stuart Finlay said.

He warned that this situation appeared to be deteriorating, and Van Ryneveld warned that this could not continue indefinitely.

The building industry was in a critical phase, and it was now essential that it found a solution to the problem of how to bring its products and services back within the means of the public, he added.

Builders react strongly to criticism about high costs

By Frank Jeans

Building contractors have reacted strongly to remarks by Old Mutual Properties development manager Mr Pierre van Rynveld about the need for the industry to contain costs.

Writing in the latest issue of OMP's *Property Profile*, he says: "The building industry is 10 minutes to midnight and must find ways of keeping costs within bounds if it wants to remain viable. The industry no longer makes it possible for developers and others in the market to purchase its goods and services at an affordable cost.

"We have reached a watershed. If the market can no longer afford the building industry's products and service, preference will be given to other investment vehicles — to the detriment of a once proud industry."

Mr John Urquhart, a director of Devcon Construction, says: "The building industry is the barometer of the South African economy, so why single out the builders when price increases in every other sector are the norm today?"

Mr Urquhart also points out that inefficiency in the industry is being reduced due to the recession, resulting in greater productivity among contractors.

"It should be remembered, too, contractors have been tendering at cost for the past two years, with the result that only the more efficient companies have survived."

The majority of the increases in prices have been largely statutory and beyond the control of the building contractor.

"One of the main contributory factors to high building costs are the material supply monopolies and cartels operating within the industry," says Mr Urquhart.

He believes that the "fierce tendering" last year for the little work that was available should settle down and there should be more stability in the building sector soon.

"Once the Government's modest stimulatory policy begins to take effect, margins should increase rapidly as there will be fewer contractors in a position to take advantage of the increased work volumes," he says.

Desperate men fight for jobs

CHAOS reigned at a Durban construction company this week when over 300 unemployed men fought for 20 jobs. (32)

The desperate men - of all races - queued outside Fraser and Chalmers in Jacobs before 7 am and demanded jobs. Some scaled the wall while others climbed through a hole in the fence.

According to a company official, they doubled up their security guards instead of calling the cops to control the situation.

"Now they have the mission education."

PE toll road running at loss — Malcomess

STAR 15/4/86 (25) 32

Political Staff

PARLIAMENT — The tolls on the N2 highway, near Port Elizabeth, are costing more than they earn, says Mr John Malcomess, Opposition spokesman on transport.

From June 1984 to February 1986, the concessionaires who operated the tolls were paid R716 000, he said in the debate on the Transport vote.

EXCESSIVE

"First, that seems excessive. Second, the remaining income of R640 000 would not cover the in-

terest on the cost of erecting the toll-collecting facilities."

In the year ended March 1985, this interest was R874 000, representing a loss of R358 000.

For the second successive year, the National Road Fund had spent less than it had collected through levies on petrol.

"And yet we keep increasing the levy on petrol. The income last year was R258 million and we spent only R162 million, while everyone complains that there is no money to maintain the national roads, let alone build new ones."

Linking up on Indaba

SPAA Political Staff

PARLIAMENT — The National People's Party and Solidarity are to form a joint committee to discuss issues arising from the Natal/kwaZulu Indaba.

The NPP is the majority party in the House of Delegates and Solidarity is the Official Opposition.

Leaders of the two parties held a meeting in Cape Town last night to discuss the establishment of the committee.

NPP leader Mr Amfahand Rajbansi said the move signified the adoption of a common approach between the parties.

A
be
in
6,
d
n
r
576

New third parties: Govt accused of

20/6/86 RUD DAY

~~132~~ 132

"THE VITAL VI

Metal and engineering firms table new wages offer

EMPLOYERS have tabled a new wage offer for 350 000 employees in the metal and engineering industry in an attempt to resolve the disputes and deadlocks existing between the employer body and six unions.

The unions represent nearly 130 000 workers and their response — which will be relayed to employers at a special Industrial Council meeting in a week's time — could indicate whether a wide-spread strike is in the offing.

Nine of the 15 unions on the council have accepted the offer, but sources believe Manpower Minister Pietie du Plessis would be unwilling to extend the agreement to the entire industry if many unions refused to be party to it.

The Steel and Engineering Industries Federation of SA (Seifsa) met the unions on Friday to confirm it was improving wages for workers on lower grades.

CLAIRE PICKARD-CAMBRIDGE

Minimum increases offered range between 32c/hour on the lowest unskilled grades to 60c at the top. This amounts to increases of between 17% and 11.5% and puts the new minimums at between R2,22 and R5,81 an hour.

Talks began in April and several unions declared disputes after the second

round of talks.

The Metal and Allied Workers' Union (Mawu), the Steel, Engineering and Allied Workers' Union (Seawu) and the Electrical and Allied Workers' Trade Union of SA (Eawtusa) — in deadlock with Seifsa — have stuck to their original demand of a minimum of R3,50/hour.

The SA Boilermakers' Society (Sabs), the Engineering and Allied Workers' Union (Eawu) and the Eastern Province

and Border Engineering and General Workers' Union are now also in dispute with Seifsa.

□ MECK COLLINS reports Mawu will this week hold its first national congress which is expected to focus on the deadlock in national wage negotiations in the metal industry.

More than 300 delegates are expected to attend the Johannesburg meeting.

(i) to (iv) Fall away.

(12) (a) During the 1985-86 financial year R6.1 million was expended on the work creation scheme through the private sector.

(b) The first agreements were signed on 5 November 1985. The scheme is still in operation and has now been extended to the 1986-87 financial year.

(c) 22 625.

(13) No. Statements on the progress of the scheme have been made regularly.

AGREEMENT

Agreement entered into by and between:

The Government of the Republic of South Africa through its DEPARTMENT OF MANPOWER represented by (hereinafter referred to as the Department) in his capacity of duly authorised thereto and represented by duly authorised thereto (hereinafter referred to as the Contractor):

Whereas the Department established a scheme in terms of the special work creation programme of the Government for the creation of work opportunities for unemployed persons who may legally seek employment within the boundaries of the Republic of South Africa with a view to provide them with temporary employment.

AND WHEREAS the contractor is in accordance with the afore-mentioned scheme prepared to provide temporary employment for unemployed persons according to conditions outlined hereafter in the agreement,

NOW THEREFORE the parties agree as follows:

1. The Contractor undertakes to employ registered unemployed persons above the age of 15 years, irrespective of population group, sex, qualifications or job experience, on the project approved by the Department and as stipulated in Annexure 1 to this agreement.

2. The Department reserves the right to decrease or increase the number of unemployed persons to be employed temporarily by the Contractor, as stated in Annexure 1, after written consultation with the Contractor.

3. The Contractor shall have available the required facilities including competent supervisors to provide the temporary employment.

4. The Contractor shall satisfy himself that the unemployed persons:

(a) are suitable for the nature of the work;

(b) are motivated to do the work;

(c) qualify for employment in terms of the scheme.

5. The Contractor shall take the necessary steps to ensure that the persons employed in terms of the aforementioned scheme, are registered in terms of the Workmen's Compensation Act 1941.

5.1 The Contractor hereby indemnifies the Department against any loss, damage, claims and disputes and costs (including attorney and client costs) for which the Department may be held liable as a result of the employment of the unemployed and anything arising therefrom.

5.2 No contractual relationship expressed or implied will arise between the workers and the Department with regard to the scheme.

6. The Department reserves the right at any time, without prior notice, to enter upon the Contractor's premises with a view to evaluating compliance with the conditions of this agreement by the Contractor or inspecting its registers.

7. The Department may, without prejudice to its other rights, terminate the contract if the Contractor has failed to comply with any of the conditions of this agreement.

8. The Contractor shall have no claim whatsoever against the Department in respect of any uncompleted part of the contract in the event of the contract being terminated in terms of clause 7.

9. At the end of each month the Department shall reimburse the Contractor in respect of the persons employed by him in terms of this agreement calculated according to the fees reflected in Annexure 1 to this agreement.

9.1 The Department shall at the end of each month remunerate the Contractor for the additional costs which the Contractor shall claim per Annexure 2 and such additional costs in respect of each worker shall not exceed the amount the Contractor may claim in respect of each worker.

9.2 The Contractor shall not be entitled to remuneration other than that specified in 9 and 9.1.

10. The Contractor undertakes to pay the following allowances to each worker in respect of each day worked on the project:

Persons from rural areas—R3 per day
Persons from towns and urban areas—R4 per day

Persons receiving unemployment insurance benefits do not qualify for this scheme. (No deductions for any purposes may be made from these allowances.)

No unemployment insurance contribution or contributions in terms of Act 29 of 1972 are payable.

11. The claims in respect of the amounts due to the Contractor by the Department in terms of clauses 9 and 10

shall be submitted to the Department at the end of each month for approval and payment. The respective claims containing full particulars shall be indicated separately in each statement. If such claims are acceptable the Department shall effect payment within 30 days of receipt of the statement.

12. The Contractor undertakes to recruit unemployed persons who qualify for the scheme and may make use of the services of the Department in this connection. Persons who are not registered as unemployed with the Department or where the Department has no offices to the Magistrates Offices for registration or in the case of Blacks to the Development Boards who act as agents for the Department.

13. The Contractor shall:

(a) keep paysheets in respect of allowances paid to workers in such form as prescribed by the Department and submit such paysheets as an annexure to his claim in respect of work creation services rendered at the end of each month to the nearest office of the Department;

(b) submit claims for payment of additional cost incurred in respect of work creation services rendered in the form as per Annexure 2 duly certified that the services have been rendered, monthly to the nearest office of the Department;

(c) within 31 days from the date this agreement is signed, employ the agreed number of unemployed persons;

(d) furnish such information as may be required by the Department within the period specified in the request for the relevant information, in order to enable the De-

1195

THURSDAY, 17 APRIL 1986

1196

The MINISTER OF MINERAL AND ENERGY AFFAIRS:

(a) During the 1984/85 financial year six mines received financial assistance in terms of the Gold Mines Assistance

Act, No. 82 of 1968. During 1985/86 only five mines received assistance.

(b) and (c) The number of people employed by each of these mines (in September 1984) and the amounts paid to the various mines are as follows:

Mines	People Employed: Sept. 1984	Amounts Paid	
		1984/85	1985/86
Balmoral Gold Mining Co. Ltd.	384	R 114 547	R 203 376
Durban Roodepoort Deep Ltd.	12 228	8 448 872	1 258 902
East Rand Proprietary Mines Ltd. ...	20 043	36 965 322	21 430 793
Primrose Gold Mining Co. Ltd.	430	24 264	—
Stanhope Gold Mining Co. Ltd.	351	170 457	4 400
Witwatersrand Nigel Ltd.	2 368	1 541 194	5 489 039
	35 804	47 264 656	28 386 510

on which these unemployed persons were given employment;

(4) whether his Department had reached any agreement with this company prior to awarding the contract to it; if so, (a) why and (b) what were the terms of this agreement;

(5) what (a) was the nature of the employment provided to labourers employed under this scheme, (b) were the wages paid to the labourers and (c) was the amount due to be paid to this company by his Department in terms of this agreement;

(6) whether this company was required to submit a schedule of expenses; if not, why not; if so,

- (2) whether his Department provided this company with written approval for a proposed scheme to provide jobs for unemployed persons; if so, (a) when and (b) what was the nature of the proposed scheme;
- (3) what was the nature of the project

1197

THURSDAY, 17 APRIL 1986

1198

(8) whether any payments were made to this company in terms of these expenses; if so, (a) what amounts and (b) when;

waterpipes at the new prison complex.

(4) No.

(9) whether such benefits are still being paid to this company; if not, (a) when were they stopped and (b) why;

(a) and (b) Fall away.

(5) (a) Digging trenches.

(10) whether any other private contractors (a) have reached any agreement with his Department in respect of this unemployment relief scheme and (b) have received any payments in this regard; if so, (i) what are the names of these contractors, and (ii) what amounts have they received, in each case;

(b) An allowance of R4 per day was paid to unemployed persons engaged on the project.

(c) R144 000.

(6) Yes.

(7) Yes.

(11) whether his Department took any steps to (a) terminate this scheme or (b) cancel the contracts with these companies; if so, (i) what steps, (ii) why, (iii) when and (iv) with what result;

(a) and (b) Fall away.

(i) R4,00 per capita per day allowances plus R4 per day overhead expenses per unemployed person engaged.

(12) (a) what was the total cost to his Department of this scheme, (b) over what specified period was the scheme in operation and (c) how many persons were employed during this time;

(ii) R8,00 per day.

(8) Yes.

(a) R57 600.

(13) whether he will make a statement on the matter?

(b) 28 February 1986.

The MINISTER OF MANPOWER:

(1) Yes.

(9) Yes.

(a) and (b) Fall away.

(a) (i) 11 December 1985.

(10) (a) Yes.

(ii) 28 February 1986.

(b) Yes.

(b) A specimen of the agreement form used for such contracts is appended.

(c) S Colarossi & Co (Pty) Ltd.

(i) Contracts were signed with 384 private contractors in various regions of South Africa. Details can be made available if required.

(2) Yes.

(ii) The total amount to be paid to the contractors is R10,2 million.

(a) 11 December 1985.

(b) Digging trenches.

(11) (a) No.

(3) Digging trenches for sewer and

(b) No.

Craddock: civil engineering company
 of Manpower. Mr A SAVAGE asked the Minister
 of Manpower 17/4/86

(1) Whether his Department made any benefits available to a civil engineering company in Craddock, the name of which has been furnished to the Minister's Department for the purpose of his reply, to generate jobs for unemployed persons in terms of the unemployment relief scheme; if so, (a) when (i) was an agreement regarding this scheme first reached between this company and his Department and (ii) were benefits first paid to the company, (b) what were the terms of the agreement and (c) what is the name of this company;

HOA

partment to monitor, evaluate and improve the scheme.

14. The Department reserves the right at any time, to obtain from the Contractor a statement, together with documentary proof, in which the costs of material, equipment and transport as contemplated in Annexure 2 are specified.
The Department may cancel the agreement on giving one month's notice.

15. The Contractor chooses as his *domicilium citandi et executandi* for any correspondence or for the service of any legal process the following address:

DATED AND SIGNED AT DAY OF 1985.

AS WITNESSES:

- 1.
2.
On behalf of the Contractor duly authorised thereto.

DATED AND SIGNED AT DAY OF 1985.

AS WITNESSES:

- 1.
2.
On behalf of the Department duly authorised thereto.

ANNEXURE 1

The work creation project, duration and costs of the project for work creation for unemployed persons and numbers referred to in paragraphs one and two of the agreement are as follows:

Table with columns: Title, Duration (Days), Number of persons employed at any particular time, Cost per working day per person.

HOA

D

- (2) No. (a) and (b) Fall away.
(3) No.

(4), (5), (6) and (7) Fall away.

Flats: domestic servants
744 Mr P G SOAL asked the Minister of Constitutional Development and Planning:

- (1) Whether persons living in flats which provide accommodation for domestic servants, are required to apply for permission to have such servants stay on the premises; if so, (a) (i) from whom and (ii) where is such permission obtainable and (b) for what period is permission granted;

- (2) whether any conditions are attached to the granting of such permission; if so, (a) what conditions and (b) why;

- (3) whether any charge is levied for the granting of the necessary permission in this regard; if so, (a) what charge and (b) why;

- (4) whether he has received any representations regarding this matter; if so, (a) when, (b) from whom and (c) what was the (i) nature of the representations and (ii) response thereto?

THE MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

(1) Yes.

(a) (i) Development Board for the area concerned,

(ii) Offices of the Development Board concerned.

(b) Up to 12 months at a time.

(2) Yes.

(a) and (b) The conditions imposed are in the discretion of the De-

HOA

F

velopment Board concerned and are based on the merits of each case.

(a) 50 cents per month or part thereof.

(b) To cover administration costs.

(4) No.

(a), (b) and (c)(i) and (ii) fall away.

Own Affairs:

Johannesburg North: hospitals/nursing homes
Mr P G SOAL asked the Minister of Health Services and Welfare:

- (1) Whether there are any hospitals and/or nursing homes in the Johannesburg North constituency which fall under his Department; if so, (a) what are the names of such (i) hospitals and (ii) nursing homes and (b) what total number of beds do they have;

- (2) whether his Department pays any subsidies to these hospitals and/or nursing homes; if not, why not; if so, what total amount is paid in such subsidies;

- (3) in respect of what date is this information furnished?

THE MINISTER OF HEALTH SERVICES AND WELFARE:

(1) (a) and (b) No. However, one hospital called "Rosebank Clinic" registered as a private hospital for 106 beds and one unattached operating theatre unit for 5 day beds are registered with the Department of Health Services and Welfare.

(2) No. Both the private hospital and unattached operating theatre unit are privately owned.

(3) 10 April 1986.

In respect of the 1985/86 financial year—

- First quarter R189 422.03
- Second quarter R179 523.40
- Third quarter R228 952.26
- Fourth quarter R222 000.62

(b) (i)(aa) and (bb)

- Toll Plaza R2 916 861.90
- Toll equipment ... R1 269 522.69

Total R4 186 384.59

(ii) 8 June 1984 to 31 March 1986.

(2) (a) In respect of the 1984/85 financial year—

- First quarter R 30 012.39*
- Second quarter ... R121 648.95
- Third quarter R130 836.59
- Fourth quarter ... R138 169.61

In respect of the 1985/86 financial year—

- First quarter R143 992.95
- Second quarter ... R147 292.79
- Third quarter R155 568.00
- Fourth quarter ... R154 917.21

(b) In respect of the 1984/85 financial year—

- First quarter R 16 515.39*
- Second quarter ... R 95 376.91
- Third quarter R141 254.91
- Fourth quarter ... R 86 533.30

In respect of the 1985/86 financial year—

- First quarter R 45 429.08
- Second quarter ... R 32 230.61
- Third quarter R 73 384.26
- Fourth quarter ... R 67 083.41

*As the Toll facility was only put into operation on 8 June 1984, the figures quoted are only representative of the period 8 to 30 June 1984.

(3) No.

(a) and (b) Fall away.

Rock lobster/abalone

795. Mr R R HULLEY asked the Minister of Environment Affairs and Tourism:

(a) How many catch permits have been issued to private individuals during the current season in respect of (i) rock lobster and (ii) abalone and (b) in respect of what date is this information furnished?

The MINISTER OF ENVIRONMENT AFFAIRS AND TOURISM:

(a) (i) 32 112 Rock lobster permits.

(ii) 10 489 Abalone licences.

(b) 1985 Season.

Pilchards/anchovies

796. Mr R R HULLEY asked the Minister of Environment Affairs and Tourism:

What estimated percentage of the catch of (a) pilchards and (b) anchovies in 1985 were immature juveniles?

The MINISTER OF ENVIRONMENT AFFAIRS AND TOURISM:

(a) 46 per cent by mass, 89 per cent by number.

(b) 53 per cent by mass, 65 per cent by number.

Anchovies/pilchards/pelagic fish

799. Mr R R HULLEY asked the Minister of Environment Affairs and Tourism:

How many tonnes of (a) anchovy and pilchard and (b) non-quota pelagic fish were landed during the 1985 fishing season or the latest specified period of 12 months for which figures are available?

The MINISTER OF ENVIRONMENT AFFAIRS AND TOURISM:

(a) 277 094 tonnes anchovy, 29 518 tonnes pilchards.

(b) 75 737 tonnes during the 1985 fishing season.

Mariannahill Toll Road

800. Mr L F STOFBERG asked the Minister of Transport Affairs:†

(1) What was the total capital investment in the Mariannahill Toll Road Project as at the latest specified date for which figures are available;

(2) (a) what is the (i) gross (aa) income and (bb) expenditure and (ii) net income in respect of this toll-road project and (b) in respect of what specified period are these figures furnished?

The MINISTER OF TRANSPORT AFFAIRS:

(1) R108 496 381.97 as at 18 February 1986.

(2) (a) (i) (aa) R136 960.43 (bb) R38 714.92 (ii) R98 245.51

(b) 7 to 31 March 1986.

The honourable member's attention is drawn to the fact that all the above-mentioned figures are unaudited and, therefore, subject to change.

The MINISTER OF TRANSPORT AFFAIRS:

(a) (i) The amount cannot be determined at this stage.

(ii) R49 million.

(b) 1 to 30 April 1986.

For written reply:

Own Affairs:

Octavia Hills: residential units

63. Mr S P BARNARD asked the Minister of Local Government, Housing and Works:†

(1) (a) How many residential units are there in the Octavia Hills flat complex and (b) how many of these units are occupied by White persons at present;

(2) whether these White persons were recently given notice to vacate their residential units in Octavia Hills; if so, (a) when, (b) why and (c) in respect of how many residential units;

(3) whether these persons were offered any alternative accommodation; if so, (a) what alternative accommodation and (b) where;

(4) whether these persons were offered any compensation in respect of moving expenses; if so, what are the particulars of this compensation;

(5) whether any of these persons vacated their residential units voluntarily; if so, how many;

(6) whether he will make a statement on the matter?

The MINISTER OF LOCAL GOVERNMENT, HOUSING AND WORKS:

(1) (a) 126.

Case 1417
HANSWMD 23/4/86
801. Mr L F STOFBERG asked the Minister of Transport Affairs:†

(a) What is the (i) actual or (ii) estimated monthly income obtained for road-building purposes from the new levies on fuel and (b) in respect of what specified period is this information furnished?

(32)

Showing how to improve a home

THE East Rand will soon have SA's largest permanent multi-racial exhibition centre for the building, home improvement/DIY and security industries.

The East Rand Exhibition Centre will open in August and can be reached from the R21 and R22 highways in the heart of one of the highest-density PWV areas.

Near Boksburg Pick 'n Pay Hypermarket and Jan Smuts airport, the venue caters for extensive build-

ing and home improvement activities.

The centre has a home improvements hall, a security hall, an open outdoor living exhibition area, parking and offices.

Erec will give exhibitors a permanent showcase for products and services - open seven days a week for 360 days of the year.

It will have a fully equipped information centre with professionally trained staff, giving exhibitors computerised customer information weekly.

Continuous publicity, advertising and promotional activities will attract home-owners, home-improvers and outdoor living enthusiasts.

A fifth of the PWV's population lives on the East Rand. This is expected to double in 14 years as the "draft guide plan" of the Constitutional Development and Planning Department to encourage "deconcentration from the congested central PMV area to the East Rand" come into effect.

CITP
32
20/4/86

PROPERTY

BUD DA
23/4/86
32

Building work trickles in

THE flow of new civil engineering work remains, in real terms, at a low level. The value of 90 new contracts recorded by the SA Federation of Civil Engineering Contractors (Safcec) during March 1986, amounted to R120m, raising the total for the first quarter of the year to R400m, compared to R430m and R280m for the same periods in 1984 and 1985 respectively. The award of a number of medium and one major road contract contributed more than half of the total value of March's new business.

□ □ □

THE Institute for Housing in SA has launched a study into alternative financing methods for low income housing for submission to the National Housing Commission. The body says it

is clear the low income families cannot attract or afford loans, even for homes costing less than R10 000.

□ □ □

A R20m leisure and holiday resort has been planned for the banks of the Vaal Dam. Mariner Sands covers 65,6ha and 300 sites have been defined for share-block owners to build houses or to site manufactured homes. Plans also include an initial 1 800 jetties, two inland lakes, an airfield and a watersport education centre.

□ □ □

SANLAM has let more 70% of its 8 290m² Sanross mini-factory project at Rosslyn, Pretoria, which will be available to tenants on May 1.

Plans are finally passed for Mitchell's Plain complex

PLANS for the R75m Westgate retail and residential complex at Mitchell's Plain in the Cape have been passed, nearly two years after the first application was lodged.

Developers K Property Projects (formerly Kirsh Property Projects) will probably start construction of a shopping/community centre of more than 30 000m² next January and finish the complex within 14 months.

KPP executive director Eddy Magid says the administrator of the Cape has approved the centre plans in full and has also recommended in principle the development of 600 economic houses in Mitchell's Plain.

Final approval for the homes, for

JANE STRACHAN

which there is already a waiting list of about 800 families, must be given in terms of a House of Representatives structure plan currently being drawn up. But, says Magid, to all intents and purposes preparation and planning can go ahead for both components.

The long delay in overcoming objections has added approximately R2,5m in price escalations, holding costs and professional fees. The project failed to get past the Cape Town City Council, which, among other objections, felt the CBD would suffer. KPP then approached the Cape Divisional Council, Divco, which gave the nod.

Go-ahead for R75m project after storm

STIMES 27/11/86

By Ciaran Ryan

K PROPERTY Projects (KPP) has been given the green light to go ahead with a controversial R75-million commercial and residential development in Mitchells Plain near Cape Town.

An executive director of KPP and former mayor of Johannesburg, Eddie Magid, told *Business Times*: "We are delighted that Cape Divisional Council has approved the scheme and I think it is time we buried our differences."

Pension funds

The original plan allowed for a commercial development of 23 000m² and 450 houses — KPP agreed to provide trunk services at a cost of R1,5-million. KPP agreed to increase the number of houses to 600 on the understanding that sw ft approval for the scheme was granted.

It is almost two years since KPP submitted its project application. Costs have risen at an estimated 1,5% a month. Approval was given this week.

KPP says the project will get off the ground in October after the development plan has been prepared. Building will be complete by Easter of 1988, but some sections of the shopping development will open before Christmas 1987.

Negotiations are taking place with a consortium of pension funds to arrange finance.

KPP — formerly part of the Kirsh group but now independent — developed the 40 000m² Westgate shopping centre in Roodepoort.

The new project will be known as Westgate Mitchells Plain and will include 30 800m² of lettable commercial area with a 7 000m² anchor tenant.

Alternative

Part of the development includes the 600 housing units in Mitchells Plain and the provision of trunk services.

The development caused controversy when the Cape Town Divisional Council withheld approval in an apparent effort to get KPP to choose an alternative site in the Mitchells Plain town centre.

NCR Corporation's income for the first quarter of 1986 was \$50,2-billion (R100,4-million).

This is an increase of 15% on the same quarter last year. Worldwide revenue from the group's associated companies totalled \$960,8-

NCR heads for record

million in the quarter, a 14% increase on the same time in 1985.

The computer giant, based in the United States, appears set for a record year. The SA subsidiary does not disclose earnings, but the stronger rand has helped it achieve a healthy growth rate, says managing director Jim Houston.

'No progress' on transfer of State services

By Colleen Ryan

In spite of the Government's promises at the Carlton and Good Hope conferences, little or nothing has been done about transferring State-controlled operations to the private sector, Mr Con Roux, past president of the SA Federation of Civil Engineering Contractors, said yesterday.

Addressing a local government conference on privatisation in Johannesburg, Mr Roux said public sector employees who believed their jobs were at risk tended to halt or delay the process of privatisation.

"I do not believe the transfer of staff from the public sector to private enterprise is the ogre which it is made out to be — after all, a large percentage of excellent employees at present working for private enterprise were trained by the public sector and have adapted well."

DEREGULATION

Mr Roux said there was a good case for deregulating many aspects of the country's affairs, particularly those relating to the black sector.

"It will be possible to reduce the number of public sector employees who are necessary to deal with these matters, thereby releasing a number of able bodies for private sector involvement."

The private sector could adapt itself to carrying out local government services, he said.

While it was essential for local authorities to maintain control of services such as emergency work, services such as road construction and maintenance could be undertaken by private business.

Builders seek exemption from new anti-cartel laws

By Frank Jeans

South Africa's builders and their support industries are among the many business groups which will feel the brunt of the cartel crackdown which takes effect on Friday.

And in an attempt to write up its own charter which will have the blessing of the Competition Board (CB), building leaders of all disciplines within the industry are thrashing out their own set of rules on the basis of "parity, good practice and uniformity".

Mr Basie Pretorius, executive director of the Master Builders Association (Witwatersrand), says: "Once we have rules agreeable to all, we hope the Competition Board will grant us an exemption from the prohibition."

The industry has already taken action on some of its by-laws which have come under attack because they are seen to be monopolistic and it has made a submission to the board to justify retention of some of these ordinances.

"Although some of these by-laws appear to be monopolistic, we believe they are still in the public interest and therefore justified," says Mr Pretorius.

The Competition Board emphasises that in enforcing the new law there will be no disruption in company operations and that even after May 2, people will have the op-



The Schachat group has established a new divisional management company to direct Schachat Cullum homebuilding operations on the Reef and in Natal.

Chairman of the new

division is Mr Alan Schlesinger, left.

Mr Adrian Dart, right, who is on the board, has also been appointed group director of marketing and strategy of Schachat Holdings.

portunity to "adjust to the new reality".

Indeed, leaders of industries who believe they have a case against the legislation, will be able to approach the board.

"We have no intention of causing upset throughout the business sector,"

says CB chairman, Dr Stef Naude, "and in certain cases there will be a phasing in period.

"However, there will be no distinction in the general approach."

Collusion in pricing which is said to be widespread in South African business is the main target of the anti-cartel legislation.

Among the practices

tent they exist in the economy.

"There is almost no industry where there is no price collusion," he says.

Kinross project

Group Five company D&H Construction is nearing completion of the building of plant at Gencor's Kinross gold mine in the Eastern Transvaal — a pilot scheme for the extraction of gold from low-grade waste deposits.

If the process proves viable, it is expected that similar plants will be built at other Gencor mines.

New schools

R5,1 million contract for three new secondary schools at Winterveld in Bophuthatswana has been awarded to Ribco, an industrialised building company in the Murray & Roberts group.

Topped out

The 18-storey block of the R50 million Volkskas twin tower structure in central Pretoria which is being built by Ovcon (Transvaal) has been topped out.

The other 12-storey block was topped out last year.

Ovcon achieved a building rate of one floor a fortnight on the towers part of the project.

Volkskas Bank is taking the entire ground floor and the first floor of the 18-storey tower.

The project is scheduled for completion at the end of the year.

T
h
c
P
]
]
W
U
n

A sorry tale

32 FIN MAIL
2/5/86

Any critique of Darling & Hodgson (D & H) must concede that the group is a victim of unprecedented adversity in the construction industry. Others have also suffered huge losses: Murray & Roberts reported a 43% slide in net profit at the end-December interim, while LTA at its end-September interim saw earnings collapse into loss. So D & H's turnaround in 1985, from an R18,9m net profit before extraordinary items to a R16,8m loss, conforms to industry trends.

But management mistakes have exacerbated the problems. Failures over a number of years in engineering, shipping and oil rig projects — undertaken in an attempt to expand the operations base — have landed D & H with over R80m in accumulated losses (see table), taken mostly below the line. The most profitable subsidiary, the materials division, was exchanged for shares in Blue Circle; the (paper) capital profit was used to defray losses.

Debt has also soared, with finance charges compounded by nearly R16m currency losses on offshore borrowings. The dividend last year, including the final on the preferred ords, was passed. And the market value of strategic stakes in Group Five and Blue Circle stands nearly R60m below cost. It is a tale of ineptitude: which raises the questions why controlling shareholder Gencor let it happen, and what will be done to repair the damage.

Investors have been slow to appreciate the size of the disaster, and this has much to do with the accounting treatment of losses. Most were taken as extraordi-

Darling & Hodgson has been facing torrid times in its main industries for some years, but a series of major miscalculations by management have compounded the grim effects. And investors will gain little confidence from the sales of shares owned by directors or their family trusts.

nary items below the line. But the effect was the same: an *actual* loss of cash and capital.

Management is also to blame for the largesse of the dividend policy. This has left woefully inadequate reserves to withstand present high debt and the poor trading climate. From 1981-1985, D & H earned R68m attributable profits. Net extraordinary items came to a R24m loss (cut by capital profits on the sale of subsidiaries), reducing profits to R44m. Yet dividend pay-

ments in the period amounted to R41m.

Comments an analyst: "It's all very well for an investing public to look at net profit. But extraordinary items are part of trading. Then you see the real scale of how things have been managed. There's no dividend cover whatsoever."

"The reason is that D & H was trying to show it was a blue-chip share."

Gencor is also to blame — for not taking remedial action sooner. Doubtless, industrial problems at Tedelux, Sappi, Kanhym and Kohler were more pres-

ing. Neither would D & H's dividends have been unwelcome. Gencor's balance sheet was under strain in 1984-1985, and the mining house did not need still more adverse publicity. But perhaps the main reason for its passivity lies in the personality of D & H chairman John Hodgson. Hodgson, a strong-willed man and son of the group's founder, made it clear that he would brook no interference from Gencor in operations.

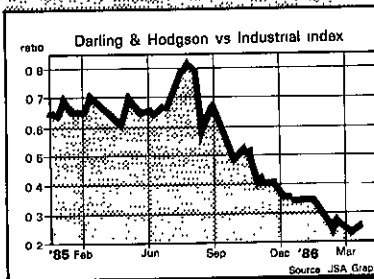
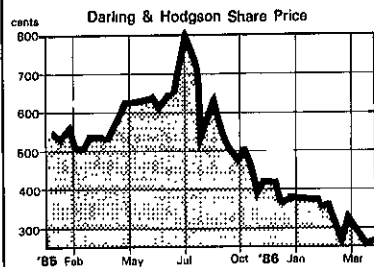
At the same time, Hodgson is a would-be entrepreneur. He sought to develop new lines of business to promote growth and lessen dependence on cyclical construction profits. He summed up his thinking in the preface he wrote for the glossy corporate history, celebrating last year's 50th anniversary. Citing Theodore Roosevelt he said: "Far better it is to dare mighty things, to win glorious triumphs even though chequered with failure, than to take ranks with those poor spirits who never enjoy much nor suffer much, because they know not victory nor defeat."

Hodgson's mighty things did not come unstuck initially. The takeover of Fowler Construction in 1981 proved a bargain, with windfall pre-acquisition profits enabling D & H to recoup the purchase price in a year (see table for the 1981 construction profit). But the slide had already started, with heavy losses in the engineering division and on the Armadah oil-rig operation. In 1983, D & H closed this division. Total losses came to some R50m, and a boardroom scrap over showing losses below the line was noted in that year's directors' report.

So Hodgson must have been delighted when a deal to sell 30% of D & H Materials to Blue Circle in early 1984 enabled him to backdate the capital profit to 1983. This helped reduce the extraordinary loss from engineering. Earnings above the line rose over 100%, the share price soared, and a R41m rights issue of preferred ords was held, pitched at 900c. These now stand at 425c.

Next, subsidiary Group Five bought D & H Construction for R31m. The premi-

ALL FALL DOWN



um to the R23m net worth was justified in the documentation on the basis of "future earnings potential," and Barclays Merchant Bank declared the terms fair and reasonable. The problem was that the construction recession intensified, so D & H (with a 65% stake in Group Five) had more assets tied up in diminishing returns (see table). Group Five was saddled with a 43% increase in share capital, and vastly increased borrowings at a time of record rates, to fund the purchase. This accentuated the slide in its earnings a share.

By this time, D & H had invested in a Panamanian shipping venture and also acquired 42% of Blue Circle, mainly through the sale to it of 100% of D & H Materials. Shipping went sour and the group took a R30m loss on the sale of its holding. The Blue Circle stake cost R99m, but depressed market conditions have seen the market value decline R42m to R57m. Hodgson defends the terms of the deal on the grounds that it was a once-in-a-lifetime opportunity. Certainly, the terms may not have been that favourable to Blue Circle. It has deducted R32m of goodwill from shareholders' funds on the purchase of D & H Materials.

The 1985 financial year saw D & H's operating profit hit by recession, falling 77% to R12.6m. Debt has soared, despite the R41m rights issue of 1984. The debt:equity ratio in 1985 is up from 0.77 to a worrying 1.24 (or 1.82, if the shortfall on Blue Circle's market value is charged to shareholders' funds, in line with FM policy). Hodgson says debt has risen as a result of financing the Blue Circle stake, and the Armadah and shipping losses.

The share price buckled, falling from a 12-month high of 810c last July to a 230c low (in early-March). It is now 250c. Before the fall, Hodgson drastically reduced the family shareholding. His immediate family sold 30 000 shares last May-June after the year-end results, when the share was around 650c. Sunminster Holdings, the main Hodgson family trust, sold 95 000 shares last May at 630c. Old Mutual bought 105 000 of these, while 20 000 went to Standard Bank Nominees. Sunminster also sold 24 000 preferred ords to Old Mutual. Through trusts, Hodgson now holds some 10 000 ords and 1 000 preferred ords. Finance director Brian Malcomson also lightened his holding, selling 25 000 shares at 650c. But Malcomson retains 65 000 ords and nearly 40 000 preferred ords, making him the largest director/shareholder. The other directors, including David Bath who has 43 000 shares and left the board last year on transfer to Blue Circle (see *People*), kept their holdings.

Hodgson says the divestment is related to age, and not company performance. "All



Hodgson

Picture by Raymond Preston

shares were dealt with in the full knowledge of the board and the major shareholder, Gencor," he says, "who were always offered the shares first. There's certainly never been any unhappiness from other board members and the number of shares involved represents a minuscule number of the 650 000 traded in 1985." But, considering that directors' sales account for just over 150 000 of the 600 000 ords sold in 1985, the amount at 25% is hardly minuscule. As for Sun-

minster, it has sold 95% of its ords and all its preferred ords.

Hodgson's comment that directors tend to reduce shareholdings when near retirement underlines the fact that his retirement will be announced at or before the May 7 AGM. He turned 60 at end-February, and there have been persistent rumours that he wants to emigrate to England. Hodgson refuses to discuss his retirement or (in advance of the AGM) how D & H will get out of its mess.

He stresses, though, that rumours of his retirement to England are "totally and absolutely unfounded." But D & H's future course is now under Gencor's close scrutiny. The options are a rights issue, asset sales, or a further reversal of assets into the group. "This is a nice introduction for Derek Keys," comments a Gencor source, "but there's been no definite direction yet in our thinking. We're taking a cold-blooded look and will come out with an answer. The AGM may be more than just a three-minute affair."

A rights issue looks inevitable, and would need to be at least R50m to make an appreciable impact. Asset sales look a harder proposition. Group Five could be sold to Murray & Roberts (also in the Sanlam camp), but construction companies do not always merge easily and profits could prove elusive —

witness Group Five and D & H Construction. More importantly, Group Five is undergeared (after intense debt-cutting in 1985); has been streamlined; and is not a drain on group funds. Its sale would amount to dismembering D & H, and would probably necessitate selling other assets.

Disposing of Blue Circle presents a particular problem. Gencor would be abandoning cement as capacity replacement costs would be prohibitive, whereas on a longer-term basis there are good strategic reasons for keeping Blue Circle. Blue Circle's entire cement output could cater for Group Five, once an upturn comes. And would the book value of D & H's Blue Circle stake be recovered?

Tanker services could be sold to unlisted United Transport (owned 40% by Sankorp). Des Bolton's Cargo Carriers is also interested. But tankers are basically profitable, and only made a loss last year as a result of uneconomic rail-tariff cutting by Sats. (So much for privatisation!) Offloading coal interests could see D & H run into Donald Masson's problem at Kanhym — of not being able to sell at an acceptable price. Another idea mooted is for an injection of more assets, to strengthen the earnings base. Unlisted Gencor-owned Hall Longmore/Rocla (R140m total assets) would be an obvious choice. Their pipemaking and laying business offers the benefits of synergy.

For the present, D & H has sold a few Group Five properties, part of that company's unsuccessful attempt at non-construction diversification. However, earnings will show limited recovery in 1986. Construction workloads are unlikely to pick up, and little headway has been made in cutting debt. The ords may not drop further, but offer little value at present. There is no prospect of dividends this year. Restoring the full dividend on the preferred ords also looks unlikely, but payment in 1986 of even half the nominal 84c would place the preferred ords on an attractive 9.9% yield. These seem to offer the best point of re-entry. Meanwhile, Gencor needs to crack the whip.

Christopher Marchand

D & H's RISE AND FALL

Breakdown of profit and loss (Rm)

	1981	1982	1983	1984	1985
Materials	9 728	13 349	10 179	10 160*	—
Construction	16 467	9 209	10 680	8 608	(5 403)
Group Five	—	—	5 915	—	—
Blue Circle	—	—	—	5 944†	1 766†
Services	6 578	5 377	6 606	2 030	(431)
Coal	5 432	1 149	(3 414)	1 930	5 093
Engineering	(13 211)	(15 959)	—	—	—
Head office interest and costs	—	—	(2 687)	(9 759)	(17 828)
Attributable profit	25 174★	13 125	27 279	18 913	(16 803)
Net extraordinary items	594	(7 997)	(1 644)	(3 538)	(11 133)
Profit on disposal of subsidiaries	40	123	10 965	7 020	14 753
Loss on sale or scrapping of assets	296	(5 000)	(14 722)	(2 276)	(311)
Provision for shipping losses	—	—	—	(5 966)	(26 287)
Profit after extraordinary items	25 768	5 128	25 636	15 375	(27 936)
Dividends	8 756	8 841	9 679	12 454	1 304

* 55% shareholding † Share of profit of associated companies ★ Includes sundry items.
NOTE: The breakdown of extraordinary items is on a selected basis.

BUILDING BLOCKS

Builders, like a good many other industrialists who have come under the Competition Board (CB) collusion spotlight, have been given an extension until year-end to get their house in order.

But it has been made clear to the Building Industries' Federation (Bifsa) and its constituent master builder associations that the extension is no more than temporary. The extra time has been granted to allow the association to negotiate agreement with other parties, including the SA Property Owners' Association (Sapoa).

For the moment, therefore, the much-criticised tender practices will continue. These include embargoing developers who open tenders from Bifsa members as well as non-members and the compulsory use by members of prescribed Bifsa tender forms.

In the interim, Bifsa has appointed Johan Hamman as a one-man committee to look into the allegations of collusion and to report on possible changes.

CB chairman Stef Naude says Bifsa and Sapoa are expected to get together urgently to negotiate. "It's a highly complex matter," he notes, "and we are leaving it up to them to thrash it out before we enter the fray and make our decision.

"If the parties don't agree, then the ban will come into force when the extension expires."

Senior Bifsa officials were not available for comment this week, but as far as Sapoa executive director Peter Erasmus is concerned, he is ready to negotiate. On one point, however, he is adamant: the embargo system is non-negotiable and must be scrapped.

- 1. Additional allowance - Bicycle allowance
- 2. Annual leave - 'Staff' are entitled to 15 or 18 days annual leave per year.

Footnotes

AREA A: Alberton, Bellville, Benoni, Boksburg, Brakpan, Camperdown, The Cape, Durban, Germiston, Goodwood, Inanda, Johannesburg, Kempton Park, Krugersdorp, Kull's River, Nigel, Oberholzer, Pinetown, Port Elizabeth, Pretoria, Randburg, Randfontein, Roodepoort, Sasolburg, Simon's Town, Springs, Uitenhage, Vanderbijlpark, Vereeniging, Westonaria, Wonderboom and Wynberg;

AREA B: Paarl.

AREA C: Bloemfontein, East London, Kimberley, Klerksdorp, Pietermaritzburg, Somerset West, Stellenbosch and Strand.

AREA D: Klip River and Newcastle.

Top construction concerns move in to tackle backlog

Housing boom is under way in black townships

By Winnie Graham,
Property Editor

The construction of "top quality" homes for middle-class blacks is gathering momentum in the townships and is expected to quicken as more stands become available.

The chief executive of the United Building Society, Mr Piet Badenhorst, said this week that thousands of houses were under construction in various townships and building was continuing despite the unrest.

The movement of top construction companies to the black areas, he said, followed the "oversupply of white accommodation" and the massive backlog of black housing. He said, however, that black, coloured and Indian entrepreneurs should increasingly share in the "spin-offs of development".

"Black and white must work hand in hand providing aesthetically pleasing homes for blacks," he said.

Builders of black houses, Mr Badenhorst added, could provide a powerful generator to the economy. They worked under difficult conditions in the trouble-torn townships and deserved credit for their efforts.

Estate agents

Mr Badenhorst said State assistance for first-time buyers needed to be widely communicated to blacks. The training of black estate agents was another priority in the establishment of a black property industry.

The UBS has already indicated prospective black homeowners are being granted R15 million a month to build or buy houses. This is about 60 per cent of the money the various societies are funnelling into black housing.

The general manager of the UBS, Mr Piet Kruger, said the UBS Development Corporation expected to develop 500 stands at Kagiso, on the West Rand, this year.

The society was also financing housing at Mohlakeng, near Randfontein, Daveyton, Kimberley, Witbank, Kroonstad and Khayelitsha where Bellandia Homes was building hundreds of houses.

"In comparison with the demand our efforts may seem like a drop in the ocean but it is a start," he said. "They are the sort of homes found in any white area."

The UBS, he said, had lost six houses in the unrest: two in Port Elizabeth and four in Soweto.

Most of the houses built by private enterprise, he said, sold from R35 000 upwards. Many were small but could be extended as finances permitted.

CAAT Tints - 6/5/82

32

Builders hopes raised after bond rate cut

Own Correspondent
JOHANNESBURG. — The property market's reaction to reduced bond rates is likely to be fairly slow. While observers hail the cuts as encouraging and possibly stimulating, they stress that more confidence is needed for a major upturn.

For existing bondholders, those who bought when rates were low and are battling to keep up with the unexpected higher payments, the downward movement is welcomed as much-needed relief.

But potential buyers will probably maintain their "wait and see" attitudes, while interest rates are lower than inflation, being fearful of upward adjustment, comments the Institute

of Estate Agents' president Norman Nel.

People are still a little insecure, he said, and these emotions play a vital part in their decisions to buy property.

Nevertheless Nel believes that property must start moving up as inflation continues to pressurize building costs and materials.

At a time when existing homes are available for 20% to 25% less than they could be built for, there are plenty of opportunities for the brave, he said.

Peter Erasmus, executive director of the SA Property Owners' Association (Sapoa), notes the market had expected rates to level out towards the middle of the year, possibly going up again in the third quar-

ter. With the current downward pressure it is quite possible that rates will continue going down, giving the market the surge of confidence it so desperately needs.

Sapoa hopes the beleaguered construction industry in particular will benefit by the cheaper money.

Finally, he observes that property's lead-and-lag relationship with the economy means it'll take time before the effect is really felt.

Canadian reserves

OTTAWA. — Canadian foreign reserve holdings rose \$186.7m in April to \$3.47 billion from \$3.28 billion at the end of March.

CAAT Tints 6/5/82

'SA motor industry heading for disaster'

JOHANNESBURG. — The SA motor industry is heading for disaster, unless the government comes to its rescue with significant concessions on perks tax and GST.

This warning was sounded yesterday by Theo Swart, MD of McCarthy Group.

"If the government is serious about stimulating the motor industry, it should immediately ease up on the perks tax and at least halve GST on new and used vehicle sales for the next two years," said Swart.

"It should also heed the call of the manufacturers (Naamsa) for the scrapping of the 10% surcharge on all imported items affecting the motor industry," he added.

"The situation is so desperate that we simply do not have time to wait for the Margo Report.

"The motor market is in such a sad state that widespread unemployment is now threatened at the retail-end of the business.

"We all know that there is already 36% unemployment at the manufacturing-end," said Swart. — Sapa



Mr Vince Lochrie has been appointed a director of Foschini Storés (Pty) Ltd.

10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32

R75m earmarked for self-help building of 8 800 homes

32

Bus Day

8/5/82

This Department of Constitutional Development and Planning has announced R75m to finance several self-help building schemes that are expected to lead to the construction of more than 8 800 houses in various parts of the country.

It was estimated that these projects would provide work for shorter and longer periods for some 122 000 unemployed blacks. Constitutional Development and Planning Minister Chris Heunis said in a statement released in Cape Town.

Planning had largely been completed and it was expected that a start would soon be made on the housing schemes. A major portion of the funding had been allocated to the depressed Eastern Cape region, where self-help schemes comprising 5 808 houses had been approved, Heunis said.

In the Orange Vaal area, 2 856 houses were planned. A further 666 had been provided for in the Western Transvaal. Heunis said an additional 850m had been allocated for the upgrading of black towns for use as in-

repairing houses, planting grass and trees and providing storm-water drainage. The combined total of R75m represents virtually the entire amount allocated to Heunis' department for the creation of work opportunities for blacks throughout SA during the current financial year. Heunis said the money was to be applied in such a manner that the maximum number of unemployed people would be employed on the one hand and the living standards of black communities would be improved on the other. Government has allocated an additional R460m for the creation of further job opportunities during the 1982/7 year. Of this amount, R20m has been made available to Constitutional Development and Planning.



HEUNIS

BUSINESS

Many architectural firms expected to close down

By DENISE BOUTALL

TWENTY PER CENT of South Africa's 1 200 architectural firms are expected to close down as a result of the current economic slump.

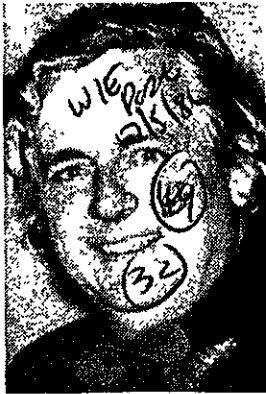
This is the prediction of the Institute of South African Architects after a survey showed that 40% of the firms have little or no work and that half of these would be closing down.

However, the president of the Eastern Cape branch, Prof Danie Theron, says the situation in Port Elizabeth is not as serious.

"It would appear that most architects in the area are reasonably busy, although they are doing mostly small, less profitable work."

The institute's concern about the profession prompted an interview with the Minister of Communication and Public Works, Dr L A P A Munnik.

The recession has already hit Port Elizabeth's building industry, which is now employing fewer



Prof DANIE THERON

than 7 000 people, compared to 15 000 in 1973.

Prof Theron, who heads the School of Architecture at the University of Port Elizabeth, where 80 first-year students are currently enrolled, is particularly optimistic about the long-term future of architecture.

"There are 70 million people in Southern Africa and they are becoming increasingly urbanised. That means that they will need houses, schools, hospitals and social amenities."

Prof Theron said the ratio of architects to the population of South Africa was one of the lowest in the world. He estimated that between 120 and 150 architects qualified annually from South Africa's six schools of architecture, but not all of them had to be absorbed by architectural firms.

"Architectural training equips one for a whole range of professions, including town planning, the building industry, the building supply business and stage design."

A Port Elizabeth architect with offices in Grahamstown and Umtata said it was quite likely that some local firms would close down and others seek amalgamation before the end of this year.

He also questioned the future of architects in an essentially Third World environment.

"The majority of Third World urban development will be handled by large corporations, which might employ one, or maybe two architects, because mass

housing schemes and even schools and hospitals will be built to a few standard plans.

"The country simply cannot afford the architects."

Another brake on architects' work would come when existing facilities were opened to all races, which would bring about better utilisation of expensive facilities already created.

Another Port Elizabeth architect said although there was no work in the commercial and white residential sectors, there was work in the public sector and quasi-governmental sectors. Architects were also being commissioned to design houses for middle-income blacks.

The possibilities of work in the low-income sector were limited.

Unlike other major cities, Port Elizabeth had never been oversupplied with architects and he did not see any of them closing down.

"But there is a dearth of work in the short term."

(9) N/M ~~15/5/86~~ 15/5/86

Cement industry had 14pc fall in ⁽³²⁾ domestic demand

JOHANNESBURG—The cement industry experienced a 14 percent drop in domestic demand last year, according to the annual review of the South African Cement Producers' Association.

The association says this followed a sharp decline in the activities of the local building and construction industries, commencing in the last quarter of 1984 and continuing at a substantial rate throughout 1985.

The review said imported cement caused the industry to suffer losses.

Japan

'During the year to August 1985, some 200 000 tons of cement were imported from Japan to Natal. This was resisted by local producers as there was an over-supply of local cement and a price war resulted which culminated in the withdrawal of the importers. Although this threat was eliminated, the industry suffered a considerable loss,' the association said.

Reductions in prices were necessary to counter imports from Zimbabwe into the Northern Transvaal, where high transport costs resulted in very high delivered prices, the review says.

'The importation of cement is of great concern to the cement industry. Its producer members have in the recent past embarked on substantial capital expenditure programmes to increase capacity to serve the needs of the country and to minimise the likelihood of a shortage arising.

'A substantial over-supply of cement worldwide existed and the low prices at which cement imported

from Japan was sold — well below those prevailing in Japan — clearly showed dumping,' the review said.
— (Sapa)

15/5/86. BUS DAY. ~~32~~
Brain drain hits engineers 32

connected with our association, there could be many more who have gone," says EASA director Edgar Irle.

"Indications are that 1986 could be worse. The position is highly disturbing as I am receiving requests daily for information about the overseas job market."

Irle says his association is to hold an urgent meeting next week and will then take an official stance on the matter.

Roy Marcus, dean of the Engineering Faculty at Wits, says an immediate

← ● From Page 1
change of attitude by government is needed.

"We are calling on government and other bodies to take emergency measures."

He says emigration is one of the main reasons why universities are experiencing staff shortages.

"The massive brain drain we are witnessing is ominous for the future of engineering in SA."

15/5/86. BUS DAY. ~~32~~
Engineers suffer a major SA brain drain 32

MICK COLLINS

15/5/86.
THE brain drain is turning into a flood with the engineering profession particularly hard hit by emigration of professionals.

No fewer than 774 professional engineers have quit SA in the past two years, latest figures reveal.

This is 5,2% of a total pool of 14 700 engineers.

Engineering is by not an exception. A report tabled by the National Manpower Commission in Parliament yesterday reveals that, apart from 469 engineers who emigrated last year, SA lost 70 doctors and dentists, 140 accountants and 145 teachers.

In 1984, 305 engineers, 56 doctors and dentists, 100 accountants and 146 teachers left.

Last year the country recorded net gains of 73 doctors and dentists and 43 teachers, compared with 163 and 195 in 1984. There was a net loss of 12 accountants last year.

The alarming brain drain in the engineering field is supported by figures from the Engineers' Association of SA (EASA), which says it lost 450 professional engineers from a membership of 3 800 in 1985.

EASA, whose membership includes 500 new graduates, says that 1 500 associated personnel also quit the country.

This has prompted engineering leaders to call for urgent action to stem the tide.

"These figures apply only to people

● To Page 2 →

ARCUS 16/5/86

Two fresh blows rock Eastern Cape economy

The Argus Bureau 32
TWO fresh blows have rocked the hard-pressed Eastern Cape economy — Corobrik is closing its Port Elizabeth operation and Steelmobile in Uitenhage is shutting down.

Corobrik's closure is expected within days and Steelmobile's at the end of the month. About 200 people are expected to lose their jobs.

The closure of Corobrik would probably be a mothball-

ing exercise, according to a spokesman.

Its shutdown represents one of the most dramatic reversals in the Eastern Cape's recent catalogue of misfortunes.

WAITING LIST

Four years ago, Corobrik had a three-month waiting list on deliveries. Last year Corobrik nationally reduced production by 40 percent and cut salaried staff by 15 percent.

A recent report issued by the University of Port Elizabeth showed private home building in the Eastern Cape had experienced one of the most serious declines in the country.

According to an industry source, between 15 and 20 whites and between 40 and 50 blacks are employed there.

At Steelmobile, 147 people will lose their jobs. About 12 of these are salaried employees while the rest are hourly-paid.

OTHER JOBS

The plant, site and the machinery are being sold, the plant manager of Steelmobile, Mr Richard Roper, said today.

He said the workers had been told in January that the plant would close at the end of May to give them time to look for other jobs. They had been given severance pay.

Most of the hourly-paid operators and labourers had been unable to find alternative work in the area.

E Cape revival vital to future of brick firm

By KIN BENTLEY
THE chances of production being resumed at Corobrik's Port Elizabeth plant are "tied to the revival of the Eastern Cape area".

This was said today by Mr E C Rutherford, the managing director of Corobrik's holding company, Toncoro.

He was commenting on Corobrik's decision to "mothball" its PE plant from today because of the decline in demand for bricks in the area.

The move saw about 105 hourly and monthly-paid employees lose their jobs. Speaking from Durban, Mr Rutherford said the South African economy on its own was fairly strong.

But positive economic

factors like the recent drop in interest rates were offset by the "lack of confidence in the political future". He would not express an opinion on whether lack of confidence was worse in PE than elsewhere in the country.

He said that the company's other, Eastern Cape plant - in Grahamstown - manufactured a wider range of bricks than the one in PE and would now operate at full capacity.

Although a year's supply of face-bricks was stockpiled at the PE plant, he said all supplies needed by PE would be available from the Grahamstown plant.

Mr Rutherford said the firm would continue its sales and administration activities in PE.

AREA B: Bellville, Goodwood, Port Elizabeth, Simon's Town, The
pe, Uitenhage, and Wynberg and the Municipal Area of Strand;
Durban, (excluding the area occupied by Dunlop South Africa Ltd),
Inanda and Pinetown, and the municipal areas of Howick and
Newcastle, Alberton, Benoni, Boksburg, Brakpan, Delmas,
Germiston, Johannesburg, Kempton Park, Klerksdorp, Krugersdorp,
Nigel, Oberholzer, Pretoria, Randburg, Randfontein, Roodepoort,
Springs, Vanderbijlpark, Vereeniging, Westonia and Wonderboom.

AREA A: East London.

Superseding w.d. no's: 239 & 372

431 - RUBBER AND RUBBER PRODUCTS INDUSTRY, CERTAIN AREAS.

Dorbyl predicts higher earnings

32 BUS DAY 19/5/86



LIZ ROUSE

ENGINEERING giant Dorbyl's improved interim results show the benefits of rationalisation of its acquisitions and a reduced interest bill.

Although results are not strictly comparable because of the huge acquisition drive last year, attributable taxed profit for the six months to March jumped to R10,47m from the 1985 half-year's R2,53m.

The interim dividend has been raised by 1c to 13c. An improvement on last year's final of 28c appears to be on the cards as Dorbyl directors predict higher year-end earnings.

Dorbyl (controlled by Ipsa, which is 40% owned by Metkor and 40% owned by Anglo American) has continued on the acquisition track, having acquired Hulett Engineering from the Tongaat-Hulett Group, effective from April 30 this year. Last year it absorbed Barlows Engineering Holdings, Barlows Railway & Engineering Products, Afgate, Woltube and Wolcut, and merged with Stewarts & Lloyds.

A decline in Dorbyl's interim turnover to R679,6m from the previous half-year's R695,6m reflects the difficult and erratic trading conditions under which the

group has operated.

Directors say slack demand for vehicles continues to have a negative impact of subsidiaries servicing the motor industry. However, exports are being maintained and further opportunities explored.

Rationalisation of production facilities and product lines continues, and benefits of the acquisitions will increasingly be felt in 1986 and subsequent years, the directors say.

Benefits are already reflected in an improvement in Dorbyl's margins to 4,2% from 3,5%.

The group has also succeeded in reducing its interest-bearing debts (incurred through the acquisitions) to R182,1m from R207,7m at the end of September and R245,1m at the end of March, 1984.

Interest charges fell to R12,1m in the past six months from a massive R34,4m in the previous full year. With lower interest rates and a better cash flow, the group should be able to reduce interest payments considerably in the second half of the year.

Labour Party aid

Critical brain drain may force closure of engineering faculties

By Stan Kennedy
The "massive shortage" of academic engineers is bringing the day nearer when some universities will have to close down their engineering faculties and there will have to be an enforced rationalisation of degree programmes throughout the country.

This is the opinion of Professor Roy Marcus, retiring dean of engineering, University of the Witwatersrand, who is planning to take up a position in industry.

The current educational system does not recognise a "scarcity allowance" or "market allowance" for people with specialist skills and, from the country's point of view, if the right type of

engineer is to be produced then academic engineers must be paid substantially more, he says.

In a statement released by the eight deans of the faculties of engineering of South African universities, "grave concern" is expressed about the crisis in engineering education.

The deans note the "alarming" number of resignations of senior academic staff, some of whom are taking up positions at overseas universities, while others have been offered top positions in South African industry.

They believe their one trump card, the attractiveness of the academic life, is being eroded away. Large classes, outdated equipment and the



Prof Roy Marcus

shortage of research funding are some of the components making a university career less attractive, they believe.

Five senior academics are leaving Wits, three from the University of Cape Town and an un-

known number from the remainder of the universities. There could be others who have not handed in their resignations. And while the figure may not be astronomical, Professor Marcus says that the potential to fill the senior posts is "very remote".

Apart from the low salaries offered, the political aspect is having an adverse effect on the ability of universities to attract suitably qualified people from overseas, a source used in the past.

"It is an illusion," says Professor Marcus, "to think that the academic engineer has prestige.

"His status has dropped to virtually nothing because he can no longer command a reasonable salary.

"And because of the pressures of work and the large student numbers, he is unable to make a significant contribution to the engineering profession.

"If we had more academic staff, we could do a lot more research, more consulting and get the opportunity to be recognised as a specialist."

He says the amount of money available for research is "abysmally low" and, in fact, has never been lower. Last year it was cut by 18 percent and this year it was cut by a similar amount.

As a result, a situation could develop when it would no longer be possible for Wits, for example, to teach chemical engineering. The Wits' faculty would have to amalgamate with Potchefstroom

and Pretoria universities, using all the available resources.

"Every South African university wants to have an engineering faculty. Rand Afrikaans University and Potchefstroom University are currently establishing engineering faculties and seem to have all the money to do so. Wits technikon is putting up new buildings, while Pretoria University and Wits cannot find the money to equip their established faculties.

"It is a yo-yo kind of situation. It is my belief that we can no longer have engineering faculties at universities and we need to establish, what they have in other countries, institutes of technology."

He says the engineering profession, itself, is in a state of disarray and is struggling to find a unifying factor for all the various engineering disciplines which will enable it to act as a single body.

About 780 professional engineers, or 5,2 percent of the total pool of 14 700, have left the country in the past two years.

"It is negligent in its inability to get its act together and start making serious representations to the government and the private sector.

"While it is trying to get its act together to form an umbrella organisation, Rome is burning, engineering education is going for a loop and engineers are leaving the country. It is a national crisis that will affect the future economic and political survival of the country."

Cement slump

NATAL is now feeling the full effects of the recession with a vengeance, says Mike Doyle, general manager of Natal Portland Cement.

Reporting a marked 30,2 percent decrease in April sales compared with April 1985, he said that last year in Durban, there had been a rush to beat the first of the discount removals.

He disclosed that 81 000 tons were sold in Natal last month, compared with 116 000 in April last year.

Sales in the province for the four months ended on April 30 were 347 000 tons, 17 percent down on the comparative period.

In the Durban area (within 40kms of the city centre), cement sales were 41 000 tons, 14,6 percent down on the 47 000 tons for April 1985.

Sales for the four-month period were 9,5 percent down at 146 000 tons on the comparative period.

Mr Doyle said the percentage of bagged sales (53,6 percent) compared with 49,8 percent (year to date) confirms that demand continues to emanate mainly from the small contracts.

MM 2/1986

(32)

STAR

Friday May 21 1986 7

Pay rises for builders

Own Correspondent

CAPE TOWN — Building industry wage negotiations have ended in 10 percent increases for labourers and artisans.

Unions asked for 29 percent to offset effects of inflation.

Artisans will get 40c more an hour and labourers 16c.

Mr Eddie Kapp, secretary of the South African Woodworkers' Union, said the increases — which will not become effective until published in the *Government Gazette* — were not satisfactory.

Handwritten scribbles and numbers, possibly '2/2' and '1/1'.

Handwritten scribbles and numbers, possibly '3/3' and '4/4'.

Handwritten numbers '4' and '5/5'.

COMPANIES

Danech shares appear to be undervalued

22/5/86
BUS DAY
32

MERVYN HARRIS

MEASURED against the engineering section as a whole — and against Hudaco in particular — Danech shares appear to be undervalued.

Their current price of 175c and prospective dividend yield of 5.1% should be compared with the engineering sector's average yield of 3.5%.

The shares are trading at a heavy discount compared with Hudaco, also in mining supplies and related activities.

Hudaco, which made its debut on the market soon after Danech towards the end of last year, advanced 3% or 10c yesterday to a peak of 340c, putting it on an historic dividend yield of 3.3%. Its PE ratio of 13.8 is almost double the 7.9 ratio of Danech.

Both companies are projecting similar earnings for their current financial years. Danech forecasts earnings a share of 22c for the year to September and Hudaco 24c for the year to November.

Analysts blame the poorer rating of Danech on the presentation of its results for the nine months to March and the 15 months to September. They say this has tended to confuse the market, as results are normally for six months or a year.

However, Danech MD Neville Parry dismisses this argument as he says it was clearly stated in the prospectus that the results would be presented in this way. But he agrees with analysts that the shares should be re-rated to the 225c to 235c level.

He maintains the shares are not being bid up because of confusion over the announcement that three engineering companies would be injected into suspended cash shell NFS Motors, which would then seek a relisting.

NFS Motors is being bought by Danech (Pty), the controlling shareholder of listed Danech and its pyramid company Dicor. "We are not putting engineering companies into listed Danech, which is a mining stores company. NFS Motors will be completely separate. It holds the private engineering interests of myself and Danech chairman Dan Slabbert," he says. "Listed Danech is a trading company, which is not involved in manufacturing. We should, in fact, be in the stores sector."

There is the possibility of such a transfer taking place as the JSE goes ahead with plans to change the name of the stores sector into "wholesale and retail" to reflect more accurately trading companies in the sector.

Dicor, whose entire income is derived from dividends declared by Danech, should trade at a theoretical value of 46.2% of Danech shares. On that basis, Dicor shares should be at 80c against Danech's current price of 175c. Its current price is 85c.

Dicor is thus at a 5c premium which, analysts say, can be attributed to the control Dicor exercises over Danech.



Shaky foundations

Just when the most die-hard traditionalist should be appreciating that the economy's health will increasingly depend on the country's technical base, the alarm bells are ringing in a critical sector — engineering.

In 1985, SA gained 60 engineers, with 529 members of the profession immigrating to the country, and 469 emigrating.

However, there has been a dramatic turnaround in the first five months of this year. That period produced a net loss of 114 engineers as 215 left and 101 settled in SA, adding to fears that a grave shortage of professionals will hold back an economic upswing or, at the very least, add considerably to development costs.

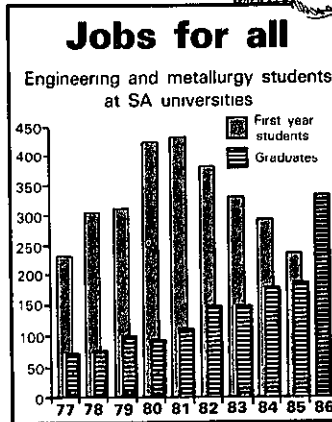
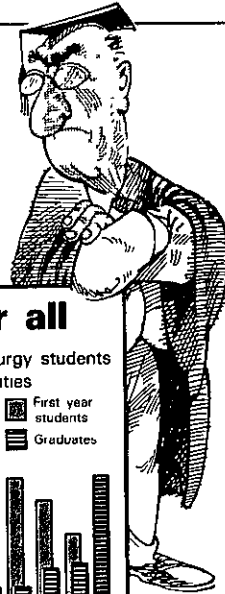
Uncertainty

The low rand, the uncertain political future and SA's increasing economic isolation means it will remain difficult to recruit engineers overseas, who normally make up some 25% of the profession.

It is said that SA has been too complacent about training the workforce because it has been able to rely on foreign workers.

Mintek president, Aiden Edwards, says that SA's backwardness in technical education is seen in a comparison with the Republic of China: "Since 1970, engineering graduates from Taiwanese universities and colleges have increased from 3 020 a year to 7 330 — 240% up on an already high number.

But in SA we have seen an increase of only about 60% — from 619 to 975 a year. It's significant that SA produced fewer than 160 chemical engineers and metallurgists in 1984, while Taiwan produced over 1 000."



SA even lags behind countries like Peru and Argentina in the number of engineers engaged in research and development.

Edwards says projected 1986 figures — based on statistics for the first quarter — show that SA will lose twice as many chemical and metallurgical engineers than it will gain: "This is the first time in history that we will have a net loss. How long can this trend continue?"

He says it is essential to increase engineer training. "We must boost student enrolment at universities and technikons, or we will miss the boat," he says.

However, it is not as easy as that. UCT's acting Dean of Engineering, Professor Lawrence Adams, says university staff are already overworked and poorly paid: "If it's

difficult for commercial enterprises to hire foreign engineers, it will be doubly difficult for universities."

Applicants still heavily outnumber university places for engineers, but existing staff are already stretched. More students could mean lower standards.

Philip Lloyd, a member of the manpower committee of the Federation of Societies of Professional Engineers (FSPE), says there are now more blacks in engineering ranks than white women. There is, however, a severe shortage of heavy current electrical engineers, and a serious lack of chemical and mechanical engineers.

Better image

However, the image of engineers has improved and they are no longer considered cloth-capped dullards. "They are not badly looked after here, although they can earn very much more on contract in, say, Saudi Arabia," says Lloyd.

Former Wits dean of engineering, Professor Roy Marcus, who is now group technical adviser for Cargo Carriers, says the future of SA will depend on manufacturing expansion, with emphasis on high quality to compete with Far Eastern countries.

"If we can afford to spend enormous amounts on defence research, we should be able to spend more on industrial R & D and training key engineers," he tells the *FM*. ■

23/5/86

PROPERTY

FIN MAIL

CAPE HOUSING

Talking billions

Cape Town City Council's frustrated Blue Downs proposed housing development for the Cape Flats is being adapted by government into a R2 billion project on a scale expected to rival Mitchells Plain.

Tenders are now going out for roads and services infrastructure for 7 000 houses in the first phase of the project on 650 ha of State-owned land near D F Malan airport.

Carel Marais, project director for the Lower Kuils River Development Scheme, says it is intended that the project should grow into a development of about 40 000 houses on 4 000 ha, accommodating some 200 000 people.

Much of the additional ground is in private hands. The scheme falls under Minister David Curry's Department of Local Government, Housing and Agriculture in the House of Representatives. Infrastructural spending to be footed by government is estimated at R140m over the next four years.

Spin-off should benefit KPP's R75m Westgate shopping centre and residential scheme, recently approved by province after a thumbs-down from the city council, which is due to come fully on stream early in 1988.

Developers are soon to be offered portions of the site at an, as yet, undisclosed price. First houses in the initial phase — to be called Blue Downs — should be available towards the middle of next year.

Marais accepts that the Cape Town City Council was an early motivator of the project, but he maintains that numerous other bodies were involved as well, prompting the intervention of government for the sake of co-ordination. Council had to drop its plans when the land was taken by the State, according to Town Planning Committee chairman Clive Keegan.

Overall planners for the area are Van der Spuy and Associates Inc. Director Anthony van der Spuy describes progress on the scheme as "phenomenal."

He says the group has been quietly working on the project for about a year, but the bulk of development planning has been done over the past six months by a team including the provincial administration and local authorities. ■

	(1)(a)	(2)(a)
Carletonville.....	2 596	1
Christiana.....	599	Nil
Colligny.....	333	Nil
Fochville.....	220	Nil
Hartbeesfontein.....	287	Nil
Koster.....	534	Nil
Leedoringsstad.....	326	Nil
Lichtenburg.....	599	Nil
Makwassie.....	314	Nil
Orkney.....	1 088	1
Otsoedal.....	418	Nil
Sannieshof.....	167	Nil
Schweizer Reneke.....	782	Nil
Swartuggens.....	152	Nil
Stilfontein.....	1 631	1
Ventersdorp.....	463	Nil
Whipoot.....	36	Nil
Wolmaransstad.....	786	Nil
Zeerust.....	574	Nil

(1) (b) It is government policy to provide serviced sites in order to enable Blacks to erect their own houses either with own capital or with loans which are made available for the purchase of building material. Houses are erected only in exceptional cases for those applicants in the lowest income group, for instance pensioners, who are not able to help themselves. The number of houses to be erected for this group will depend on the availability of funds.

(2) (b) (i) and (ii) The provision of school facilities is a function dealt with by the Department of Education and Training.

Northern Transvaal Development Board

960. Mr P G SOAL asked the Minister of Constitutional Development and Planning:

(1) What total number of houses (a) were there in each township falling under the Northern Transvaal Development Board as at 31 December 1985 and (b) are to be built in each such township in 1986;

(2) what total number of (a) crèches and (b)(i) primary and (ii) secondary schools were there in each such township as at that date?

The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

	(1)(a)	(2)(a)
Nylstroom.....	463	Nil
Messina.....	640	1
Naboomspruit.....	357	Nil
Soekmeekaar.....	65	Nil
Louis Trichardt.....	119	Nil
Roedean.....	46	Nil
Duitvelsdoof.....	16	Nil

(1) (b) It is government policy to provide serviced sites in order to enable Blacks to erect their own houses either with own capital or with loans which are made available for the purchase of building material. Houses are erected only in exceptional cases for those applicants in the lowest income group, for instance pensioners, who are not able to help themselves. The number of houses to be erected for this group will depend on the availability of funds.

(2) (b) (i) and (ii) The provision of school facilities is a function dealt with by the Department of Education and Training.

Highveld Development Board

961. Mr P G SOAL asked the Minister of Constitutional Development and Planning:

(1) What total number of houses (a) were there in each township falling under the Highveld Development Board as at 31 December 1985 and (b) are to be built in each such township in 1986;

(2) what total number of (a) crèches and (b)(i) primary and (ii) secondary schools were there in each such township as at that date?

The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

	(1)(a)	(2)(a)
Balfour.....	892	1
Belfast.....	642	Nil
Bethal.....	1 587	1
Dullstroom.....	133	Nil
Greylingstad.....	181	Nil
Hendrina.....	287	1
Langewacht.....	1 905	1
Leandra.....	1 597	Nil
Lydenburg.....	641	1
Machadodorp.....	165	Nil
Ogies.....	989	1
Penderkop.....	99	Nil
Standerton.....	2 593	1
Volksrust.....	1 400	1

(1) (b) It is government policy to provide serviced sites in order to enable Blacks to erect their own houses either with own capital or with loans which are made available for the purchase of building material. Houses are erected only in exceptional cases for those applicants in the lowest income group, for instance pensioners, who are not able to help themselves. The number of houses to be erected for this group will depend on the availability of funds.

(2) (b) (i) and (ii) The provision of school facilities is a function dealt with by the Department of Education and Training.

Orange Vaal Development Board

962. Mr P G SOAL asked the Minister of Constitutional Development and Planning:

(1) What total number of houses (a) were there in each township falling under the Orange Vaal Development Board as at 31 December 1985 and (b) are to be built in each such township in 1986;

(2) what total number of (a) crèches and (b)(i) primary and (ii) secondary schools were there in each such township as at that date?

The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

	(1)(a)	(2)(a)
Arlington.....	346	Nil
Bothaville (Old).....	438	Nil
Bothaville (New).....	2 055	Nil
Clarens.....	100	Nil
Corrivia.....	144	Nil
Edenville.....	227	Nil
Frankfort.....	1 076	Nil
Harrismith.....	1 852	2
Heilbron.....	1 072	1
Kestell.....	211	Nil
Koppies.....	333	Nil
Lindley.....	689	Nil
Menel.....	135	Nil
Oranjeville.....	73	Nil
Parys.....	2 150	3
Petrus Steyn.....	450	Nil
Reitz.....	993	Nil
Steynsrus.....	388	Nil
Tweeling.....	170	Nil
Vrede.....	894	Nil
Vrededorp.....	364	1
Villiers.....	409	Nil
Viljoenskroon.....	750	1
Warden.....	517	Nil

(1) (b) It is government policy to provide serviced sites in order to enable blacks to erect their own houses either with own capital or with loans which are made available for the purchase of building material. Houses are erected only in exceptional cases for those applicants in the lowest income group, for instance pensioners, who are not able to help themselves. The number of houses to be erected for this group will depend on the availability of funds.

(2) (b) (i) and (ii) The provision of school facilities is a function dealt with by the Department of Education and Training.

Southern Orange Free State Development Board

963. Mr P G SOAL asked the Minister of Constitutional Development and Planning:

(1) What total number of houses (a) were there in each township falling under the Southern Orange Free State Development Board as at 31 December 1985 and (b) are to be built in each such township in 1986;

(2) what total number of (a) crèches and (b)(i) primary and (ii) secondary schools were there in each such township as at that date?

HoA

HoA

- (1) What total number of houses (a) were there in each township falling under the Southern Orange Free State Development Board as at 31 December 1985 and (b) are to be built in each such township in 1986;
- (2) what total number of (a) crèches and (b)(i) primary and (ii) secondary schools were there in each such township as at that date?

THE MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

	(1)(a)	(2)(a)
Allanridge	166	Nil
Bethule	429	Nil
Boshof	300	Nil
Brandfort	759	Nil
Clocolan	649	Nil
Dealesville	196	1
Dewetsdorp	585	1
Edenburg	446	Nil
Excelsior	329	Nil
Fauresmith	346	1
Ficksburg	1 490	Nil
Fouriesburg	450	Nil
Hertzogville	185	Nil
Hobhouse	184	Nil
Hoopstad	346	1
Jagersfontein	631	Nil
Jacobsdal	211	Nil
Koffiefontein	681	1
Marquard	523	Nil
Paul Roux	279	Nil
Petrusburg	349	Nil
Philippolis	309	1
Reddersburg	363	Nil
Rosendal	97	Nil
Rouxville	374	Nil
Senekal	1 500	1
Smithfield	336	Nil
Soutpan	262	Nil
Springfontein	373	1
Thenusset	1 108	Nil
Trompsburg	312	Nil
Tweespruit	394	1
Vanstadensrus	73	Nil
Ventersburg	490	Nil
Verkeerdevallei	120	Nil
Wesselsbron	855	1
Winburg	789	1
Zastron	599	Nil

- (1) (b) It is government policy to provide serviced sites in order to enable Blacks to erect their own houses either with own capital or with loans which are made available for the purchase of building material. Houses are erected only in exceptional cases for those applicants in the lowest income group, for instance pensioners, who are not able to help themselves. The number of houses to be erected for this group will depend on the availability of funds.
- (2) (b)(i) and (ii) The provision of school facilities is a function dealt with by the Department of Education and Training.

Local authorities

971. Mr P G SOAL asked the Minister of Constitutional Development and Planning:

- (1) Whether, with reference to the reply to the Minister of Co-operation, Development and Education to Question No 939 on 13 June 1985, any members of any local authorities established in terms of the Black Local Authorities Act, No 102 of 1982, have resigned from the relevant councils since 28 May 1985, if so, (a) what are the names of the persons who resigned, (b) from which council did each of them resign and (c) what was the reason for the resignation in each case;
- (2) whether any by-elections were held to fill the vacancies caused by these resignations; if not, why not; if so, (a) when and (b) what was the result in each case;
- (3) whether any such vacancies remain to be filled; if so, (a) in which local authorities and (b) when is it anticipated that each of them will be filled?

THE MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

- (1) Yes.

Hoa

(a)	(b)	(c)
SP Buti	Alexandra	Unrest
LCKoza	Alexandra	Unrest
AM Makubire	Alexandra	Unrest
AP Peters	Alexandra	Unrest
RS Mashile	Alexandra	Unrest
TK Molepo	Alexandra	Unrest
NA Maphala	Alexandra	Unrest
MCMabasa	Kagiso	Unrest
SB Galekhutle	Kagiso	Unrest
SR Mashitshie	Mohlakeng	Unrest
JM Khumalo	Diepsvald	Unrest
JK Tau	Daveyton	Business
NL Pule	KwaThema	Unrest
HM Matjokana	Tembisa	Unrest
FV Somdaka	Tembisa	Work
WM Mathabane	Wartville	Work
KK Khumalo	Pabalelo	Work
JS Sifumba	Pabalelo	Work
DMaxaxa	Nonzwakasi	Unrest
JHithani	Nonzwakasi	Unrest
D Vumazonke	Nonzwakasi	Unrest
P Penzi	Nonzwakasi	Unrest
NXabela	Nonzwakasi	Unrest
MLehoesa	Nonzwakasi	Unrest
MJ Tau	Phahameng	Work
NB Plank	Seisooville	Personal
MCetu	Ibhayi	Health
HM Pitje	Mamelodi	Health
KJ Hlongwane	Mamelodi	Family
FE Makena	Mamelodi	Family
RA Kekana	Mamelodi	Family
JB Kekana	Mamelodi	Family
TT Tshivhase	Atteridgeville	Health
PH B Mambobo	Atteridgeville	Health
PM Mnguni	Atteridgeville	Family
J Mabao	Belabela	Intimidation
D Maaka	Belabela	Intimidation
L Baloyi	Belabela	Intimidation
SMnabane	Belabela	Intimidation
SFM Mbethi	KwaGugqa	No reasons given
TA Mlotshwa	KwaGugqa	Family
AK Masuku	KwaGugqa	Work
M Debele	Mhluzi	No reasons given
A Moneymore	Ikageng	Work
SS Pakade	Jouberton	No reasons given
EM Maleke	Jouberton	Unrest
AR Sekobane	Lekoa	Moved
AS Dhamini	Lekoa	Death

- (2) Yes (see also 3 hereunder)

(a)	(b)
5 April 1986 (Daveyton)	S S Mofhwa was elected
31 January 1986 (KwaThema)	M M Mofhaping was elected

Hoa

- (5) If service charges are referred to, yes—R15 344,08 as at 30 April 1986.
- (6) No.
- (a) and (b) Fall away.

- (7) No, but temporary interruptions were experienced as a result of unrest.
- (a), (b) and (c) Fall away.

- (8) Falls away.
- (9) No. A new town is being developed at Sandkraal where all services are provided.
- (a) and (b) Fall away.

Freehold property rights
 954. Mr P G SOAL asked the Minister of Constitutional Development and Planning:

- (1) Whether, with reference to the reply of the Minister of Co-operation, Development and Education to Question No 998 on 19 June 1985, any progress has been made in the granting of freehold property rights to Black persons living in the (a) urban and (b) rural areas of the Republic; if not, why not; if so, (i) when and (ii) with what result in each case;
- (2) whether Black persons residing in certain areas are to be excluded from gaining these rights; if so, (a) why and (b) in which areas;
- (3) whether he or any member of the South African Government has received any further representations regarding freehold rights for Blacks from any Black leaders since 19 June 1985; if so, (a) what are the names of these Black leaders; (b) which Black communities do they represent, (c) (i) when and (ii) by whom were these representations received and (d) what was the (i) nature of the representations and (ii) response thereto;
- (4) whether any Black persons have been

granted freehold rights since 19 June 1985; if not, why not; if so, (a) how many as at the latest specified date for which figures are available and (b) where in each case.

- (5) whether he will make a statement on the matter?

THE MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

- (1) (a) and (b) If urban Black towns are being referred to, yes. A bill which *inter alia* deals with property ownership has been prepared and submitted for debate during the present session of Parliament. The Cabinet has also approved the retention of individual title to property held in Evaton and Fingo Village by Blacks and that such rights may be alienated to other Blacks.
- (2) (a) and (b) No. It is the intention that any Black person who is a South African citizen or a lawful immigrant may obtain ownership over property in Black townships where the 99-year leasehold scheme is applicable.
- (3) (a), (b), (c) and (d) I am not aware of written representations which specifically dealt with individual ownership over property. Verbal representations were and are continually being received from leaders during discussions with them. The discussions were often informal and no record has been kept of the names of such leaders. The representations normally evolve around uniformity or not of ownership rights. It is then explained that it will not differ from the ownership rights applicable to other race groups.
- (4) To my knowledge, no. The obtaining of individual ownership over property is not recorded by the Department of Constitutional Development and Planning.
- (5) No.

Central Transvaal Development Board
 957. Mr P G SOAL asked the Minister of Constitutional Development and Planning:

- (1) What total number of houses (a) were there in each township falling under the Central Transvaal Development Board as at 31 December 1985 and (b) are to be built in each such township in 1986;
- (2) what total number of (a) crèches and (b) (i) primary and (ii) secondary schools were there in each such township as at that date?

THE MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

- (1)(a) (1)(b) (2)(a)
- Bris 945 None 2
- Thabazimbi 69 None 1

- (2) (b) (i) and (ii) The provision of school facilities is a function dealt with by the Department of Education and Training.

Eastern Transvaal Development Board

958. Mr P G SOAL asked the Minister of Constitutional Development and Planning:

- (1) What total number of houses (a) were there in each township falling under the Eastern Transvaal Development Board as at 31 December 1985 and (b) are to be built in each such township in 1986;
- (2) What total number of (a) crèches and (b) (i) primary and (ii) secondary schools were there in each such township as at that date?

THE MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

- (1)(a) (2)(a)
- Amerfoort 227 1
- Amsterdam 254 Nil
- Barberton 1 226 2
- Breyen 866 Nil

- (1)(a) (2)(a)
- Carolina 611 Nil
- Chrissmeer 44 Nil
- Davel 198 Nil
- Lothar 348 Nil
- Morgenzon 153 1
- Piet Retief 1 221 1
- Sabie 491 1
- Wakkerstroom 214 1
- Waterval Boven 659 Nil

- (1) (b) It is government policy to provide serviced sites in order to enable Blacks to erect their own houses either with own capital or with loans which are made available for the purchase of building material. Houses are erected only in exceptional cases for those applicants in the lowest income group, for instance pensioners, who are not able to help themselves. The number of houses to be erected for this group will depend on the availability of funds.
- (2) (b) (i) and (ii) The provision of school facilities is a function dealt with by the Department of Education and Training.

Western Transvaal Development Board

959. Mr P G SOAL asked the Minister of Constitutional Development and Planning:

- (1) What total number of houses (a) were there in each township falling under the Western Transvaal Development Board as at 31 December 1985 and (b) are to be built in each such township in 1986.
- (2) what total number of (a) crèches and (b) (i) primary and (ii) secondary schools were there in each township as at that date?

THE MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

- (1)(a) (2)(a)
- Biesiesvlei 24 Nil
- Bloemhof 612 Nil

	(1)(a)	(2)(a)	(2)
Carletonville.....	2 596	1	The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:
Christiana.....	599	Nil	
Coligny.....	333	Nil	
Fochville.....	220	Nil	
Harbeestfontein.....	287	Nil	
Koster.....	534	Nil	
Leeudoringstad.....	326	Nil	
Lichtenburg.....	599	Nil	
Makwassie.....	314	Nil	
Orkney.....	1 088	1	
Ottosdal.....	418	Nil	
Sannieshof.....	167	Nil	
Schwelzer Renke.....	782	Nil	
Swartruggens.....	152	Nil	
Salfontein.....	1 631	1	
Ventersdorp.....	463	Nil	
Wipport.....	36	Nil	
Wolmaransstad.....	786	Nil	
Zeerust.....	574	Nil	

(1) (b) It is government policy to provide serviced sites in order to enable Blacks to erect their own houses either with own capital or with loans which are made available for the purchase of building material. Houses are erected only in exceptional cases for those applicants in the lowest income group, for instance pensioners, who are not able to help themselves. The number of houses to be erected for this group will depend on the availability of funds.

(2) (b) (i) and (ii) The provision of school facilities is a function dealt with by the Department of Education and Training.

Northern Transvaal Development Board

960. Mr P G SOAL asked the Minister of Constitutional Development and Planning:

(1) What total number of houses (a) were there in each township falling under the Northern Transvaal Development Board as at 31 December 1985 and (b) are to be built in each such township in 1986;

(2) what total number of (a) crèches and (b)(i) primary and (ii) secondary schools were there in each township as at that date?

Highveld Development Board

961. Mr P G SOAL asked the Minister of Constitutional Development and Planning:

(1) What total number of houses (a) were there in each township falling under the Highveld Development Board as at 31 December 1985 and (b) are to be built in each such township in 1986;

(2) what total number of (a) crèches and (b)(i) primary and (ii) secondary schools were there in each township as at that date?

HOA

	(1)(a)	(2)(a)	(1)(a)	(2)(a)
Balfour.....	842	1	Arlington.....	346
Belfast.....	692	Nil	Bothaville (Old).....	438
Bethal.....	1 587	1	Bothaville (New).....	2 055
Dullstroom.....	133	Nil	Clarens.....	100
Greylingstad.....	181	Nil	Cornelia.....	144
Hendrina.....	287	1	Edenville.....	227
Langverwacht.....	1 905	1	Frankfort.....	1 076
Leandra.....	1 597	Nil	Harrismith.....	1 852
Leydenburg.....	641	1	Heilbron.....	1 072
Machadodorp.....	165	Nil	Kestell.....	211
Mogale.....	989	1	Koppies.....	333
Pretoriuskop.....	99	Nil	Lindley.....	689
Standerton.....	2 593	1	Mamel.....	135
Volsrust.....	1 400	1	Oranjeville.....	73
			Parys.....	2 150
			Petrus Steyn.....	450
			Reitz.....	993
			Steynsrus.....	388
			Tweeling.....	170
			Vrede.....	894
			Vrededorp.....	364
			Villiers.....	409
			Viljoenskroon.....	750
			Warden.....	517

(1) (b) It is government policy to provide serviced sites in order to enable Blacks to erect their own houses either with own capital or with loans which are made available for the purchase of building material. Houses are erected only in exceptional cases for those applicants in the lowest income group, for instance pensioners, who are not able to help themselves. The number of houses to be erected for this group will depend on the availability of funds.

(2) (b) (i) and (ii) The provision of school facilities is a function dealt with by the Department of Education and Training.

Orange Vaal Development Board

962. Mr P G SOAL asked the Minister of Constitutional Development and Planning:

(1) What total number of houses (a) were there in each township falling under the Orange Vaal Development Board as at 31 December 1985 and (b) are to be built in each such township in 1986;

(2) what total number of (a) crèches and (b)(i) primary and (ii) secondary schools were there in each township as at that date?

Southern Orange Free State Development Board

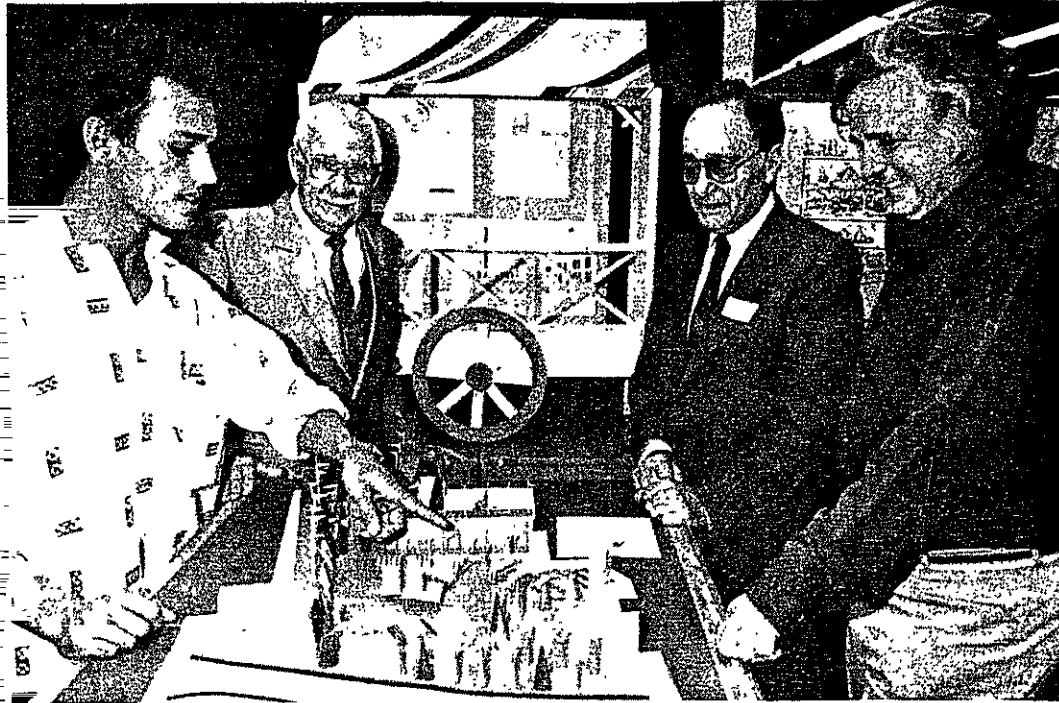
963. Mr P G SOAL asked the Minister of Constitutional Development and Planning:

(1) What total number of houses (a) were there in each township falling under the Southern Orange Free State Development Board as at 31 December 1985 and (b) are to be built in each such township in 1986;

(2) what total number of (a) crèches and (b)(i) primary and (ii) secondary schools were there in each township as at that date?

HOA

New drive to bring life to Market Square



Two of the many exhibits of designs for Port Elizabeth's Market Square. Architectural student RIAAN RICHTER, of Durban, explains his concept to the Mayor of Port Elizabeth, MR BEN OLIVIER (second from left); MR HAROLD DAVIDSON, the director of the PE Community Chest, and PROFESSOR DANIE THERON, head of the Architecture Department at the University of Port Elizabeth.

By KIN BENTLEY

THE concept of Port Elizabeth's Market Square becoming what it was intended to be — a thriving market area in the centre of town — has been given concrete form in a colourful and exciting exhibition of ideas by architecture students from the University of Port Elizabeth.

Weekend Post visited the exhibition at the Architecture Department and found a wealth of stimulating ideas on rejuvenating what has for long been a bit of a desert in the heart of the city.

The idea of injecting life into the square through the establishment of a street market has been banded about in Port Elizabeth for many years. But it was the establishment earlier this year of an interim committee to look into the issue which led to this exhibition.

Included on the committee are representatives of the Small Business Development Corporation, the Urban Foundation, the Small Business Unit of UPE, Mr Harold Davidson, the director of the PE Community Chest, and the head of the Architecture Department Professor Danie Theron.

This week Professor Theron set his students a project to visualise and draw practical and attractive designs for the Market Square, which they have done with great results.

In many of the works one can feel the vibrance which it is hoped will become the norm on the square.

The Mayor of Port Elizabeth, Mr Ben Olivier, said after viewing the exhibition that he would ask the Town Clerk, Mr Paul Botha, that the works be exhibited in the foyer of the City Hall to allow the public to view the ideas more easily.

He also spoke of a possible prize for the best design. He said he hoped the market would become more than just an idea and "get off the ground".

While the designs focus only on the square, he said, he believed the aim should be to "surround the City Hall" with this sort of activity.

Professor Theron expanded on the need for some form of "architectural unity, some sort of dignity in the marketing activity", if the idea was to become a success.

He listed a range of goods which he believed should be sold on the square.

Second-hand goods like old books, clothing and pieces of furniture; new goods like leather-ware and clothing, cutlery, souvenirs, brass-ware and furniture components like door handles, door-knobs and casters, home-made sweets, jam and pickles and take-away food.

He said a properly protected area of the square could accommodate one or two outside restaurants and cafés.

There could also be a space for bands or street artists, as in Europe.

He said a "Speakers Corner" was something which could also be considered.

Mr Davidson said the Eastern Province Society of Fine Arts had asked to sit on the committee looking into the market idea.

Civil engineering shows signs of life

By Frank Jeans

The crunch of recession has cut the flow of civil engineering work in the past four years by 30 per cent but there are now signs that conditions in the industry could stabilise later this year.

And the sector which keeps "civils" ticking over with a reasonable intake of work is road construction, with new tenders on a national and provincial basis expected to be awarded soon.

This inflow should compensate for the shortage of work expected as a result of substantial cuts in capital projects by major clients such as South African Transport Services and Escom.

An indication of the persistent sluggishness in the industry is seen from the latest figures of the South African Federation of Civil Engineering Contractors (Safcec) which reports only 60 new contracts during July.

Only the award LTA Construction of a R38 million national road project over a 12 km stretch between Alexandria and Keerversfontein helped to keep the total for the month at a respectable R15 million.

It is gratifying that contracts during the first seven months of this year, although not matching the tempo of new contracts in the second half of 1985, were between 5 and 10 percent up in real terms on the figures for the corresponding period of 1985," says Safcec.

Two major projects in the near future on which the civil engineering industry is pinning a lot of hope are the multi-million Rand Lesotho highlands water project and the Mossel Bay off-shore oil venture.

These will be discussed at a symposium organised by the South African Institute of Civil Engineers at Interbou, the building exhibition at the National Exhibition Centre from August 25-30.

The importance of the Lesotho scheme is highlighted in a preview of Interbou by the well-known figure in the building and construction scene, Dr. T L Webb.



Dr T L Webb

"It is essential," he says, to develop an awareness of the economic, social and technical advantages of water and energy conservation.

"It is often forgotten that we are already exploiting 80 percent of the country's water resources and that every megalitre of water we use consumes 900 kw an hour of electricity just to bring it to the tap.

"It is therefore vital to the whole development of South Africa to look for new sources of water and there is no better immediate solution than to develop the Lesotho highlands."

Construction group wins contracts worth R34 m

Cape Times 24/5/86
32

IN THE past two months, contracts worth R34 million have been awarded to the Ovcon Group and they are likely to obtain another R7 million worth shortly, according to executive director Mr Jan Kaminsky.

Mr Kaminsky said two major contracts, the R12-million Medi-Clinic in Mitchells Plain and the civil work for the new Premier Mill at Vereeniging worth R10 million had already been started.

Other large contracts on which Ovcon had made successful bids were the commercial development on the beachfront at Camps Bay, on which the first phase was worth R2 million, plus a R2,5-million sewage scheme and R5 million worth of school and accommodation work in Natal.

He said the group was confident too of obtaining three further contracts valued at R7 million, which are being either negotiated or awaiting award.

Mr Kaminsky said his group's strength had been the recognition of the advent of the recession and the "slimming down" of the Transvaal operation.

However, in the Cape only a small number of staff had had to be laid off, and the newly formed Natal company was tailored to the present time.

He was looking forward to being awarded contracts on certain of the big mines and other industrial complexes in the Transvaal, following the heavy structural work on the Premier Mill, where the company was able to demonstrate its expertise in this field, he said.

Sats construction work halves

By Frank Jeans

The chronic downturn in the construction industry is underlined by the activities of one of the largest public sectors in the field — SA Transport Services.

In the 1985-86 period, Sats construction projects totalled about R526 million in value, while the current allocation has slumped to R226 million and this work volume is expected to level off further over the next two years to about R200 million.

Commenting on the construction recession at a lunch of the Portland Cement Institute's Construction Writers' Club, Mr Mike Myburg, chief civil engineer of Sats said: "Construction has one of the poorest productivity records because the economy varies so tremendously.

"Workers in the industry are virtually forced to be unproductive because of the uncertainty of work loads."

In such a tight environment, the rail construction teams are constantly involved in cost-pruning exercises, particularly in track costs and maintenance.

Our goal in the maintenance area, which at present takes up about 14 percent of all rail expenditure, is a reduction to 10 percent — and in 1986 money terms this represents a saving of R253 million," Mr Myburg said.

While there were big cost-savings, there appeared to be no loss of quality control in maintenance, for since 1978 when there were about 100 derailments, the figure had dropped to a current 32.

Sats builders were also making innovations in a highly contentious area of the industry — residential property repair where the CSIR estimated that about R1 billion would be spent to stop cracking and subsidence in homes.

"Housing is a substantial asset of Sats and we are repairing many of these properties with new methods," says Mr Myburg.

Looking ahead, he said he believed that the challenge in Sats construction — and probably generally for the industry — lay not in the magnitude of the projects but in innovation aimed at reducing costs.

Plans rise, but bricks fall

BUILDING plans for residential properties rose 17,2% for the first quarter of 1986.

But Brick Development Foundation executive director Brian Moorhead said: "Unfortunately this trend has not been reflected in brick sales, which are down."

"Plans have been passed but prospective home-owners are being overly cautious and are tending to shelve projects."

Moorhead said the total of R370m looked healthy when compared with the R316m for the first quarter of 1985.

He said: "What isn't looking good is the drop of 49,5% for plans passed for flats and townhouses. The total for 1985

Industrial Staff

was R134m as against this year's total of R68m. When the figures are combined, this reflects an overall drop of 2% in an area that is brick-orientated."

Combined totals for 1985 were R476m as against R467m for this year.

Moorhead said: "Brick sales have dropped and plants are running at about 50% of capacity. When building plans are passed they don't necessarily translate into immediate sales of supplies."

"There is a time lag between drawing and implementation and this lag is being stretched to the limit now."

Rubin in fight to keep NBRI in PE

EVE POST
29/5/86

(32)

By RALPH JARVIS
Property Editor

THE Deputy Mayor of Port Elizabeth, Mr Solly Rubin, has joined the fight to retain the office of the National Building Research Institute (NBRI) in Port Elizabeth.

Speaking at last night's annual dinner of the Port Elizabeth branch of the Master Builders and Allied Trades Association (East Cape), Mr Rubin announced that at this afternoon's meeting of the City Council he would move as a matter of urgency that the council support East London in its intended petition and visit to the State President.

The East London City Council decided this week to seek an interview with the State President about the closure of the NBRI as well as the withdrawal of other State institutions from the Eastern Cape.

The office, which falls under the Council for Scientific and Industrial Research (CSIR), is due to close its PE operations at the end of the year, a move which has drawn a great deal of criticism from the building industry and local authorities in the Eastern Cape.

The closure was first highlighted in Property Post on May 10.

"Why don't we ask the Port Elizabeth City Council to put up a fight to keep it here?" asked Mr Rubin.

He was loudly applauded.

Mr Rubin also suggested that general sales tax be collected at source, at the factories where the goods were manufactured, or when they arrived in the country.

Kleinskool self-help scheme is on a steadfast foundation

Once upon a time it was impossible

By DENISE BOUTALL

WHEN people start erecting their own houses in six days, you know you're on to a winner.

And that is what happened in the Kleinskool self-help scheme.

One of the participants completed the basic structure and the roof in six working days, including Christmas and New Year.

The enthusiasm with which the 63 participants have tackled the building of their own houses has prompted the Urban Foundation, who run the scheme, to start propagating the self-help approach to housing throughout the Eastern Cape.

"Kleinskool is a success story. It has shown that self-help works," the Urban Foundation's East Cape residential development manager, Mr Peter Arton-Powell, said this week.

"Self-help — when it is undertaken by an implementing agency which provides the plans and supervision and organises materials and finance — is quite about 30% cheaper than contractor-built housing and the standard of the construction is such that building societies will bond the houses."

The foundation has now launched a programme to explain the concept of self-help to local authorities or any interested person.

The promotional package consists of a 20-minute

video based on the Kleinskool project. The video, which the foundation will send to any interested group, is accompanied by a folder explaining the principles and advantages of self-help.

If people want more details, foundation staff will talk about the details of funding such a scheme and give them a detailed brochure on running a self-help scheme.

One group of people who they will have little difficulty convincing of the advantages of self-help is the potential participants. The project controller at Kleinskool, Mr Clive Felix, estimates that he deals with about four inquiries from potential participants every day.

"We started with about 10 houses in October and by the end of January all the sites were taken up, but the inquiries haven't stopped."

To date, 69 of the 72 houses have been started and the first 16 families will move into their houses in June. The project is expected to be 60% complete in September.

Most of the houses are being built by the owners with the help of friends, family or paid artisans. Even if the owner has not really been involved with the physical construction, all of them have supervised, all of them because they are ultimately responsible for building the houses.



Mr. CLIVE HUMPHRIES (left) and the men who are helping him to build his home in Kleinskool. The houses in this Urban Foundation scheme are being built by the owners with few helpers.

"With the shortage of housing, the self-help scheme has given these participants a chance in a lifetime and once they've started to do the plumbing, the scheme they don't want to lose out," said Mr Felix. The owners are responsible for all the work except pouring the foundations.

floor slabs and electrical installation, which is done by a contractor under the Urban Foundation's supervision. Urban Foundation participants do the plumbing.

The houses, which are between 50 and 60 square metres, cost just over R16 200. This includes their

fully serviced even as well as all the administration and legal fees.

The plans for the five house-types in Kleinskool all include various options for extending the houses.

The process of extending and improving houses is one of the trademarks of self-help schemes in near-40-unit pilot, self-help scheme run by the foundation and completed in 1984 — the home owners are constantly at work improving their homes.

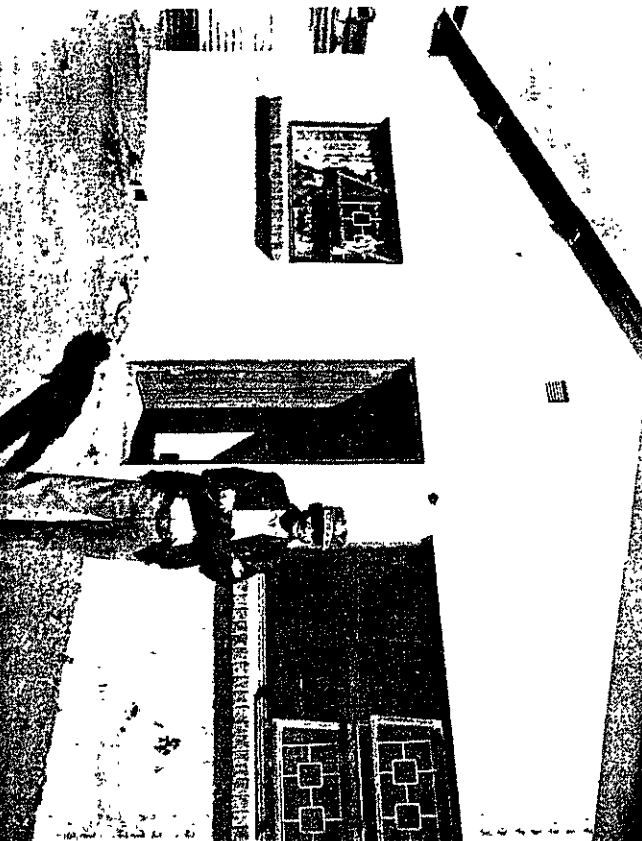
As a result the scheme, where all the houses were

built originally to the same design, now has 40 unique houses.

For some people, self-help means not only owning their houses, but possibly their first experience of living in a brick and mortar house. It can even mean new careers.

In Kleinskool Area A at least one man who had previously worked in a shoe factory now makes a living as a building contractor.

Anyone interested obtaining more information on self-help can contact Mr Arton-Powell at 041-534125.



This is the house that Mr. HENRY BOTHA built. And nobody's going to huff and puff and blow it down, even though it was built in six days, including Christmas and New Year. The interior finishes will be completed next month. Then Mr Botha, his wife and their four children will move in and live happily ever after. (They may even be able to extend their home one day.)

ARBUS 2/6/86

32

Giant firm's profits plunge

By DEREK TOMMEY

Financial Editor

THE giant construction company and conglomerate, Murray and Roberts, has run into serious trouble. In a special announcement today it reports a sudden and extremely sharp deterioration in its profits which could result in it showing a loss for the year ending June.

Ten weeks ago the company forecast profits for the six months ended June of "R11.1 million or worse — the same as it had made in the first six months of the year."

Today, the company reports that it is "suffering severe setbacks... amounting to approximately R35 million".

However, shareholders should not be too despondent. The company says there is a possibility that remedial measures could result in attributable profits not being very different from the R11.14 million earned in the first half of the year.

The price of Murray and Roberts shares slipped 120c last week to the year's low of 730c. Earlier this year the shares were 1525c.

One complication Murray and Roberts faces is that it will not be able to offset the R35 million losses against taxes, as the losses have been incurred in different entities to those making profits.

The company says any improvement will depend on profits flowing from non-trading items, which could arise from the corrective steps that management are currently taking in the streamlining of group operations.

This suggests that Murray and Roberts is about to sell off some of its assets, and could cause considerable speculation about what is on offer.

Mr Jeremy Ratcliffe, the company's finance director, in an interview today would not say what sort of loss was being expected.

"If I knew this I would have put it in the announcement," he said.

The company had been looking for a profit of R22 million for the year.

He blamed the heavy losses on the group's international operations, partly on severe decline in demand for factory built operations, and partly on the further deterioration in the economy.

Murray and Roberts is the country's biggest construction company. It also has widespread interests in property, food processing, manufacturing, engineering and ship-repair activities.

It has operated overseas for many years, but political pressures are believed to be causing it some difficulties in this area.

Severe ³² setback for M&R

By Duncan Collings

The Murray and Roberts group is likely to swing into the red in the year to June 30 following a severe setback in its trading activities.

This follows a forecast in the interim report that earnings for the full year would be at the same level as the first half (R11.1 million attributable earnings) or "possibly even worse".

The first half results were themselves substantially down on the R19.4 million of the first six months of the previous year. In the last full financial year attributable earnings were R43.2 million.

The group now says that it "is suffering severe setbacks in the ordinary course of its trading activities amounting to approximately R35 million."

This derives mainly from international operations, factory-built accommodation and transport equipment and delays in capital projects and the continuing deterioration in the economy.

As the majority of the reductions are being incurred in different entities from those in which profits are being earned, it will not be possible to obtain tax relief in the current year.

Any major improvement is dependent on profits from non-trading items which could arise from corrective steps being taken to streamline the group's operations.

In the event that these items are finalised in the current year, attributable earnings will not be materially different from the March (interim report) prediction, the group says.

Building industry in SA showing signs of crumbling

NEARLY 70 000 jobs have been lost in the building industry in major centres in recent years and industry officials say they do not see any light at the end of the tunnel.

The Industrial Council for the Building Industry in the Transvaal is paying out R700 000 a month in unemployment benefits, but will run out of funds in March 1987.

Officials said the recession, political instability, lack of confidence in capital investments and rising building costs were responsible for the current crisis. Further indicators of the deepening crisis in the industry include:

- The total value of private sector build-

ing plans for March was down 10% compared with last March, according to figures from Central Statistical Services (CSS) in Pretoria.

Building Industries Federation of SA (Bifsa) executive director Lou Davis said last week that the country's building workforce has been slashed by about 40% in the current slump. He described the situation as the worst he had known.

Davis added that while most retrenchments had affected lesser-skilled workers, about 1 000 artisans had been fired in Johannesburg. He said it would be hard to woo them back in an upturn — in fact more than half the artisans were reported to have

PETER WALLINGTON

already left SA.

A common problem in centres around the country had been the lack of major building projects.

"There have been very few big jobs this year," said the general secretary of the Industrial Council in the Transvaal, Wynand Stapelberg.

Last year there were projects like Gold Reef City and the Johannesburg Sun which provided a lot of employment, but these have not been replaced.

An Industrial Council spokesman in the Eastern Cape said the severe recession in the region had forced many peo-

ple to leave the area, causing a drop in demand for new houses.

Major building projects had also come to a halt in the Western Cape, an Industrial Council spokesman in Cape Town said.

Spokesmen in some of the centres said government could provide the necessary impetus for the industry if funds were made available for, among other things, black housing.

Despite the recession, the industry has continued to train men, although Davis feels there may have to be cut-backs at Bifsa's string of training colleges nationwide. Figures supplied from Industrial

Council for the Building Industry offices in major centres tell the sorry tale.

In the Transvaal, 37 000 jobs had been lost in the last four years. More than 83 000 people were employed when the industry peaked in 1982, but this had dropped off to just 46 000 at present.

In the Eastern Cape, the council spokesman said 12 254 people were employed in June 1984, this had dropped to 6 177 in March this year.

In Bloemfontein, 4 800 were employed in July 1984 but only 3 198 in April 1986.

In the Western Cape, 35 000 people were employed in 1984. This dropped to 28 000 in 1985.

M & R incurs
R35m losses

2/6/86

Investment Staff

MURRAY & Roberts (M & R) has announced, ahead of release of audited results, that it has incurred losses of about R35m in the ordinary course of its trading activities.

At the interim stage the directors forecast attributable profits of about R22m for the current year. Now, however, they predict that there could be an attributable loss for the year.

The board says that the bulk of the trading loss will be derived from the group's international operations, delays in capital projects and factory-built accommodation and transport equipment.

However, management is taking corrective steps to streamline operations and, if successful, attributable profits in the current year may amount to about R22m. But shareholders are warned that any benefits may only flow through in the next financial year.

3/5/86

32

LTA gets road contracts worth R65-million

By Stan Kennedy
Road contracts totalling more than R65-million have been awarded to LTA Earthworks' companies.

The largest, worth R38 million, involves the building of a 14,3 m dual carriageway concrete freeway from Alexandria to Keersfontein, west of Ladysmith in Natal.

It includes a toll plaza — the fourth in the country and all built by LTA — and two river bridges and three road-over-road bridges.

The company will also build a 34 km road from Ezakheni township to Washbank river, east of Ladysmith, for the Natal Provincial Administration.

The contract is worth R14,5 million.

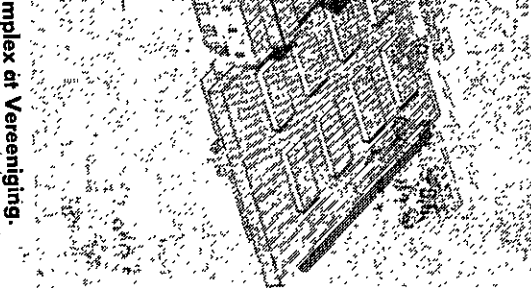
It will be a single carriageway with chip and spray surface and will include two bridges and many culverts. Part of the road will be in Natal and part in Kwazulu.

South Africa's largest wheat miller and second largest maize miller, Premier Milling, has awarded a contract, believed to be worth more than R40 million, to Simon-Carves to build a wheat mill in Vereeniging.

It will complement the company's nine mills countrywide which, despite upgrading and extensions, regularly operate at peak capacity.

When completed in October 1987, the mill will have a capacity of 360 t/d, with an average hourly output of 15 tons of dirty wheat. The 10 silos will be 50 m high, each with a capacity of 1 200 tons. There will also be four interspace silos

The 57 000 sq m complex will have two 10-storey cleaning and finished product towers, a mill building, services centre, rail spur, finished products and bulk out-loading area, packaging area and integrated warehouse and despatch area.



An artist's drawing of the new Premier Milling complex at Vereeniging.

Cape Times 3/16/86 32

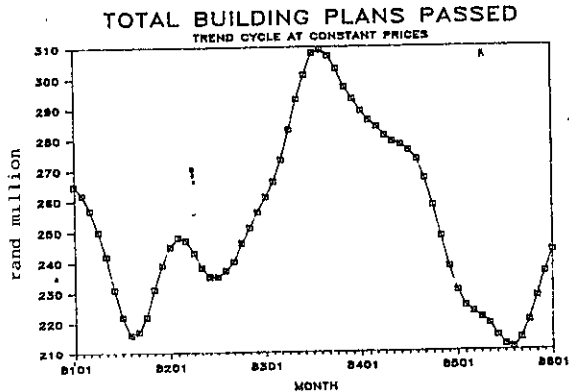
Building trade slump deepening

JOHANNESBURG. — Business conditions in the hard-hit building trade are still "extremely poor", according to the Bureau for Economic Research (BER) at the University of Stellenbosch.

The bureau's quarterly report on the building and construction industry states that many contractors reported they were having to tender below cost to remain competitive.

House prices had fallen more in Cape Town than in any other main centre. They had dropped in the city by an average of 10,8% since 1983, compared with 10,4% in Johannesburg, 6,8% in Pretoria and 1,3% in Port Elizabeth.

Town houses built for speculation had been sold at a loss.



But many contractors felt the bottom of the building cycle had been reached and conditions would soon improve.

"Indications are that the residential sector is on a long, slow road to recovery, whereas non-residential activity has managed to remain fairly stable in the past year," the bureau said.

The report said building costs had evened out, but were expected to rise by about 8% at the beginning of the year, accelerating to 12% and possibly averaging 15% for 1987.

Wages had increased by 12,5% last year and stronger union pressure could result in bigger increases.



Richard Brookes has been appointed director of Ovco (Natal) Building.

Thriving homes business building up in Soweto

By Frank Jeans

While the white residential property market remains sluggish, a comparatively thriving homes business has been established in Soweto as more and more residents break away from the 51/6 shacks concept.

Almost 700 houses were resold in the township between April 1985 and March this year and some prices went as high as R80 000 or R90 000.

The majority of the resales, however, were in the R15 000 to R20 000 range and covered houses which have been upgraded from the 51/6 and 51/9 core structures.

Sellers have taken advantage of the favourable discounts under the "Great Sale" by the Department of Constitutional Development and Planning, when homes were bought for as little as R1 500.

All the homes were bought and resold under 99-year leaseholds.

"Many sellers have used the profits from the sales to build new homes in upmarket suburbs such as Protea North and Diepkloof Extension," says a spokesman for the West Rand Development Board.

"Other homeowners are seeing home improvement as a means of uplifting their lifestyles in the short-term and acquiring far more prestige homes in the longer term."

Resale volumes are likely to rise as more and more Sowetans

take advantage of the situation and as local estate agents become more active.

This, in turn, must provide a much needed boost for Sowetan building contractors.

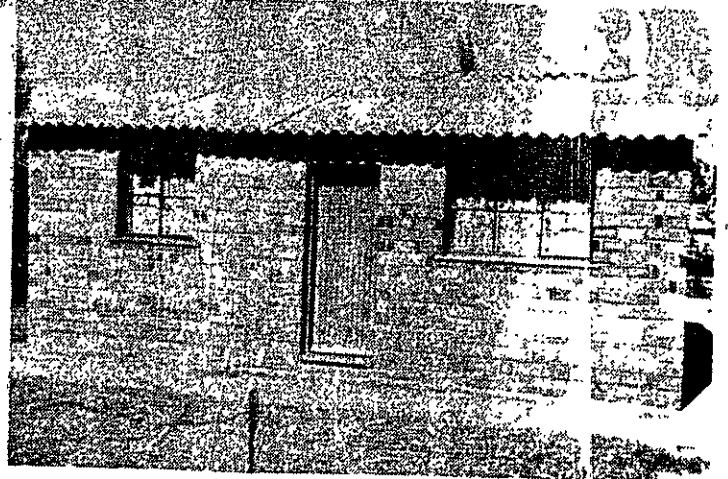
"There are more and more blacks coming into the real estate business as agents," says Mr Alex Weiss, co-ordinator of the "Great Sale" and assistant director in the department.

"In the Soweto resale and secondary market, the normal commission rates are charged by the agents and once full ownership rights are granted, there will be the usual transfer and bond registration fees as is the practice in the white market."

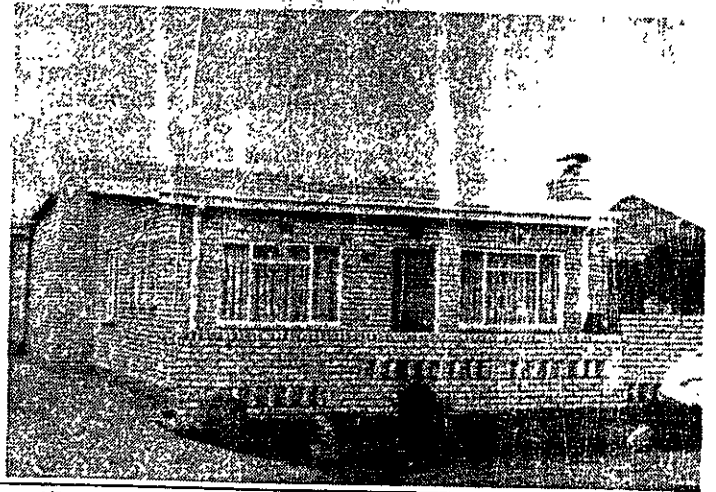
That is why that at this time it is wise for the blacks to buy their properties now under leasehold and at considerably lower outlay.

It is understood that white and black estate agents operating in the township marketplace charge the same five percent commission rate on sales in the secondary market.

BEFORE



AFTER



HILLIPS BUNTON MAHDEL & BIRKBE 78937

made in sja
WET SK

to amau moou ja

BUILDING

NEWS 3/2/86 32

Fewer projects on way — BER

THE number of building plans passed has resumed a downward trend and recorded a 9,3 percent drop compared to the first three months of last year, says the Stellenbosch Bureau for Economic Research.

Lower work volumes than a year ago were reported and a few companies expect work volumes will drop further from July to September — with many saying they had to tender below cost to stay competitive.

However, labour and materials were reported to be freely available and with the lowering of interest rates, fewer respondents were hampered by the high cost of finance, the major stumbling block being insufficient demand for building work.

The majority felt they had reached the lower turning point in the building cycle and that conditions should start to improve soon.

Plans for houses which have been approved jumped by 40 percent but the value of these plans passed rose by only 17 percent, indicating there is a move towards smaller houses, says the bureau in its latest building survey.

"This could either mean that people are lowering their standards of living or that a bigger proportion of houses are being erected for people in the lower income groups," says the bureau's latest building review.

Plans for flats and townhouses plunged by 49,5 percent resulting in a 2 percent fall in the value of total residential plans passed.

Spending on alterations and additions, after rising strongly last year, dropped by 18 percent in the first quarter.

"Indications are that the residential sector is on a long, slow road to recovery, whereas non-residential activity has managed to remain fairly stable during the past year," the bureau said.

Building costs had evened out but were set for a new upward phase, though not by more than 10 percent

this a year.

"We expect the increase at the beginning of the year will be 8 percent accelerating to 12 percent by the end of the year. By the end of 1987 it could reach 20 percent to average 15 percent for that year."

Although business conditions were "very poor" in the building industry, wages had increased by 12,5 percent last year. Labour costs this year were expected to be the same as last year but stronger union pressure could, however, result in bigger increases.

From an investors' point of view, 1986 will be a good year for investment in new buildings because tender prices will be "very competitive."

INSURANCE

After the

THE insurance broker's duty, in its simplest form, is to obtain the best possible cover for his client — at the cheapest rates. Beyond that he must ensure that the market he is placing his business is a sound one in his opinion.

This definition of the role of a broker is given by Mr David Alston, director of the South African Insurance Brokers Association.

He adds that the AA Mutual as a "cut-price" insurer was an attractive market and before the collapse of the company "no broker could reasonably have been expected to foresee the difficulties the company was in."

"It was only when the Federated pulled out of the deal that AA Mutual problems started coming to light, and I

TAXATION

Americans on

WASHINGTON. — Under the glare of television lights, the US Senate will open debate tomorrow on major changes in income tax that will give most Americans a rate cut but make business pay more.

Millions of Americans will be watching as the Senate, in

ARCUS 4/6/82

CONSTRUCTION

32

LTA crashes to R46 million loss

CONSTRUCTION giant LTA suffered from adverse politics and excess capacity, crashing to a bottom-line loss of R46,5 million for the year to March 31.

The loss includes provisions of R27,7 million for "severe" overseas losses, including the cost of pulling out of Australia.

A cash injection of R26 million is being made by Anglo American Corporation and LTA aims to raise more cash

from other shareholders, who will be offered preference shares at 200c on a one-for-one basis.

The continued low level of investment and lack of confidence in the economy make it difficult to forecast what may lie ahead, says the chairman, Dr Zac de Beer.

However, the directors believe the South African operations will break even in the coming year and that arrange-

ments now being made will prove adequate to deal with the international losses.

Turnover fell by R138 million to R1 000-million and operating profit dipped by almost R6 million to R11,8 million, reflecting lower volumes of work available and tighter margins.

Earnings from aggregate operations showed a loss of 142c a share against a profit of 8c a share a year ago.

Despite the worsening business environment, South African companies continued to perform satisfactorily, particularly in the construction and Steeldale divisions.

Referring to "setbacks in Australia," the chairman says: "These reached the point where we had no option but to withdraw from that country."

Tom Hood

6/6/86
BUSDIA

32

Boumat lifts profits to R1,2m

BUILDING merchant and manufacturer Boumat benefited in the second-half from falling interest rates to lift attributable profits to R1,2m from R165 000 in the year to March.

The results exceeded chairman Irvin Brittan interim estimate of year-end earnings of 7c a share with earnings coming through at 8,2c (1,2c) a share.

The final dividend has been trimmed to 17c (19c) a share after paying 17c (19c) a share at the interim stage.

Shareholders have the option to receive one bonus ordinary share for every 20 shares already held instead of receiving the final dividend.

Brittan predicts that profits will improve this year because of the slide in interest rates which adds 2c to earnings a share for every 1% fall in interest

PRISCILLA WHYTE

rates. Bad debt write-offs should not be as harsh as the R7,2m (R6,8m) written-off to March 1986.

He says that the annual dividend payout is based on 10% of the net asset value at the year-end. With a net asset value of 285c (345c), this year's payout will amount to 28c a share compared to the 34c annual payout declared for the year to March 1986.

Sales advanced slightly to R416,9m (R412,1m) with operating profit margins of 3,7% (3,9%) to produce operating profits of R15,2m (R16,1m).

The reduction in interest charges of R10,6m (R12,4m) turned a 5% decline in operating profit of R15,2m into a 25% increase in profit before tax of R4,6m.

3. **Miserable state**

The construction industry is battling with the worst recession in 50 years. So it is a tragedy that hard times should be compounded by off-shore losses. Business school teaching favours the spread of risk, but for LTA and Murray & Roberts (M & R), off-shore expansion has proved a costly failure. Losses have been sustained on foreign contracts, which still have not been disclosed for "politically sensitive" reasons. In LTA's case, MD Colin Wood says that losses have been met by the export of rands at penal exchange rates.

5. LTA's total loss provisions on overseas operations amount to R46,5m (R19m represents management's view on the possible loss; another R27,7m has been set aside for contingencies). The Anglo American-owned construction giant is now withdrawing from all off-shore activity. M & R, in a special notice to shareholders, says that foreign activities, factory-built accommodation and transport, and delays in capital projects have led to losses of R35m. Finance director Jer-

6.
lay
lay
id
agr

emy Ractliffe will not detail the split between the three, but the market believes the bulk was taken off-shore. Ractliffe indicates that M & R has wound up its overseas exposure in certain areas, but hopes to keep an off-shore presence.

While some credit is due for making this week's statement ahead of the year-end, M & R has not handled disclosure of its losses well. At the time of the November R74m rights issue, the directors believed that earnings in the year to end-June would be R43,2m. When the end-March interim came out, first-half profit at R11,1m was a long way short. Second-half earnings were forecast at a similar level "or possibly even worse" to give a R22m profit for the year as a whole. Two months later, we learn that M & R could be in loss for the year as a whole. Clearly, the latest sharp fall in the rand has left M & R exposed, which is ironic for a company which prided itself on having covered its off-shore borrowings. The market has reacted by pushing M & R's share price down from R15,25 in late-February to R5,80.

Domestic profit

LTA's domestic results were in the black to the tune of R200 000 in the year to end-March. Wood notes this reflects a "satisfactory" outcome from the construction and Steeledale divisions. Trading margins were 1,18% (1,47%). The interest bill was unexpectedly low at R10m. But Wood says that a joint finance company set up last December with UAL reduced interest paid and reallocated reserves. Debt has not been cut and the R46,5m loss has come off shareholders' funds. In the year to end-March, these were reduced from R86,7m to R40,2m.

A R26m rights issue of convertible cumulative prefs pitched at R2 will bolster reserves. The surprise is the small size of the capital injection. Wood, however, says the rights issue will reduce debt:equity to manageable parity of one, and be enough to cover further overseas loss. (As contracts are wound up, LTA will also receive cash from abroad). The group expects to return to profit this year, but LTA, like M & R, was wrong in its forecasting. At the interim, it expected only a R5m loss for the year. A small rights issue looks unlikely to help any early restoral of ordinary dividends, but Wood says dividends will be paid this year on the prefs.

Christopher Marchand

Fund	:	All
Contribution	:	Yes
Contribution	:	Yes

Civil engineering's difficult year

32
12/19/86 00

JOHANNESBURG — After a year which saw its labour force shrink by 10 per cent, an increase in insolvencies, and at times "suicidal" low tendering in a desperate effort to win contracts, South Africa's civil engineering contracting industry has hopes that the coming year may see some improvement in the work flow.

A review of the state of the industry, tabled at the annual meeting of the SA Federation of Civil Engineering Contractors, warns, however: "It is too early to say whether the long recession in the industry has now reached the bottom."

In the "particularly difficult" 12 months to

June 1986, says the review, output and employment levels showed a marked drop. The intake of new work, in real terms, also declined noticeably, while competition remained fierce and the trading results of contractors continued to suffer.

The tempo of construction work slowed down rapidly during the second half of 1985 but, according to preliminary figures, did not appear to have fallen much further during the first half of 1986.

The total value of work undertaken by contractors during 1985/86 was provisionally estimated at just under R2,7 billion, which in monetary terms was only 2 per cent up on the final figure for the previous year.

With an inflation rate in construction costs of more than 15 per cent — although this might to some extent have been offset by the still narrower margins of the contracts awarded in recent years — the total volume of work undertaken by the industry during the past year shrank by some 10 per cent compared with 1984/85.

The review said the severe contraction in the industry's activities was also borne out by the drop in its labour force from 97 000 in mid-1985 to an estimated 87 000 twelve months later. This 10 per cent decline in the total employment in one year had been very severe and equal to the total loss in the preceding two years.

Compared to a work force of about 120 000 in 1982, employment in the industry had now dropped by between 25 and 30 per cent.

Due to the depressed conditions in the industry, there had been an increase in the number of insolvencies of, gen-

erally small, contractors. In addition, a number of contractors had discontinued civil engineering operations or closed down altogether.

At the same time there was, despite the recession, a regular influx of new contractors into the industry, in many cases firms started up by staff retrenched elsewhere.

These operations were mostly small but, with their low overheads and second hand plant, were often able to undercut established contractors when competing for work.

"Tenders submitted by the lowest tenderers generally continue to be far too low and were at times even termed suicidal," said the review. "In many tenders, plant and overhead costs are apparently not being fully costed nor is sufficient account being taken at times of the risks involved in civil work in order to secure at least some jobs — and cash flow — to keep contractors' organisations operating for the time being in the hope of obtaining more profitable work in due course."

On prospects, the review said that due to the poor intake of new contracts during the first half of 1986 and the resultant low level of outstanding work, the outlook for the industry at the end of the year under review was not promising.

"There are, however, some signs that the work flow may improve during 1986-87, and as a result the tempo of construction in the industry may stabilise," it said.

As was the case last year, new contracts in the second half of 1986 would benefit from the current R300 million road construction programme, as well as work emanating from the 1986 budgets of other clients. — Sapa

ng on ies

conditions.

was a matter of risk management, Prof. Niles said. In America short-son cotton brought ut reduced insecti- use of up to 50 per for some cultivars.

because the cotton to be protected for a ter season, some s were avoided, a like moisture stress avoided and input generally were

erica's cotton ers in many areas, use of the weather tions, were forced duce a crop in a r season. This was the idea of a gen- ultivar that pro- at a more rapid originated, said files.

is capacity as a al advisor to the e's plant-breed- programmes he do his utmost to South African benefit from ason cotton.

sale

19 000.
mand for SA mut- o rams was excep- gh. A total of 304 ale, of which 302 for R301 375, av- 997 a ram. Mer- ged R1 300 each e merinos R825, y Suffolks R635, R632 and land-

ifferent breeds is were sold. Of tal of 216 were R513 450. During e 309 bulls were which 169 were t 000.

verages were y Red Angus (rolais R3 216,igus R2 856 and th Devons.

otterell, M. du M. Cotterell. Re- Kent.

(Bay at home: C. G. Fernie (c), R.

credit ed

ould be curbed and businesses e given tax and other incen- pand.

overnment, which introduced a usterity budget this year, he nation's woes on poor world r exports. It has warned that t-tightening may be necessary ming months.

s said Australia's creditwor- remained strong but a variety mic and structural weaknesses the country's flexibility for g long-term external debt.

s said its decision also reflec- ities in the industrial and lar- ket and high inflation. But it economy had built-in strength of the nation's strong natural es base, sound economic man- and political stability.

rday's release of August bal- payments figures showing a of 1,23 billion Australian dol- ll below earlier forecasts of up illion dollars, cushioned the im- nomists said.

awke and the Treasurer, Mr eating, were quick to tell the 15- on Australians that the govern- economic management was on a footing, and economists said s decision was not unexpected.

said Moody's rival, Standard ors, still rated Australia as AAA.

Keating said the change in Aus- creditworthiness was unjusti-

FENYAN 19/1/86

BUILDING UP HOPES

32

Gloom persists in the civil engineering industry, according to the annual report of the SA Federation of Civil Engineering Contractors (Safcec).

The total value of work in 1985-1986 is now estimated at R2,7 billion, up by 2% in monetary terms. However, with inflation in the construction industry running at more than 15%, the total volume of work is estimated to have fallen by 10% on the previous year's level. It would have shrunk even more had it not been for the very narrow margins in the industry.

There are, however, signs of hope.

Safcec Executive Director, Ken Lagaay, says: "There are indications that the work flow may improve during 1986-1987. New contracts will emanate from the National Transport Commission's R300m construction programme

and Escom is expected to award contracts for the Matimba and Majuba power stations this year."

Lagaay is also encouraged by the R750m housing and township services scheme, which should be multiplied by the participation of private enterprise in the new Housing Trust. The privatisation of road construction is also welcome, although it seems to be taking government some time to implement.

The industry also stands to gain from a go-ahead for the Lesotho Highlands water project, private toll roads and new oil-from-coal plants planned.

Lagaay believes that increased spending on construction is a sure way to stimulate the economy as it is highly labour intensive and makes use, almost entirely, of local goods.

- (2) and (3) Fall away.
- (4) No.

Group Areas Act
 *31. Mr J H HOOD asked the Minister of Law and Order:
 (1) Whether a circular about police action in regard to contraventions of the Group Areas Act was recently sent to all police stations in the Republic; if so, (a) when, (b) by whom was the circular (i) sent and (ii) signed and (b) what was the purport thereof;

- (2) whether he will make a statement on the matter?

THE MINISTER OF LAW AND ORDER:

- (1) No. (a) to (c) Fall away.
- (2) No.

Session of Parliament: officials
 *32. Mr D J N MALCOMB asked the Minister of Transport Affairs:

- (1) Whether the number of officials who are attached to the South African Transport Services and were sent from Pretoria to Cape Town for the 1986 session of Parliament, has been reduced in comparison with the number of officials sent to Cape Town for previous sessions: if so, why;
- (2) whether all these officials will remain in Cape Town for the duration of the session; if not, (a) why not and (b) when will they return to Pretoria;
- (3) whether these officials will be replaced in Cape Town by other officials of the South African Transport Services; if so, (a) when, (b) why and

- (c) what will be the cost of replacing them;

- (4) whether any communications equipment was purchased recently by the South African Transport Services for use by officials in the Pretoria and/or Cape Town offices; if so, (a) what specified equipment, (b) why and (c) what was the total cost of purchasing and installing this equipment?

THE ACTING MINISTER OF TRANSPORT AFFAIRS:

- (1) Yes, on an experimental basis with a view to economising without forfeiting efficiency.
- (2) No.

- (a) and (b) Some of the officials in the Ministry of Transport Affairs will return to Pretoria on completion of their session duty when the proceedings of Parliament are adjourned in June.

- (3) Yes.

- (a) Some ministerial personnel from Pretoria will, on the return of those referred to in (2), perform session duty in Cape Town when Parliamentary proceedings are resumed.
- (b) To enable officials in the Ministry to render service on an equal basis as far as possible.
- (c) Only minor additional costs.

- (4) Yes.

- (a) One additional facsimile machine.
- (b) To avoid damage to this sensitive equipment during the conveyance thereof between Cape Town and Pretoria.
- (c) R8 468.

HoA

For written reply:
General Affairs:

Annual reports

1079. Mr P G SOAL asked the Minister of Transport Affairs:

- (a) How many annual reports were produced by the South African Trans-

THE MINISTER OF TRANSPORT AFFAIRS:

- (a) Three, in respect of the periods as indicated in part (b) of the reply.

	(b) Period	(c)	(d)
SA Transport Services	1 April 1984 to 31 March 1985	R89 035	Creda Press (Pty) Ltd.
SA Transport Services Board	1 January to 31 December 1985	R7 238	Cape and Transvaal Printers (Pty) Ltd.
SA Airways	1 April 1984 to 31 March 1985	R24 965	Klem Lloyd Lithographers (Pty) Ltd.

George/Knysna double carriageway
 1108. Mr G B D MCINTOSH asked the Minister of Transport Affairs:
 (1) (a) What is the estimated cost of the projected double carriageway between George and Knysna as outlined in the guide plan prepared by the Department of Constitutional Development and Planning and (b) in respect of what date was the estimate made;

this project in terms of contracts which had been awarded as at the latest specified date for which information is available?

THE MINISTER OF TRANSPORT AFFAIRS:

- (1) (a) R183 million.
- (b) April 1986.

- (2) Yes. The construction cost cannot be justified at this stage in view of the relatively low density of the traffic between George and Knysna.

- (3) (a) R56 million.
- (b) May 1986.

- (4) Yes.

- (a) what is the estimated cost of reconstructing the existing national road between George and Knysna and (b) in respect of what date was this estimate made;
- (4) whether work has begun on the reconstruction of this road; if so, (a) when, (b)(i) what progress has been made on this project and (ii) in respect of what date is this information furnished and (c) what is the cost of
- (a) During March 1984.
- (b) Work is in progress and the section between Kratbosch and Kleintrans (Wilder-

HoA

First dividend beats forecasts

HUDACO INDUSTRIES, the new entrant to the engineering sector, has declared a maiden dividend of 8c a share for the half-year to May. This is way ahead of forecasts.

In the annual report, group MD Bruce McInnes estimated earnings would amount to 24c a share for the 1986 financial year and pegged the total annual dividend distribution at 11c a share.

Actual first-half earnings blossomed to 18c (7,9c) a share despite an increase in the number of shares in issue to 19,4m (16m). Attributable profit rocketed to R3,5m (R1,3m).

McInnes says: "The earnings' forecast for the 1986 financial year has been revised to 36c a share, and with a 2,2 times dividend cover the total annual distribution will be about 16c a share."

Traditionally, he says, the second half has been better than the first half. But management expects the current low level of demand to continue and anticipates tighter competition in the two major divisions (bearings and diesel engines).

It is therefore budgeting for second-half performance to match

PRISCILLA WHYTE

the first-half year.

Circle Pumps was sold for about R2,5m to various buyers but mainly to the Malbak company Fluid Holding.

Hudaco is still negotiating the purchase price of Dorbyl's Salchain. Dorbyl will continue to manufacture transmission chains but the distribution will be via the merged operations of Hudaco's roller chain division and Salchain.

Hudaco has cash resources of R9m (R1,3m) compared to debt of R8,3m (R19,9m). Shareholders' funds have almost doubled to R23,4m (R12,6m) and R19,9m at the year-end.

Take-over advances have been made to three major groups, two of which were listed companies, but the offers were rejected.

Turnover advanced 29,7% to R69,8m. Operating profit grew to R8,0m (R4,6m) which means operating profit margins notched up to 11,5% (8,6%) and 7,9% at the year-end. McInnes admits that bearings have come through as the major money spinner with operating profit margins of about 15%.

Business Mercury

Roads form base of civil work

JOHANNESBURG—The intake of new work so far this year appears to be stabilising, albeit at a low level, says the August report of the South African Federation of Civil Engineering Contractors.

The combined value of the 105 new civil engineering contracts notified to the federation during August was R102m, little different from the figure of the previous few months.

The total value of new work recorded by the federation this year is now R940m, up on the R885m in the first eight months of last year but below the R1 000m in January-August 1984 when there was a slight upturn in the industry.

However, says the report, if the annual inflation rate in the construction industry of at least 15% is taken into account, the flow of

new work in real terms has continued to drop over the last few years.

At this stage of 1986 it is some 25 to 30% behind the contract awards during the first eight months of 1984, and nearly 10% lower than last year.

Road contracts made up 65% of the recorded total value of new work awarded last month, boosted by one large and several medium-sized projects.

Most notable was for the construction of 13,2 km of concrete paved freeway and three road-bridge structures on the N3 between Vaalkrans and Alexandria for the NTC which LTA Construction will complete in 15 months at a cost of R32,4m.—(Sapa)

Com index

LONDON—Reuter's commodity index:
Yesterday - 1 545,5, Previous - 1 540,8,
Four weeks ago - 1 453,2, Year ago -
1 702,2.

ENGINEERING education is lagging far behind future manpower requirements and there are too few qualified graduates emerging from the educational mill. Academics blame the situation on cuts in government grants, resulting in falling standards and inadequate facilities. Grants to universities were cut by 15% during 1985. A further 2% cut will cost UCT R1,5m. "There's nothing we can do," says Pretoria Uni-

Too few engineers can't fill the gaps

versity Dean of Engineering Professor Schoeman. "Cutting back on staff and equipment is one way of coping, but that is having an adverse effect on the quality of the course we offer, and particularly on our research." It is also affecting staff numbers. Universities have never paid market

related salaries but academic life was attractive to some. Now this is changing, less staff means more work and pressure and less time for research. And according to the Federated Society of Professional Engineers

(Fespe) the shortfall of engineers in SA stands at over 1 800 — despite the recession. Says Fespe's Professor Robert Plewman: "We have estimated that in three years there will be three jobs available for each civil engineering graduate and two jobs for any other engineering graduate."

At a recent committee meeting held by the universities' eight deans of engineering faculties, grave concern was expressed about the alarming number of resignations of senior academic staff — some taking positions at overseas universities, others offered top jobs in industry. Relief is unlikely. The committee believed suitably qualified people will be difficult to find to fill the new vacancies.



ST LEGER . . . planning ahead always vital

UNLESS SA contractors start trying to gain the necessary expertise to handle major construction projects, the fruits will continue to be stolen by foreign companies.

This is the view of Sasol technology GM Piet Naude. Overseas contractors, he says, are usually accustomed to working abroad. And, more importantly, they are more in tune with the demands of massive modern technology projects, are more reliable and better qualified to handle the work required. With the Mossel Bay gas project

14/10/80 10:15 DRT
Contractors need to gain more expertise

HELGA ST BLAZE-MOLONY

possibly looming and future syn-fuels projects being planned, Naude stresses: "Planning for these projects is of the utmost importance. It contributes towards the success or failure of a project."

Central Energy Fund project director and former Murray and Roberts engineering division director Bob St Leger agrees with Naude. He says determined planning for the Mossel Bay gas project is underway and cost-benefit relationships are being studied, too.

"There is no doubt we would like to see a high SA content taking place on this project. There would be massive advantages to the country."

"Apart from the technology transfer we would hope to achieve, hard-hit industries and regional areas could benefit enormously."

Expertise for the project can be found, St Leger adds. "But, yes, planning has to be accomplished properly. Companies will have to start facing up to the needs of a particular project now."

Naude points out that despite the financial drawbacks of using overseas firms "the local content in Sasol 2 was the most trouble in the end". During its design and construction, only 45% of the materials needed came from SA and only two construction contracts were awarded to SA firms.

He says allowance was made for local suppliers' technical limitations. The real problem lay in the timing of the manufacture and supply of goods. Contractors are unreliable, they suffer from a lack of skill or confidence and they often seem unwilling to meet new technical demands, says St Leger.

Naude believes that unless things change substantially SA cannot expect to increase its content in any future project of this magnitude. "There is not enough attention to detail and labour is not competent, so the failure rests with management," Naude concludes.

But if local firms anticipate the need for additional technological skills, if they prepare in time and provide the necessary training for staff, St Leger reckons SA firms could compete.

BLACK HOUSING

Institutions on stand-by

A battle plan to alleviate the serious black housing backlog — now estimated at 400 000-800 000 units — is on the drawing board.

Insurance companies and pension funds are in the front line, and talks have begun to determine whether part of their massive resources can be mobilised for a national home-building drive.

The move would:

- Increase economic activity and create jobs;
- Help meet black housing aspirations; and
- Bring some relief to the struggling building, civil engineering, cement and brick industries (see "Contracting base").

Although administrative and legal constraints still stand in the way, private financial sources say "large amounts of money" could be made available as soon as the necessary financing instruments are created.

The moves follow government's allocation of R328m last month to buy serviced land for private sector development of black housing.

"The funds are available provided reasonable economic returns are provided," Life Offices Association (LOA) chairman and Sanlam MD Pierre Steyn tells the *FM*.

The insurance movement alone controls assets of R30 billion and there is a similar cash pile in the pension funds. "By using just 1% of these assets, R600m could be made available for black housing," says Steyn.

LOA members control an annual cash inflow of almost R10 billion, and the possibility of diverting these, and other, institutional resources into housing construction are being investigated.

A "top priority" LOA sub-committee is studying the funding of black housing, while the Development Bank of Southern Africa, the Small Business Development Corporation and the Urban Foundation are standing in line for similar socio-economic financing.

But Steyn cautions that major projects are not imminent. He says although government realises the urgency of the housing crisis, transfer of property, registration of townships for development, funding and administration of a massive scheme will take time.

He also warns that the return must be right. "It would be unfair to policyholders to lend at cut rates. Returns similar to those on government securities would make the money available, but pension funds would also have to contribute," says Steyn.

Roger Veysey, divisional director in charge of mass housing at Murray & Roberts, agrees: "Although there has been a vast change in official attitudes," he says, "government will have to cut red tape and



Black housing... towards a brighter future

streamline its administration structures before results can follow."

Developments so far follow scrapping of influx control, creation of freehold title for blacks and publication of a White Paper on "orderly urbanisation," in which the private sector is asked to help develop both formal and informal housing projects.

With black housing now on government's frontburner, Steyn says: "This is an opportunity for an imaginative plan for public and private sectors to co-operate in the national interest. The insurance industry is ready to help."

The initiative is also being pursued under the auspices of the Private Sector Council on Urbanisation, on which all employer bodies are represented. The fact that the FCI, Assocom, AHI, Nafcoc, Seifsa and the Chamber

of Mines are all working together on the problem indicates the private sector's concern.

"This project, with all its economic benefits, is the only one of its size which can be launched with hardly any imports to strain the balance of payments," says the Urban Foundation's manager of development finance, Frans Pretorius. "It would upgrade skills, provide business opportunities for black property developers and help expand a vast housing market for hundreds of thousands of urban black landowners."

"We welcome government's call for the private sector to help — but the Group Areas Act, the Land Act and the Population Registration Act must also be removed before we can freely invest our millions in black housing," says the chairman of the FCI's urban-

A TECHI

Former Cape Town City Engineer J Brand has been found technically breach of a city council ordinance in inquiry conducted for the council. Judge Van Winsen.

The inquiry followed reports about involvement of Brand's estate agent wife Yvonne with the Abode Estates company which gained the sole agency to sell houses on land purchased from the council by Strandfontein Development Company.

Brand took early retirement as the issue gained momentum, but he denied that it was the cause of his departure.

In terms of the ordinance, a council employee faces summary dismissal if he is found to be gaining direct or indirect benefit from any contract with the coun-

isation committee, Jonny Frankel.

"We are eager to assist with both formal and informal black housing projects," he adds, "but we must be free to develop wherever land is available — and without government prescription." ■

against him. It was probable, however, that he would have been only cautioned since Judge Van Winsen found that his behaviour was above board and the interests of the council had not been prejudiced.

An open question now is whether the technical breach will blot Brand's future career prospects. Council insiders maintain his selection for a post on one of the area's soon-to-be-established regional service councils would otherwise make sense.

SMK
105 new civil contracts

By Frank Jeans 32 times last year.

While the latest flow of new work to the civil engineering industry is more encouraging, inflation continues to distort the true picture. 309/116

However, if the inflation rate in the construction industry of at least 15 percent is taken into account, the flow of new work in real terms has continued to drop and at this stage of 1986 is 25 to 30 percent below the contract awards during the first eight months of 1984.

The South African Federation of Civil Engineering Contractors (Safcec) reports that the combined value of 105 new contracts during August was R102 million, bringing the total so far this year to R940 million compared with the R885 million for the same

"The intake of new work so far this year, nevertheless, appears to be stabilising, albeit at quite a low level," says Safcec.

32

BUSINESS

LTA battles to meet N3 deadline

By Frank Jeans

Work on the N3 in the Orange Free State will not be completed before early next year.

The 52 km stretch between Warden and Harrismith has been a heartache for drivers since LTA Earthworks (North) started the upgrading of the highway in July 1984.

And while the southbound freeway is now open, providing smoother traffic flow, the upgrade will not be fully completed until next February after escalation has pushed the original contract cost of R34 million to an estimated R37 million.

If it has been a motorist's moan,

LTA teams have also had their problems on the N3 job, with heavy rains and material supply problems hampering construction work, not to mention the inevitable hitches when it comes to maintaining work schedules without interrupting traffic flow on one of the country's busiest thoroughfares.

While it has been hard going for LTA on this road link, Earthworks (North) has completed extensions to the Warmbaths-Nylstroom dual carriageway — five months ahead of schedule.

The R32,7 million contract has added a further 21 km of roadway, making the link now 268 km.

The Warmbaths-Nylstroom road will open from the end of this month, when

the adjoining 13,5 km to Middelfontein being built by Murray & Roberts Roads and Earthworks will be ready.

Also looking at a roadwork deadline heater is Stocks Roads which is building 14 km of freeway so as to relieve traffic congestion in Middelburg in the eastern Transvaal.

The R21 million link will join up with the Van Dyksdrift interchange and bypass Middelburg.

The original contract time was to next February but Stocks expects completion before Christmas.

"The bypass will eliminate the need for drivers using the N4 route to the eastern Transvaal to travel through Middelburg itself," says Mr Willie Va-

lentin, a Stocks Roads site representative.

"During the Easter weekend this year, 2 300 vehicles went through the town every hour."

Group Five company Savage & Lovemore (East Cape) has begun work on a 60 km road in the Transkei, which runs from the border near Lady Grey through Sterkspruit in the north of the country to the Orange River near Zastron.

Savage and Lovemore is also well ahead on another Transkei road contract about 50 km north of Umtata — a project which involves the building of a two-lane road bridge over the Tsitsa River on the N2 highway.

sons (RP)" says Bieber. He explains that the gap in RP's switchgear market below 10 kV will be filled by C-H.

In the existing diesel engine operations, NEI already has the Mack, International Harvester, Proguard Filter, Cummins and Perkins franchises. The addition of the transmission and axle range will bring it a step closer towards its aim of establishing a "bumper-to-bumper" truck network.

Bieber says that after acquiring C-H four years ago, Eaton Corporation has now returned the local operation to SA ownership on the grounds that it was not in Eaton's interest "to perpetuate a far-flung branch."

Given an option, NEI would presumably prefer to settle the acquisition by a share issue rather than by cash; one reason being the hefty 166% premium the share price of R43,50 attracts on end-December's net worth. Another is the containment of its interest bill, which multiplied more than tenfold to R3,6m last year. But whether or not Eaton would be willing to take shares in another SA-based group is a moot point.

Fuller implications will be available with the interim announcement in about eight weeks. As for interim earnings, investors will no doubt be expecting an improvement, in keeping with the past record. But, warns Bieber, "under difficult economic circumstances, I will be satisfied with a pedestrian pace."

Patric Ho

FIN MAIL 13/6/86
BOUMAT 32

Off the bottom

The economic recession has hit the building industry harder than most. Against this background, investors will no doubt welcome Boumat's preliminary results for the year to end-March. Bear in mind, however, that the earnings improvement comes off a very low base. The 1986 earnings a share of 8,2c are only 10% of earnings two years ago.

Also, the earnings improvement did not emanate from better trading conditions. Chairman Irvine Brittan estimates a drop of some 10% in real activity. Although gross profit improved, it was not enough to compensate for the 11% increase in operating costs and the marginally higher incidence of bad debts.

In his forecast last year, Brittan projected an improvement in operating margins to 4,4%, mainly as a result of lower bad debts. This did not happen. Bad debts, which edged up to R7,2m (R6,8m), dragged actual margins down to 3,7% (3,9%). But Brittan reckons the worst is over. He tells me that remaining debtors are financially stronger than before.

Another blow, accounted for in extraordinary items, is the R2,8m write-off of the investment in B & S Furniture. Despite prospects of some sort of rescue operation at B & S, Boumat will recover little of its investment. Market value of B & S before its suspension was R512 000.

BOUMAT MOVES UP

Year to	Mar 31 '85	Mar 31 '86
Turnover (Rm)	412,1	416,9
Operating profit (Rm)	16,1	15,2
Interest paid (Rm)	12,4	10,6
Attributable earnings (Rm) ..	0,2	1,2
Earnings (c)	1,2	8,2
Dividends (c)	38,0	34,0

Bottom-line improvement came from lower interest paid, resulting mainly from easier interest rates in the second half and a lower effective tax rate. Although the tax rate dropped to 57,3% (72,4%), certain subsidiaries are still operating at a loss.

In line with the revised distribution policy of paying out 10% of net worth, a final dividend of 17c a share has been proposed to bring the year's distribution to 34c. Shareholders will again be given the option of a cash dividend or bonus shares in the ratio of one bonus share for every 20 shares held. Brittan makes no comment about future prospects ahead of the annual report.

Patric Ho

FIN MAIL 13/6/86
GOLD 1986

Little optimism

Considering the widespread concerns about possible disruptive effects of threatened unrest in SA, it is not surprising that the gold price jumped to \$347 on Tuesday. Investors had apparently taken the view that South African mining production could be hampered, while renewed worries about the Mexican debt imbroglio were also given as being behind the demand for gold.

For local investors, too, the combination of a firm bullion price and the crumbling rand has made gold-related investments attractive. The Krugerrand has broken through R1 000 to all-time records, and a number of gold shares showed gains over the past few days. None of this can yet be taken to indicate the strength of the bullion price will be anything but short-lived.

Prospects of any material disruption of South African gold production are dubious, given that the industry is believed to have accumulated above-ground stocks amounting to some three months' production. Leaving aside this question, there is also little for the immediate comfort of gold bugs in *Gold 1986*, the annual assessment of the gold market produced by Consolidated Gold Fields. On the whole, factors favourable for bullion are counter-balanced by negative factors. The report, written by George Milling-Stanley and Timothy Green, concludes there is "little prospect of any sustained movement in the price in either direction in 1986, although there will probably be a greater degree of volatility."

Like other commodities, bullion is influenced increasingly by currency factors. But the 27% depreciation in the dollar's trade-weighted value has not produced a commensurate rise in the gold price. "There are definite time lags in the past relationship

between the two, and the gold price could move still higher on currency considerations alone, but it is more likely to remain unexciting unless a resurgence of inflation stimulates renewed investor interest."

There appear to have been some benefits from currencies. Imports of bullion into Japan edged up just 7%, which, while the highest ever recorded, was considered somewhat disappointing in view of the weakness of the price in local currency terms. However, when looking at investment demand, the report notes that the strength of the yen prompted substantial hoarding throughout the seven months from October 1985 to April 1986, and this is expected to remain at a high level during this year.

Japan is, in fact, forecast to be the biggest consumer of gold in the world in 1986, with its issue of 10m gold coins in celebration of the 60th anniversary of the accession of the Emperor Hirohito likely to absorb 200 t. Figures released this week show Japanese gold imports excluding coins soared in May to 94,26 t from 59,06 t in April. Against this, the whole coin market last year shrunk to its lowest level for 10 years. While fabrication of the Canadian Maple Leaf used 66,4 t (36,1 t) of gold in 1985, SA used only 24,4 t (74,1 t), and the total gold use in official coins dropped from 125,2 t to 108,1 t.

More important concerns centre on the Middle East, where demand fell in most sectors. "Throughout the Middle East, investment in gold declined during 1985 as the falling oil price reduced purchasing power," says *Gold 1986*. "Moreover, as hundreds of thousands of migrant workers were sent home from Saudi Arabia, Kuwait and the Arabian Gulf states, the number of potential buyers shrank." In the Middle East, identified investment holdings fell from 54,7 t to 40 t, gold use in carat jewellery fell from 143,2 t to 107,8 t, and total fabrication of gold tumbled to 118,8 t from 172,2 t.

Also, newly-mined Western production is increasing, having risen last year from 1 148,9 t to 1 212,8 t. Largest expansions were in the US, up to 79 t (68,5 t), Australia 57 t (39,1 t), Brazil 63,3 t (55,5 t), and Papua/New Guinea 33,2 t (18,7 t). While sales from the Communist bloc to the West remained steady in 1985, they are expected to be much higher this year. Lower hard-currency receipts from exports of oil and gas are assumed to lie behind higher Russian sales, and there is the new factor of Chernobyl.

Actions by SA could also be a depressant. *Gold 1986* says SA is under mounting pressure to increase gold sales. It argues that SA has large amounts of gold tied up in swap transactions, and has increased the total outstanding since the debt moratorium. However, certain debts fell outside the scope of the moratorium, and SA is finding it difficult to meet the required level of monthly repayments. "One solution being suggested is to convert some of the outstanding swaps into straightforward sales, and any significant increase in the gold price could render these pressures irresistible."

32
SMR
18/6/86

Shaft sinking sector has R600-million worth of work available over next five years

Cementation well placed to reap benefits

By Frank Jeans

One way or the other the industrial company that has well-established mining connections is comparatively better off than many others in the present economic slump.

With mining's millions in circulation thanks to the low rand-dollar exchange rate, the continuing drought of ancillary work from the mines has been welcome compensation for groups otherwise feeling the pinch of recession.

And if the results of a survey by the Cementation group are on the mark, and given more stable economic and political conditions, the prospects mining spin-off appears to be assured for at least five years.

During that time, according to Cementation's assessment, at least 40 new mining shafts will be sunk and at an estimated cost of about R15 million a shaft, this sector stands to benefit by a total of R600 million.

The final figure, of course, must be far greater when shaft establishment costs and complementary projects are taken into consideration — altogether a promising outlook indeed, in these depressed times.

Certainly, Cementation must be well pleased about the prospects because of its long-time association with mining and in particular the Gold Fields (GF) organisation.

Not that Cementation — it

has long since branched out from founder Albert Francous's cement grouting process of the twenties — expects favours from "big brother" GF, the policy of which is arms-length dealing when it comes to contracting.

"We have to tender with the best of them," says Cementation chairman, Mr. Ron Shaw, "and we win a few and lose a few."

Mining houses carry out a lot of their own shaft-sinking operations but there must be a lot of work left over in the field which goes hand in glove with prospect drilling — an area in which Cementation is a leader.

BOUGHT OUT
Gold Fields Cementation was formed in 1969 with Gold Fields holding 50 percent and Cementation (Africa) the balance.

Last year, Cementation (Africa) bought out the GF stake with convertible preference shares which, on conversion, would give the latter a 24 percent share in Cementation (Africa). Mr Shaw joined the company in 1945 as a fitter-turner and was in charge of maintaining pumps in a tin shed on the exist-



Mr Ron Shaw, chairman of Cementation... the prospects are bright for the mining shaft sinkers.

ing property in Sebby, Johannesburg. Shall as it was that shed was the base for growth into areas of engineering, construction, rail-

track laying and forging and today the company has a projected turnover for this year of R230 million and a current manufacturing order book valued at

R125 million. Its civil engineering section, in line with the rest of the industry, is "highly problematic" but this area of activity accounts

for only 10 percent of turnover, while mining and engineering each have a 45 percent involvement. Cementation has an added ad-

vantage too in the technological field through its connection with British industrial conglomerate Trafalgar House Investments.

Trafalgar bought out the Cementation operation in U.K. in 1970 and thus secured a 61 percent stake in Cementation (Africa).

"This has given us access to the specialised expertise in design and research available in the prominent engineering companies within the Trafalgar group," says Mr Shaw.

As one of South Africa's oldest companies, then, Cementation is faring well and apart from high expectations in the local market place, has broadened its scope internationally through franchise agreements, the most recent of which was with Japanese trading group Mitsui for the introduction to this country of a tape sealant for construction work developed by Sanyo Chemical Industries.

There remains a dull patch on the industrial horizon, however, and Mr Shaw, along with other business leaders, sees the growing labour confrontation becoming a critical factor.

Any body who employs a large workforce must prepare himself immediately to cope with many difficulties in the industrial relations field, he says.

This is certainly not an area for the enthusiastic amateur for the unions have become more sophisticated in their dealings which means that management must consequently become more professional at the negotiating table.

CRITICAL DATE
While he concedes that a "polarisation of views" persists, he has no doubt that a solution to the labour problem lies somewhere notwithstanding the fact that there must inevitably be wage demands on one hand and falling profit margins on the other.

Indeed a crucial date is looming for the metal industries, for on June 30 the annual agreement expires at a time of mounting political turmoil.

Outside of mining, these industries are the next biggest employers of labour in South Africa, with 90 000 blacks and 110 000 whites in the unions and 150 000 more workers on the sidelines.

One can understand, therefore, the threat that summers and which could, indeed, lead to an uncontrolled free-for-all which, together with the many current disputes in which companies find themselves today, could become critical for the collective bargaining system.

Breakaway group causes rift within professional engineering community

18/6/76 2771 32

By Frank Jeans

South Africa's engineers have clashed over "splinter group" thinking on one hand and the need for a single voice on the other.

And taking the main brunt in a war of words is the breakaway body, the Engineers Association of South Africa (EASA), which, it is claimed, is spreading gloom by suggesting that the engineering profession generally is in disarray.

Criticising the EASA for what it calls the "creation of disinformation", the board of the Federation of Societies of Professional Engineers (FSPE), says: "We are not prepared to put up any longer with such divisive activities by EASA.

"We regret that the association has seen fit to withdraw from the federation and by loudly crying from outside the mainstream, created the impression that the profession is in disarray."

Joining the fray, too, is Minister of Energy Affairs Mr Danie Steyn who recently said that there was a need for an official engineering council through which the government could ap-

proach for "advice on aspects crucial to the country's infrastructure development".

Emphasising that the role of institutions such as civil, electrical, mechanical and chemical engineers is to look after the professional development of their members, the board says these societies are not going to disappear.

"It would be irresponsible for them to do so, for they represent a force in education which no other body could replace," says FSPE.

Pointing out that the federation has banded together societies which represent the voice of engineering at the highest levels in the country, the board says that while it recognises that EASA might have viewpoints which deserve consideration, it also recognises that "its voice, crying in the wilderness to which it has removed itself", might be heard to a degree which is totally unrepresentative of its numbers.

"While the association remains outside the engineering profession, it is suggested that its members should work towards persuading its leadership

to stop sowing seeds of dissension," the FSPE says.

Replying to the criticism, Dr JCR Heydenrych, EASA's national chairman, says: "The engineering profession is not in general disarray but at the present moment the FSPE may be in a bit of a transient state.

"EASA believes that about a year ago the then FSPE president realised and recorded the drawbacks of the federation.

"Towards the end of last year there was also a meeting at Stellenbosch of the South African Council for Professional Engineers, FSPE, EASA and other bodies at the invitation of Minister of Energy Affairs Danie Steyn, at which the future model of the engineering fraternity was discussed.

"Resulting from this, we believe engineering is moving in the right direction."

Dr Heydenrych said the Professional Engineers Act of 1968 protects the public against malpractices by professional engineers and that the proposed new act will require technologists, technicians and certificated en-

gineers also to be registered.

EASA, which now has 4 000 members, was established for the purpose of protecting the engineer.

"The engineering institutions can be considered as the learned societies catering for the engineers' technical advancement and in the older days they played a very important role in this respect," he says.

"But the institutions cannot provide the support for professional engineers that is provided, for instance, by the Medical Association for qualified doctors."

EASA believes that the ideal solution for the engineering fraternity would be a grid matrix organisation, with all the institutions forming the horizontal lines of the grid and the vertical columns being the professional engineers, technologists, technicians and certificated engineers.

"These four associations or clubs could each form an engineering association.

"It is a very simple umbrella consisting of one or two delegates from each association," says Dr Heydenrych.

BUSINESS

19/6/86
32
STAR

Good and bad news from M & R

By Stan Kennedy

Even after its recent streamlining, and vital skills and expertise being deployed from head office to the operating divisions, the Murray & Roberts (M & R) group is still walking a tight-rope, not knowing whether it will make a loss or profit at the June 30 year-end.

The cause? Virtually closing its overseas operations and a few setbacks at home, mainly its caravan company, which have cost a total of R35 million.

But all is not gloomy. It already has a foot in the door of the Mossel Bay oil project and has been awarded conceptual design work and contracts for certain supply and tug boats and helicopters.

The biggest thing on the drawing board, however, is the building of low- and medium-cost housing, into which the government is pumping R750 million and M & R will be looking to play a big part in the programme.

Having had his hands on the steering wheel since October last year, when he became chief operations officer, Mr David Brink (46) has been appointed chief executive of the M & R group and MD of M & R Holdings, to succeed Mr Bill Bramwell from July 1.

He says he is making certain tactical moves which will result in an improvement in the group's fortunes but would not elaborate. "One cannot get to grips completely

with a group as large as this in a few months but I have very clear ideas and I think most of the directors and senior executives are in agreement with them.

"Despite our disappointing year, I believe I am taking over a group that is in better shape than it was two years ago when record profits were made."

The group, which has more than 100 operating companies and employs 50 000, expects a R2,5 billion turnover this year.

No matter the large number of companies, the group is not unwieldy, he says.

Using computers

"We have very swift decision-making processes. The reason is that we truly practise decentralised management so that decisions are being made at the coal face all the time.

"While we have been using computers for years in design and tendering and in administration, we do not require them to be competitive in the same way as an airline or financial institution.

"The idea of my office being linked to all our operations would be contrary to the philosophy of management and would indicate that information flowed in here and decisions flowed out. That's exactly what we don't want."

He says there had been some criticism



M & R's Mr David Brink

when he closed down the human resources department in the corporate office. To him, for the department to fulfill its role, it had to be located in one of the operating groups and what better one than the construction group, which employs 30 000 and has a R1 billion turnover.

"We had too many people in the ivory tower, so we moved part of the financial and administrative expertise into the operating groups as well.

"Our new structure allows an efficient response to the day-to-day management challenges and puts the appropriate decision-making and respon-

sibility as close to the action as possible."

Business administration

Obtaining a BSc (Mining) and MSc from the University of the Witwatersrand, David Brink went to work at Western Deep Levels as a surveyor.

He then worked as a stopper, tunneller and shift boss and obtained his mine manager's certificate before spending a year at the London School of Economics studying business administration.

Back at Western Deep he became, at 27, a section manager at No 3 Shaft in control of 7 000 workers. During his stay, the shaft broke virtually all production records but he was getting restless to learn more about the financial side of mining.

In 1969, he joined M & R as manager of its Shaft Sinking & Tunneling division and was immediately put in charge of its overseas operations in Greece and Australia.

His new job as chief executive adds only one new responsibility — that of reaching out and making contacts, outside the group environment, with bankers, stockbrokers and politicians, and even making after-dinner speeches.

"I think I am well enough informed on general affairs, economics, politics and finance to cope but I would draw a line on the small talk," he says.

RIH,

Piping profits

~~32~~ 32 FIM M 20/6/86

Extensive rationalisation, cuts in borrowings, concentration on profit margins and rising export income have produced a powerful recovery for Barlow Rand's engineering company, Robor Industrial Holdings (RIH). It was a recovery that few investors were expecting early last year and the share price has more than tripled from its January 1985 low of 95c. It is still one of the less highly rated engineering stocks, but a slowdown in the rate of earnings advance now looks likely.

As the scope for further improvements in operating efficiencies becomes more limited, the company will depend more on better

Barlow Rand engineering group Robor Industrial Holdings (RIH) has enjoyed a strong recovery in the face of weak markets, but earnings growth is likely to slow down until sales are stronger.

sales volumes. The recent steep pick-up in profits distracts attention from a disturbing fact: sales in real terms have steadily fallen since the group was created three years ago.

Disappointing market conditions have se-

verely hampered Barlow's plans for its growth in engineering. When RIH was created during the restructuring of industrial interests in December 1983, the new company appeared to have something interesting. Investors saw the emergence of a major force, rivalled in the lighter end of the engineering industry only by Stewarts & Lloyds (since merged into Dorbyl).

Scarcely a year later, the wheels had fallen off. Second-half profits for the September 1984 year dived and prospects looked grim. But through management's conscious efforts to improve returns, which included

selective rationalisation, recovery was almost as quick. The rebound started in the second half of the year to September 1985, when earnings per share (EPS) recovered to 24,9c compared to 7,3c in the first half, and continued in the 1986 first half, when interim earnings almost tripled to 21,5c a share.

Reflecting on the turnaround, MD Jack Crutchley notes: "The ingredients were still there, but we had too much capacity in certain areas. There followed a period of consolidation, particularly at Wadesteel. By merging certain operations cost structures were reduced."

A number of top management changes could not have made matters any easier. Brian Connellan took over Derek Jacobs' position as MD before moving up to deputy chairman. Connellan was succeeded by Robor head Crutchley, who extended his predecessor's programme of rationalisation. Staff numbers were cut substantially in the 1985 year; business was selected on the basis of sensible margins; and stock and debtors became major focus areas.

Shrinkage was not achieved without considerable cost. RIH paid R42,1 m for Wadesteel and RIH International. Shortly after the purchase, Wadesteel's market collapsed and it had to cut turnover capability. Four Transvaal branches and its Welkom branch were combined with Robor's operations in those areas.

Apart from the operating loss at Wadesteel, which continued until the year to September 1985, the group had to increase borrowing facilities to fund the acquisitions from HLH. At end-September 1984, total borrowings had soared to R65,7m from R44,9m a year earlier. With interest paid rising to R14,6m, interest cover dropped to a meagre 1,9 times. Problems were not limited to Wadesteel. Rationalisation elsewhere included the closure of three MRT Bartons factories and the transfer of these operations to two Boksburg factories.

Little benefit from rationalisation was seen in the 1984 year, or indeed until about the middle of last year. But profitability was improving elsewhere. By trying to be the lowest cost operator in its various fields, the group began to enjoy better margins in the local market. Says Crutchley: "Mike Gahagan, our group financial manager, put in systems which clearly identified profitable and least profitable product lines. We were ruthless in playing to our strengths and eliminating areas of weakness."

The rand has been a big help in boosting export income. The group had inherited a team of sound traders from Wolhuter. Much improvement has been derived from its dominance of SA's exports in this field.

By the 1985 second-half, signs of an improvement in group earnings were evident. Despite lower turnover even in rand terms, operating margins had widened. Interest paid was 40% lower than in the first half, and, importantly, gearing had been chopped to 0,22 from 0,53 a year earlier. The R38,3m reduction in borrowings to R27,4m arose

almost entirely from better working capital management. "There was a new discipline," says Gahagan. "We reduced the number of months' stockholding and cleared out stockpiles. We selectively took out customers on low profit margins and extended credit terms."

Although margins on exports are lower, the group is prepared to forgo part of these margins because of the quality of overall returns. Importantly, large export allowances have reduced the tax charge to a negligible amount. At end-March 1986, the operating margin had improved from the year-ago figure of 4,7% to 5,1%.

With benefits of rationalisation, greater efficiency, and both lower gearing and easier interest rates, RIH's 194% surge at the interim did not surprise. None of the subsidiaries, including Wadesteel, made losses and profitability improved throughout. On earnings of 21,5c (7,3c), the interim dividend of 8c was restored after being passed in 1985.

"We don't have any illusions that there's still an enormous amount of work to be done," says Crutchley. "The quality of our return should be better, in our view." One way management could improve returns would be to sell Robor's property, estimated to be worth R35m-R40m, repay all borrowings and perhaps pay a special dividend. But given the state of the property market, this may only be practical in a year or two.

Looking ahead, RIH's rate of improvement is bound to slow down. As Max Pollak & Freemantle analyst George Raftopoulos points out: "The technical correction is over. RIH has had all the benefits from financial gearing and now we must wait for operational gearing to come through." His forecast of earnings for the full year of 45c looks about right and is in line with the board's expectations.

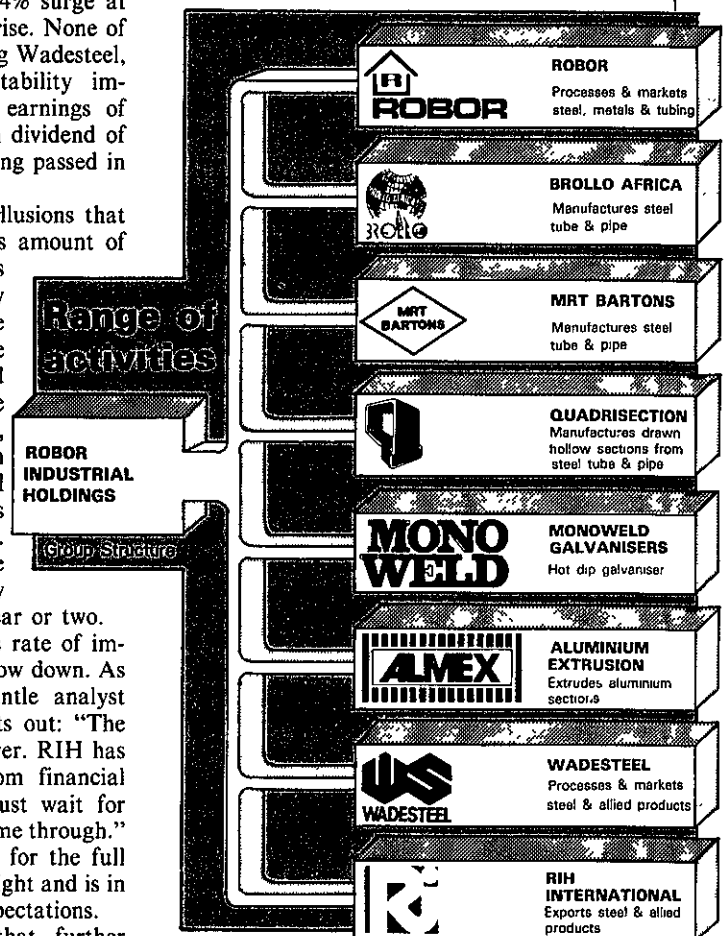
Crutchley concedes that further rationalisation opportunities are limited. Other than fine tuning, there's little to be done. So better volumes will have to return before earnings can accelerate again. However, no improvement is foreseen in the domestic market. Some 60% of business is with the severely depressed building and construction industries and the broad area called fabrication general engineering, where the end-user is difficult to identify.

RIH is, on the other hand, also geared to the mining industry, which probably accounts for 20%-25% of business; demand from this sector should remain steady. Agriculture, is the next biggest market; here again, demand is expected to be stable.

The go-ahead for the Mossel Bay project — there are now believed to be doubts about

its feasibility and timing — will benefit RIH. Although the group will not be directly involved, its products will meet part of the needs of contractors and sub-contractors. Low-cost housing also offers a major opportunity, but a stumbling block is the stringent requirements of municipal authorities. However, Crutchley is encouraged by the recognition from government that this is the route SA should take.

With the recent collapse of the rand, exports generally are looking more attractive. How much this is worth to RIH is unclear, as no details are forthcoming. Crutchley believes "the opportunities are enormous." As long as the export incentives are there, and the rand remains low, RIH's foreign market



vulnerability is limited to political events and the control of overseas unions over its products. Because of its wide export base, it is not dependent on any one country.

At 360c, the shares yield 5,1%, but the prospective yield will fall unless full-year earnings exceed 53c a share, given the policy of a 2,8 times dividend cover. Despite the resumption of an interim payment, total dividends could actually fall. Assuming an EPS of 45c, the prospective yield on a 2,8 times covered 16c total drops to 4,3% — still better than the engineering sector average of 3,6%. But the share's attractiveness looks to be longer term, when volumes recover. A sweetener is the possible bonus if the group can sell surplus property into a revived market.

Patric Ho

Cutting corners

The cost-cutting capabilities of computer-aided design programs (CAD) will bring welcome relief to architectural, design engineering and quantity surveying firms, particularly those suffering from the current work downturn.

There are, however, fears in the professions that the less-than-scrupulous could use the systems to offer cut rate services in professions for which they are not qualified.

The professional associations say this has not yet happened — at least not to their knowledge. Sydney Brett, a quantity surveyor who went into computers and who now writes programmes for the building and construction industry, says, however, it can and will happen.

He says the fine dividing line separating the professions is disappearing because of the introduction of CAD. "It must be accepted that, because of low work volumes, there will be an increase in the number of multi-disciplinary firms which will offer one-stop design services. They will use one design computer to save costs, which makes sense," says Brett.

The problem now is that contractors will use CAD programs to sell projects, based on a desired return, to clients and will carry out all the professional functions in-house to cut costs. Brett claims he already knows of contractors who bought CAD programs to reduce their dependence on the design professions.

"Another danger is that CAD, which produces much relevant information, could lead professionals to believe that they can perform functions in other professions for which they aren't qualified," says Brett. "If, say, an architect has a program which determines bills of quantities, he may be tempted to dispense with the services of a quantity surveyor — which could be disastrous. It could result in a decrease in building quality and an increase in claims."

A committee member of a provincial architectural institute tells the *FM* he cannot see this happening, neither can he see CAD

making inroads into architects' earnings. They will always be called on to design big buildings, and CAD will not erode their share of the house market. He says less than 10% of houses are designed by architects.

He regards CAD as "a quick, fault free, draughting tool that reduces repetitive work."

While he concedes that CAD could make it easier for a quantity surveyor, architect and engineer to combine in one firm, he does not foresee the professions encroaching on each other's territory. "Traditionally, they are quite separate in South Africa," he says.

However, some authorities make it clear they will not accept computer-designed roof trusses in tenders unless they have been checked by a competent engineer — which indicates that some professionals and contractors are already using CAD to cut corners. ■

He's building industry's free enterprise champion

By **ROBERT HOUWING**

PAINTING contractor Mr David Matthews is a business rebel with firm convictions who has had more than one brush with authority.

A champion of free enterprise, he despises unnecessary bureaucracy, vested interests, and the stifling of individual worker freedom.

Backed by similar-minded contractors, he formed the Small Builders Association eight months ago to fight these restraints, and became the first chairman.

The association already boasts membership of more than 120 and expects to represent the majority of building industry employers in the Western Province within a year.

This will enable them to sit on the building industrial council — a crucial breakthrough considering that the association views the council in its current form as undemocratic.

Less than 35 pc

Mr Matthews claims it represents less than 35 percent of all employers and employees in the industry, yet legislates for all.

Born in Durban in 1940, David Matthews spent two years at the University of the Witwatersrand before dropping out of a law degree course and hitch-hiking through Africa.

He spent five years in Paris and Madrid before returning to South Africa and getting involved in the building industry in Cape Town 20 years ago. In 1972, he was at the helm of his own company, David Matthews Painting Contractors.

Mr David Matthews, chairman of the Small Builders' Association ... he says counter-productive legislation serves vested interests instead of industry as a whole.

"Like many things in life, my intrusion into the painting industry was quite unexpected — certainly not a family tradition."

Small minority

Mr Matthews's office at the Chiappini Street headquarters is modest for a company chief. He drives a 1967 Jaguar, and lists diving and camping among his other interests.

What prompted his formation of the Small Business Association?

"The building industry is controlled in terms of its governing regulations by a small minority of the industry's participants.

"These vested interests are permitted by the Department of Manpower to propose legislation which affects the livelihood of thousands of people.

"Naturally, the legislation they put forward tends to serve their own interests, rather than those of the industry as a whole.

"The situation is clearly undemocratic. Furthermore, it unnecessarily increases costs, adversely affecting the consumer and, in the long run, the building industry itself."

Mr Matthews lists chief complaints as "grossly excessive" labour cost increases, excessive regulation, disre-

gard for economic conditions, wage fixing and restriction on working hours.

Flouting the hour restriction by working on a Saturday — he believes this would help decrease unemployment — landed Mr Matthews in court twice last year. The first time he was cautioned and discharged, and the second time fined R30 (or 15 days).

"Realising that most of the counter-productive regulation in South Africa originates not with the Government but with powerful vested interests — seeking to feather their own nest at the cost of society as a whole — our first major action as an association was to address a memorandum to the Minister of Manpower.

"It requested that any proposed legislation put forward by the industrial council should be seen beyond reasonable doubt to benefit the majority of participants in the industry."

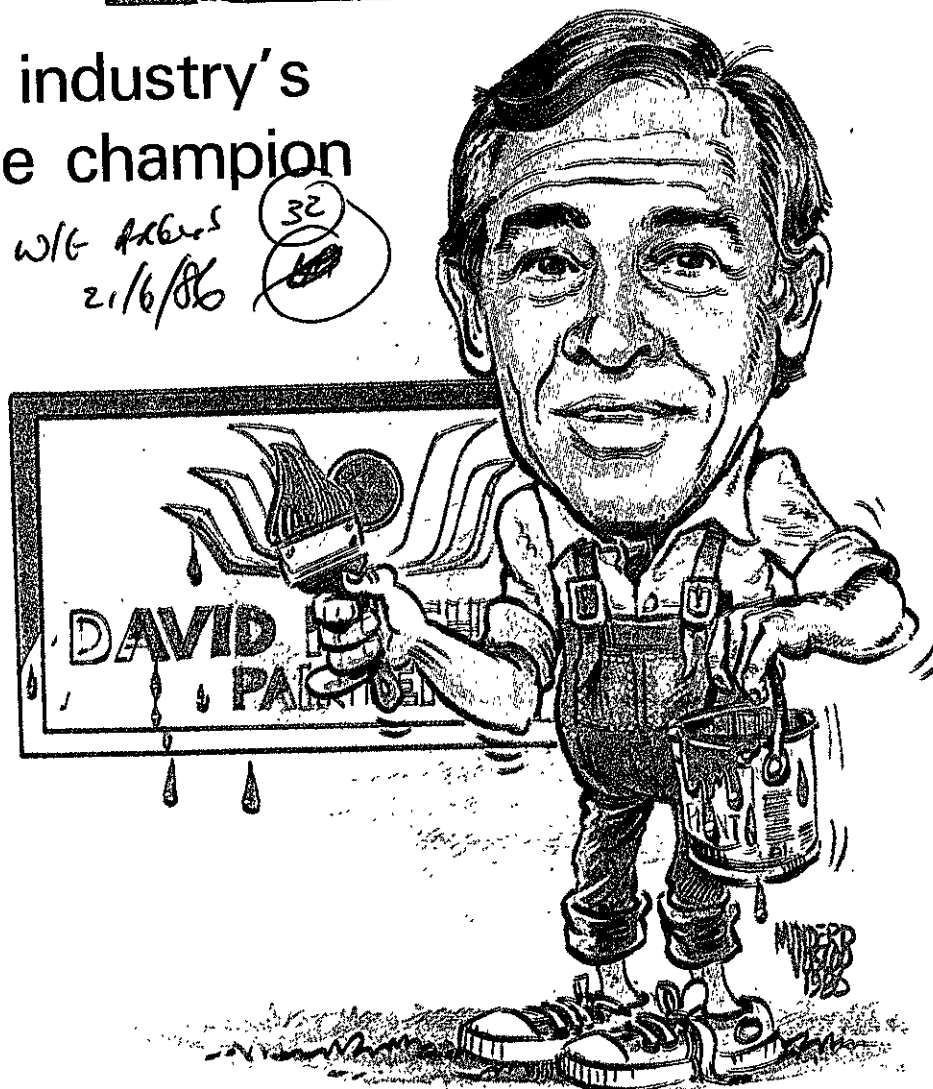
Increase employment

According to Mr Matthews, the association gained a significant victory last month when the industrial council failed in an attempted prosecution and a clause in the Building Industry Agreement was declared *ultra vires*.

"This effectively eliminated job reservation in the building industry in Cape Town, whereby only a worker certified and approved by the industrial council could perform skilled work.

"The long-term effects of the court ruling will be to decrease building costs and increase employment in the industry.

"Vested interests may regard our association as a threat to their total control of the building industry, but it has been welcomed by many who regard the industrial council as an oppressive threat to their livelihoods."



R750m kiss of life for industries

S. TIMES 22/6/86
32

WORK could start on the Government's R750-million mass housing scheme within six weeks.

That is the word from senior Government spokesmen in Cape Town.

A team of top businessmen has been appointed to co-ordinate the project and to advise Government departments.

Deputy Director-General of Finance Gerhard Croeser says: "The businessmen are top people. They were chosen because of their drive, initiative and influence. We are dead serious about getting this thing off the ground as quickly as possible."

Bottomless pit

Builders will be able to move into established areas, such as Kyalitsha and Mitchells Plain in the Cape, quickly because basic services are already there. But other areas will have to be surveyed, and roads and services will have to be provided.

There could be some delay in critical areas, such as the East and West Rand, which are not only short of basic services but land.

The housing drive is expected to go

By David Southey

on for several years. It will be the kiss of life for the depressed cement, brick, civil engineering and building industries. It will improve the quality of life of thousands and create thousands of jobs without pushing up imports significantly.

But it is not without its critics, who would have preferred more money in consumers' pockets to generate investment in productive capacity. Critics say spending on housing is "pouring money into a bottomless pit with no return because rent collection is a huge problem".

The project co-ordinating team will consult many building and construction firms, the Urban Foundation, Government departments including finance, constitutional planning and development, public works and "own affairs" officials.

Wastage warning

Experts warn that care will have to be taken to avoid millions of rands of wastage and misguided allocation.

The Urban Foundation estimates the housing backlog in black urban

areas at 560 000 units. It calls for 70 000 units to be built a year. The figure is based on the shortage, an estimate of migration to urban areas and a 2% a year replacement factor.

The foundation suggests:

- houses costing (in 1985 rands) R26 000, plus R8 000 for the land
- R12 000 houses and land costing R6 000

- R6 000 units with land priced at R4 000, this category being excluded from electricity and running water for toilets.

The total cost of providing 70 000 units a year is estimated at R1.2-billion based on the index supplied by the Building Industries Federation.

The private sector is building about 20 000 units a year, but they are mainly for black Government employees — nurses, teachers, policemen — with subsidised loans.

The Government is said to be interested in a 50:50 partnership with the private sector on housing.

Representations have been made to life-assurance companies to lend money for housing. The chairman of the committee investigating the matter, Metropolitan Life's Willem Pretorius, recently told Business Times that his

To Page 2 To Page 3

S. P. M. G. S.

22/6/86
32

THE industrial holding sector perked up this week as renewed investor confidence followed the Government's R1,5-billion stimulation package.

Tagging a ride was the Murray & Roberts share price whose frightening headlong slide from R15 bottomed at R5,80.

Although the sector as a whole looks ready to move and the Government's housing programme seems to be good news for M&R, any significant gain in its share price must await results for the year to June, expected in September.

DIAGONAL STREET KERRY CLARKE



New thinking as M&R fights back

TRICK

The big question is whether M&R will be able to break even after the R35-million loss incurred in the first few months of 1986.

It looks a tough target at this stage, but M&R has three months to work on its figures, and could pull a trick or two out of the hat.

The longer-term outlook is also tough. The group's figures reflect two years at the mercy of depressed gross domestic fixed investment and there is the prospect of another four-year slog before GDFI recovers to its 1980 levels. Expectations are that earnings will take until 1990 to recover to 1984's 243c a share.

Determined not to let a decline in GDFI have such a harsh effect on results again — last year the dividend was cut for the first time in the group's history — management is considering a change of strategy which could see it concentrating increasingly on supplies and services.

DIRECTION

David Brink, former chief operations officer of M&R who takes over at the Skeen Boulevard head office in Bedfordview when Bill Bramwell, chief executive for 15 years, steps down on June 30, has strong views about the direction the group should be taking.

"Our overall strategy of diversification has not succeeded," he says.

"We diversified into consumer products and while our food companies have done well, the caravan business collapsed.

"The other tragedy is our international operation, which was supposed to protect us from the South Afri-

can business cycle. Right now we should be getting the sort of benefits that companies like Barlows and Hagie Rand are getting."

Two weeks ago, M&R announced a R35-million loss from operations since the beginning of the year. The loss arises from difficulties abroad, tough markets for manufactured housing and transport products, and costs involved in holding expensive staff in readiness for the Mossel Bay gas and AECI synfuel projects.

STANDSTILL

Mr Brink says less than half the R35-million loss is attributable to foreign construction operations. The group has overcome its difficulties by adopting a lower profile and entering into contracts with foreign partners. M&R declines to name the countries in which it has operations.

The disappointments overseas can largely be attributed to the debt standstill and anti-SA sentiment. Depressed consumer and investment spending have stymied SA operations.

Mr Brink says: "Traditional business cycles in South Africa have changed and the old theory of business cycles that work against each other has fallen out of the window.

"A new strategy needs to be adopted. Businesses must look carefully at their balance sheets because I don't think the old gearing ratios are valid any more.

"We have been overly dependent on GDFI, and we need to look more for bread-and-butter items — supplies that are needed by industry and mining on a continuing basis."

Mr Brink does not see M&R entering new markets of any significance this year,

but he expects acquisitions and mergers.

"There is a need for rationalisation in the construction industry and the supplies and foundry markets.

"Tendering is horrendous in the construction industry, and there has to be rationalisation. Nevertheless, we are making money out of construction across the board — there aren't too many construction companies who can say that. We have quite a good forward order book, but it is lower than last year, which was lower than the previous year."

Although GDFI is expected to recover to 1980 levels only by 1990, developments in the pipeline could stimulate M&R profits before then.

Privatisation of toll roads announced a few weeks ago will be one boost, and the Government's plans to embark on large-scale housing projects will bring in good business, as would further privatisation of construction activities.

START

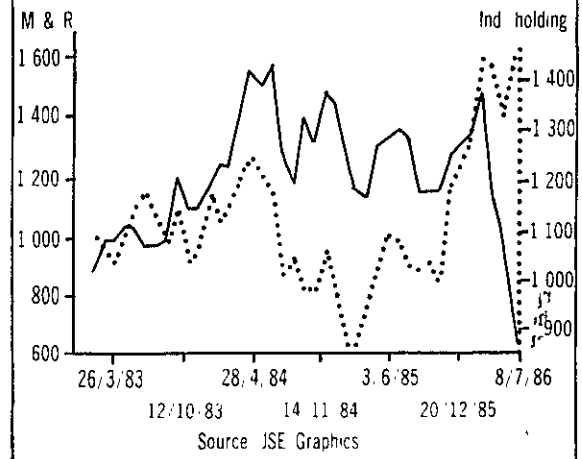
Mr Brink says "if and when" the Mossel Bay project goes ahead, M&R stands to benefit — it is doing conceptual design work for the project and the group's tug, supply, helicopter and undersea services are under commission.

Part of the R35-million loss was caused by the huge investment in holding engineers in readiness for the Mossel Bay and AECI synfuel projects.

"This has cost us millions, but we have decided to trim our sails until we have a more realistic idea of what is going to happen. We believe the Mossel Bay project will come about later rather than sooner.

"The latest view seems to

Comparison chart on monthly closing values from 28/1/83 to 13/6/86



be that construction will start in 1988."

Mr Brink declines to elaborate on M&R's profit prospects outlined in a statement of three weeks ago.

In it, the group hedged its bets by saying that although the R35-million loss had been incurred which could lead to an attributable loss, corrective steps were being taken to streamline operations. These could result in its meeting interim predictions of R22-million attributable profit in the year to June.

HEDGED

Certain restructuring has taken place — the number of operating sub-groups has been reduced from seven to five, and Mr Brink says changes of emphasis could take place in the next few months.

It seems unlikely that streamlining of the nature seen up to now can make up for the R35-million loss, and the group could fail to break

even. However, a lower interest bill will help as gearing this year is lower than for a long time. Gearing improved from 40% to 28% in the period to December because of a R74-million rights issue.

HOLDING

The decks began slanting below M&R's share price in March on announcement of a 43% decline in earnings for the year to December. It was about R8 before the June loss announcement and fell to R5,80 in reaction.

The share is unlikely to recover to any great extent until the preliminary profit announcement appears in the second half of the year, but if M&R avoids a loss, the share price should start moving.

The share could be worth buying on current weakness, but investors must consider the opportunity cost of holding it. Confidence in M&R has taken a knock, and investors are likely to hold off at least until September.

Builders welcome Barend's boost

By Frank Jeans

Finance Minister Mr Barend du Plessis's R750 million boost for housing will create an estimated 30 000 new homes as well as nearly 140 000 jobs in the short term.

These figures are based on R25 000 for low-cost homes and on the principle that in spending R1 million in construction creates 186 new jobs.

And those 30 000 units will be more than the average annual home production by the private sector.

The benefits are even greater when the spin-off to ancillary industries is taken into account.

While the Government has now provided the cash stimulus, building leaders are unanimous that the industry must respond accordingly and get intensive housing projects under way and maximise the use of the R750 million allocation.

Mr Johan Grotsius, executive director of the National Association of Home Builders, says: "The decision by the Minister has come at a most critical stage when homebuilding activity is at an unprecedented low."

He emphasises, however, that to have the desired effect of stimulating housing and work creation, the scheme must be tackled "with vigour and without red tape".

Mr Grotsius also says that essential prerequisites must be borne in mind, the main ones being the affordability level and the urgent need for the industry to design and build homes at "varying levels of sophistication".

"It is vital, too, that as an added impetus to the allocation we mobilise still greater amounts of private sector capital," says Mr Grotsius.

"The danger also exists that if this allocation is a once-off exercise it will add to the stop-go character of the industry which, in itself, has a harmful effect and impedes forward planning and generally affects stability."



Johan Grotsius

Mr Lou Davis, executive director of the Building Industries Federation urges the Government departments involved in low-cost housing to "get their act together".

"These departments must now rapidly tackle the administrative requirements so that the R750 million can filter through to the private sector as soon as possible," he says.

The Bifsa director has little doubt that the latest measures will inject confidence into the industry which is "sadly depleted of resources at the moment".

"The building industry has been pleading for greater activity in the housing market and the R750 million injection should have some impact on conditions in this sector."

Referring to an additional R50 million earmarked for job creation and training, Mr Davis believes the labour-intensive building industry plays an important role in this regard by training people with virtually no skills.

"The further allocation of funds means that the builders' present efforts in job creation can be extended," he says.

Jo'burg building starts slump 64%

By Frank Jeans
The value of building work started in the Johannesburg area last month slumped to only R9,6 million — 64 percent down on the R25,2 million for the fifth month last year.

Comparative figures from the Planning Department of the Johannesburg Council for work being carried out is little better, with a 23 percent

plunge (R782 million to R603 million).

Civil engineering, long in the doldrums, got a mild boost last month, with road contracts pushing the combined value of 75 contracts to R123 million.

The total value for the five months of the year now stands at R610 million, well up on the R420 million for the same time last year but down

on the R705 million recorded for January-May 1984.

It should be remembered, too, that construction costs over the past two years have increased by about 35 percent.

The booster for last month's orders was the R22,8 million construction of 11 km of the N3 freeway between the Tugela River and the Valkrans interchange.

Edenvale centre
Work has begun on a shopping centre development in Edenvale — a joint project between Murray & Roberts Properties and Retail International.

"The 10 000 sq m centre will provide a one-stop shopping facility," says Mr Eric Field, executive chairman of M&R Properties.

"The three main anchor tenants are Pick 'n Pay, Clicks and Morkels." There will also be 30 line shops and open parking for 380 cars.

"Pre-letting has been brisk and the centre is virtually fully let," says Mr Field.

The project is being financed by Volkskas Merchant Bank and is scheduled to open next June.

Security

Security contracts covering two major developments in central Johannesburg have been awarded by LTA to the Rennie's Electronic Security Division of Fidelity Guards.

The buildings are Nedbank headquarters now being built on the site bounded by Rissik, Marshall, Loveday and Main Streets and the Prudential Assurance flagship on the old Colosseum property in Commissioner Street.

The Nedbank contract, worth R750 000, covers access control, closed circuit television, as well as 24-hour alarm monitoring of all security measures. The R400 000 Prudential contract involves, at this stage, the planning and design of all security aspects related to access control and alarm monitoring.

Engineers at odds ^{10/15/88} ³²

MICK COLLINS

THE country's top engineering organisations are engaged in a war of words over the state of the industry.

At odds are the Federation of Societies of Professional Engineers (FSPE) and the Engineers' Association of SA (EASA), which broke away from the FSPE three years ago.

The FSPE has condemned EASA for creating the impression in Press reports that the profession is in disarray, although EASA denies it has made irresponsible statements to the Press.

Observers feel recent government moves to have an organisation totally representative of the profession could be the underlying cause of the dispute.

Hospital to be built on top of existing clinic

Star 25/6/86

32

By Frank Jeans

The R3,7 million contract for the building of the two-storey Medpark Private Hospital on top of the existing four-storey clinic and shopping complex in the centre of Witbank has been awarded to Group Five Building-Combrink.

It will be a tricky job for the construction teams, as the existing clinic will continue to accommodate patients during the 13-month contract time which means noise and disturbance will have to be kept to a minimum.

Bafokeng crisis

A cash crisis is facing a community centre venture in Bophuthatswana.

The R5,5 million Bafokeng Community Centre, designed by Johannesburg-based architects, MLH Associates, needs a lot of private enterprise and public support if it is to get off the ground.

Mrs Semane Molotlegi, wife of Chief Molotlegi of the Bafokeng tribe, who is organising a fund-raising campaign, says: "So far we have collected R750 000 which is a far cry from the

R5,5 million we need."

Design for disabled

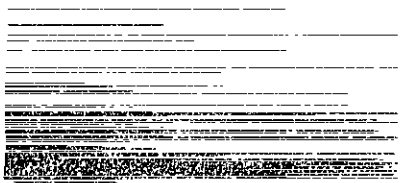
Design with the disabled in mind is a necessity for the building industry today, says Mrs Yvonne Flather, PR executive for the Association for the Physically Disabled.

Overcoming the problems which the disabled face in many structures will be a feature of this year's building exhibition, Interbou 86 at the National Exhibition Centre, Johannesburg.

"The day-to-day problems of the disabled are often overlooked. For instance, opening a door when the door-knob cannot be grasped and the light switch which is too high for the person in a wheelchair," says Mrs Flather.

"Our Interbou feature will be in the form of a public awareness campaign. People in the building trade, especially architects, need to know just what can be done to assist the disabled by way of simple modifications at the design stage of buildings, shopping centres etc — adaptations which are not necessarily more expensive."

When



UNIQUE

KRUGERRANDS

COUNCIL'S R10-m HOUSING DEAL

THE Atteridgeville town council yesterday signed a multimillion rand deal with a construction company for the erection of houses in the area.

The agreement for the erection of about 400 houses was signed by the mayor Mr Mat-

thews Mahlangu and the company's manager, Mr Alec Rabie, shortly after the council's monthly meeting yesterday morning.

Mr Rabie said R2,8 m would be used for infrastructure and R10 m for the building of houses at Atteridgeville Extension

2. He expected a few houses to be completed by November this year.

Mr Mahlangu said the lack of proper housing was one of the major causes of the present wave of unrest in the country.

"It is a time-bomb slowly ticking away.

And we appeal to the Government to face up to this problem and assist local authorities and all those involved in the provision of housing to defuse this time-bomb."

The mayor added that the council had been accused of not giving sufficient attention to the

building of houses in the township.

"This has been unfair criticism because we have in the past 18 months been busy with projects to develop sites in the already limited space in our small towns", said Mr Mahlangu.

32
245

Bloem buster

The Bloemfontein Master Builders' Association's (MBA) unilateral decision to withdraw from the industrial council has laid bare simmering discontent throughout the industry.

Building industry employer organisations feel they get a raw deal from the powerful, all-white building workers' unions, which are a party to the agreements, through their closed-shop arrangements.

Further, they contend that the industrial councils themselves, which are supposed to represent the interests of employers and employees equally, are not as non-partisan as they should be.

In a shock move in April, the Bloemfontein

- 18 072 National Union of Builders
- 19 000 Engineering Industrial Workers
- 19 076 General and Allied Workers
- 19 441 Motor Industry Employers
- 19 596 Sweet, Food and Allied Workers

tein MBA severed ties with the industrial council, arguing that the current agreement was outdated, unwieldy and did not properly serve the interests of the industry. In particular, the MBA took exception to the closed shop operated by the unions, claiming it was hampering expansion of the local building industry and inhibiting the recruitment of new members.

Enraged at what they termed the MBA's "irresponsible" behaviour, the unions struck back. They brought an unfair labour practice suit in the Industrial Court on the grounds that the MBA was refusing to negotiate in good faith. At the same time, they sought an interdict in the Supreme Court to force the MBA to attend council meetings. The Supreme Court action was recently dismissed with costs, but the Industrial Court matter is still to be heard.

The director of the local MBA, Barney Bester, says he is "thrilled" with the court's decision. Other MBAs, he notes, are now looking closely at their own relationship with industrial councils and unions. He predicts changes can be expected.

What finally brought matters to a head in Bloemfontein, where building activity is severely depressed, were some glaring anomalies. According to Bester, the jurisdiction of the industrial council extends to a 24 km radius of the city hall — outside of which employers are entitled to engage black artisans at a rate of R3/hr. Minimum wage in the industrial council area, where the closed shop prohibits black artisans from working, is R6/hr.

1983

983

983

983

Says Bester: "If there is mutual agreement between employer and employee on a wage structure, is it necessary to let a man starve to death in a homeland? Why can't market forces determine wage rates?"

"In a system where there is no incentive, minimum rates soon become the maximum rate. We would like to see a market-related wage rate with an incentive scheme built into it."

That may be first prize for employers in an industry struggling to keep its order books full and its costs down. Unions have, however, let it be known that they will not tolerate any erosion of existing wage levels. Certainly, they will not go down without a fight. ■

12/9/86.
BUDDAY.

32

Industrial Staff

IN the past year, some civil engineering contracting firms engaged in "suicidal" tendering practices in order to stay alive, a review of the industry said yesterday.

It said the year saw the labour force shrink by 10% and an upsurge in insolvencies.

The total value of work undertaken by contractors during 1985/86 was estimated at R2,7bn, which in cash terms was only 2% up on figures for the previous year.

The review, presented at the annual meeting of the SA Federation of Civil Engineering Contractors (Safceec), felt it was too early to say whether recession in the industry had reached bottom.

Depressed conditions in the sector were shown by a drop in its labour force from 97 000 in mid-1985 to 87 000 a year later.

The 10% decline in the total employment in a year was equal to the total loss in the preceding two years.

Compared to a work force of 120 000 in 1982, employment in the industry had now dropped by 25% to 30%.

The tempo of construction work slowed rapidly during the second half of 1985. But preliminary figures show it did not appear to have fallen much further in the first half of 1986.

Because of depressed conditions in the industry, there had been an increase in the number of insolvencies of small contractors.

The review said: "If contractors wish to obtain work at reasonable prices they must, therefore, accept that work volumes will be smaller than in the past, and that they will have to adapt their

Engineering slump likely to continue for awhile

organisations to handle this reduced workload.

"The alternative is for contractors to chase turnover by tendering at rock-bottom prices until this free-for-all leads to the industry slowly and painfully adjusting itself to the lower volume of work through a survival-of-the-fittest process."

It said there were some signs that the work flow might improve in 1986-87 and, as a result, the tempo of construction in the industry could stabilise.

Major projects, should they go ahead, would have a positive effect on the industry in 1986/87.

These included private toll roads, the Lesotho Highlands water and new oil-from-coal plants. The mining industry might step up its investments in real terms, but little expansion was foreseen in the remainder of the private sector.

Further investigation of the Mossel Bay gas project was still under way.

The review said it was unlikely that civil engineering construction, even in the medium term, would return to levels of four or five years ago.

Civil engineering picks up

THE civil engineering sector is picking up, boosted largely by public sector contracts.

Contracts awarded have increased by 7%, but inflation is turning the rise into a loss of between 5% and 10%.

In September, R200m worth of contracts were awarded, raising the January-September 1986 total to R1,135bn, 7% up from R1,065bn for the same period last year.

But an SA Federation of Civil Engineering Contractors spokesman says construction costs have increased by about 20%.

In October, R160m worth of contracts were awarded, indicating another strengthening in the upturn, but the value of contracts this year is still slightly down on last year in real terms.

The spokesman says: "In pure monetary terms, there has been evidence of a pick-up in the value and number of contracts awarded. So it looks as if things are picking up, but they are not really."

Much of the boost to the industry has come from the public sector, particularly the National Transport Commission which has obtained extra income

from the new fuel levy.

The commission released its budget in July, boosting the big civil engineering firms. It awarded nine large contracts worth R105m in October.

And there is still sufficient work for small contractors.

However, medium-sized firms have suffered most from the recession. Their plight has to a large extent resulted in restructuring, co-operation on tenders and even the creation of consortiums to enable them to outbid the larger firms by completing projects faster.

A recent example was the establishment of Western Cape Contractors by 10 contractors who provided services such as water drains and sewerage for the Khayelitsha township in the Western Cape.

The spokesman says: "There has been a lot of restructuring in the industry. The medium-sized contractors have had to co-operate with one another to compete with the larger firms. It is also not viable for them to accept jobs which are too small."

32 BUSON Halko
NORMAN SHEPHERD

- Sana - as not
32

State and builders to provide 2 000 houses

By Frank Jeans

A massive housing project which will bring to the market nearly 2 000 homes for coloured people at Ennerdale, south of Johannesburg, is now under way.

The R90 million development was given the go-ahead when contracts were signed between the builders of the homes, LTA Comiat and Basil Read Sun Homes (BRSH), and the Department of Local Government.

The LTA Comiat share will be close to 1 000 homes, while BRSH will build 800 houses and it is understood prices, including

land, will range from R38 000 to more than R45 000.

The homes will be custom-designed and buyers will be able to buy off plan, according to individual specification.

"We have already sold 150 stands," said Mr Dave Wassung, chairman of Basil Read Sun Homes, "and we are confident that demand is strong for this type of housing."

Mr Carl du Preez, chief director of the department, said the project signalled the start of the Government's policy of privatising State-funded schemes.

Mr Don Goodey of LTA Co-

miat, whose company has more than 2 500 houses and stands under development nationally, said the Ennerdale project heralds a new partnership by the private sector and Government into non-white housing — a programme which can only increase in tempo with Minister of Finance Barend du Plessis's R750 million housing allocation.

"We are learning the hard way in the housing area and the result can only benefit the homeowner in the long run," said Mr Goodey, "no Government can solve the housing problem on its own."

CML T14 K 2/706

Interest in Blue Downs extension

By PETER DENNEHY

DEVELOPERS have responded with interest to a proposed multi-billion-rand coloured housing scheme to provide up to 76 000 new homes between Crossroads and the Kuils River/Strand railway line.

Mr J C Adendorff, the Stellenbosch Divisional Council's chief town and regional planner, said yesterday that 90 information packages had been sent out to private-sector developers after a flood of inquiries.

He said the project could give a powerful boost to development in the Western Cape, and provide thousands with jobs.

Land rezoned to housing

Mrs Hazel Gohl, public relations officer for the Blue Downs project, said the entire development would probably be called "Blue Downs" as it was an extension of that scheme.

Mr Adendorff said: "Most of the land belongs to the State, but has already been rezoned for housing in the Metropolitan Draft Guide Plan published in 1984."

He is a member of a Development Committee formed last year, comprising representatives of the Cape and Stellenbosch divisional councils and the Department of Local Government, Housing and Agriculture.

Mrs Gohl said the State would instal only the major infrastructural services such as water and sewerage pipes and a link to the arterial road, while developers would do the rest. They would not have to buy the land, but the final owners would.

Sections of the road, and sewerage and water pipes, had already been put out to tender, Mr Adendorff said. This year R13-million had been budgeted for infrastructure.

The area involved was 17 000 hectares, half of which was suitable for housing. Plots would be 200 to 250m², and far larger in some areas.

An estimate of the total cost could not be obtained yesterday, but when the Blue Downs proposal was just over half the present size, project director Mr Carel Marais said it could amount to R2-billion.

House prices could range between R10 000 and R100 000 each, Mrs Gohl said. Self-build schemes would take up about a tenth of the housing land. Home industries would be encouraged in some areas.

Mr Adendorff said a storm-water retention dam would be built near the Driftsands nature reserve, and in ten or 15 years purified sewage water may be piped into the Kuils River and pumped from underground again 12km from the dam after a long seepage.

Comores fillip

South African building merchants will reap major benefits from LTA Construction's R23,5m contract to build three hotels and refurbish others on the Comores Islands.

The project is targeted at the South African and European tourism markets; and the largely unknown island chain, north of Madagascar, is set to compete with the Seychelles and Mauritius as a prime holiday venue.

Although financing agreements still have to be signed, this week's announcement by the Credit Guarantee Insurance Corporation (CGIC), that it has underwritten the contract, removes one of the last stumbling-blocks before the project finally gets off the ground.

The Industrial Development Corporation (IDC) will provide the export credit on capital goods and services, based on CGIC's underwriting of the R23,5m contract, but the balance of a total contract — said to be worth some R30m — will have to come from other sources.

Developing company is Johannesburg-based Tekton Building Systems, which formed the consortium of architects, quantity surveyors, consulting engineers, interior designers and marketing consultants that put the project together.

Holding company Nouvelle Socotel is jointly owned by London-based Landmark Holdings, the Comoran government, the French Unispar group, and Tekton, says Tekton MD Abe Cassim. Landmark will operate the hotels.

LTA will start this month with ground-work operations on the large 150-room beach hotel at Galawa, on the north coast of the main island, Grand Comore — one of the three islands of the Comores Republic. Completion date is set for November 1987.

The project also includes a 20-room hotel on Anjouan — known as the perfume island — at the site of an old Arab town, Domoni; and a small hotel for scuba divers on Moheli, which will be developed in conjunction with a new marine life park. The 25-room Itsandra hotel near the capital, Moroni, will also be refurbished, while the provision of general tourism infrastructure is included in the project.

With the Comores possessing little infrastructure, virtually all building inputs — with the exception of labour and a limited amount of material — will be shipped from SA. It is estimated that about 50% of the contract value will be in the form of supplies from SA.

The Comoran currency is linked to the French franc. But, says LTA Construction MD Ian Robinson, both LTA and the suppliers will be paid in SA in rands to eliminate possible foreign exchange risks.

Robinson describes the contract as a major fillip for the depressed local building industry and says he sees the possibility of further work on the islands.

The logistics of the operation will tax LTA's ingenuity. Apart from the shipping of all inputs from SA, building blocks will have to be manufactured on the islands. Construction will take place on three separate islands, with telex the only means of communication.

"As there is no natural harbour, all equipment must be transhipped to barges and run up on the beach," says Robinson. "We had the same problem when we extended the Ilha do Sol runway in West Africa several years ago — so we're used to it."

Although there are regular monthly sail-

ings from SA to the Comores, LTA will have to ensure that its first consignments include everything needed to start building. "There's no phoning down the road for replacement equipment if we leave anything behind," Robinson notes.

LTA Construction (Natal) has been assigned to handle the project. Robinson says that as LTA negotiated the contract, and put certain guarantees to cover the financial package, "profitability will be geared to the success of the venture."

A 1-10

Blacks should build for blacks — developer

By Winnie Graham, Property Editor

5012R 517176 32
A black property developer who wants black entrepreneurs to share "more equitably" in the R750 million made available for low-cost housing, has challenged the Government to let blacks build homes for blacks — rather than white-owned companies.

Mr Conrad Sandile, managing director of Econo Homes, a township development company, claimed white construction companies were chasing the black housing market only for the profits they could make.

"They are already flexing their muscles to take over the low-cost housing market," he said.

He questioned the motives of the authorities in letting white entrepreneurs build homes for blacks.

"Has the Government genuinely made the R750 million available to build homes and create jobs for blacks or has it made the money available to jack up the white building industry? Why is it so difficult for blacks to get contracts to build? Why are white companies monopolising the black housing business?"

Mr Sandile, who plans to form an association of black builders to erect low-cost housing if he and other black developers were awarded contracts, said there were no guarantees that white construction companies would survive in the townships. Some were afraid to send whites into black areas because of the unrest, he said and, as a result, they did not supervise building themselves but left black workers on the job anyway.

Few buildings completed but more plans passed

EVER 2001
32
8/7/86

Business Editor

FIGURES released by the Central Statistical Services in Pretoria show that Port Elizabeth is bucking the trend in the building industry.

Buildings completed in the city in April — the latest statistics available — were down by more than half compared to the same month last year against a national upward trend.

However, plans passed in Port Elizabeth were up by more than 50% against a national drop of more than half, indicating there could be more business ahead for city contractors.

But, according to Mr Tony Corral, president of the local branch of the

Master Builders' Association, this does not mean city builders are faring any better than their counterparts in other parts of the country.

"The statistics could be reflecting abnormal contracts, probably on a one-off basis like the St Alban's Prison contract," he said.

"There has been no change in the steady downhill trend since the beginning of the year, and the statistics reflect only hiccups as large contracts are awarded.

"The building industry is still depressed, resulting in prices being very keen at the moment," said Mr Corral.

"But there is no need for undue pessimism —

the industry will improve once the economy in general picks up, although that will require political action."

Pretoria's statistics show that buildings completed in Port Elizabeth during the first four months of this year were 44,5% down compared to the same period last year — a drop of R11,8 million — against a national increase of 6,1%.

Comparing April this year to the same month in 1985, the figures were down 53,2% (R4,5 million), and 10,7% (R478 000) compared to March this year. This was against national

rises of 6,7% and 21,3% respectively.

The picture for East London on this front was brighter, buildings completed in the first four months being 4,8% higher than the same period last year and 129,2% higher month over month. But April versus March figures were down by 68,7%.

In Port Elizabeth, plans passed for the year up to April totalled R22,2 million — an improvement of 5% — and those for the month R7,7 million, for a 51% improvement. There was also an improvement

of R792 000 (11,4%) in April over March figures.

This was against the national trend, where there were drops of up to 29,5%.

East London also dropped, with year-to-April figures down R4,815 million (27,8%) and month-over-month figures down R2,618 million (57,8%).

Flights

TUESDAY Arrivals

			Jhb	Bfn	Kim
1520	SA409	737			
1545	SA616	735	CT		
1610	SA615	735	"		
1805	CAA				

Building breakthrough halves time it takes to put up a house

9/7/85 STM (32)

By Frank Jeans

A new way of building could result in homes going up in six weeks — effectively halving the current building period of about three months.

This emerged from a seminar at the head office of brick producer Corobrik near Durban at which a new assembly line brick-laying method was unveiled.

"Brickie" teams using Corobrik's new Maxi brick along with a pre-planned "feed and lay" operation, are achieving a rate of 1 000 bricks an hour compared with 1 000 a day and are completing the walls of an average three-bedroom home in about two days.

The Maxi bricks being produced by Corobrik to be used in the "fast-wall" system of building are in one case the same length as a normal stock brick but have a greater depth of 90mm versus 60mm previously, but a smaller width. Corobrik is also producing deeper and wider than normal brick.

Depending on the back-up of other building trades, the home could be ready for handover in six

weeks.

This development, timely in the light of the Government's R750 million injection into housing. Speakers at the seminar were unanimous that the remaining hurdle was the "maze of bureaucracy" which holds up approval for building schemes.

The land is there. Now all we need is a throughput of the money to get the houses built," said Mr Evan Rutherford, MD of Toncoro, Corobrik's holding company.



Rutherford

"It is encouraging that the Government intends building up a partnership with the private sector but we need to cut through the red tape and get rid of the high cost of administration and dozens of forms that are required to give a black man a home."

The main home-building product is plentiful as the building downturn has resulted in a 300 million brick stockpile by Corobrik alone.

"We see our business pitched

against an economy in which there may well be some sound economic factors, but where political influences are inhibiting a recovery, particularly in the building industry which relies so much on investor confidence in the future of the country," said Mr Rutherford.

Mr Evan Vertue, MD of the Natal Building Society's development company which is heavily involved in low-cost housing, said: "Housing is not just a building operation but a social act."

He called for greater mobilisation of pension fund and insurance company millions in housing and the elimination of the "plethora of bureaucratic procedures." Mr Vertue said: "So far as the R750 million injection is concerned, we need the money now and not through the National Housing Commission which could take about 18 months to get the money to the building contractors."

He believes that the Government sale of 500 000 homes is not reaching the target which had been hoped for because people "don't want houses that were given to them by the Government."

FM. 11/7/86

ROAD CONSTRUCTION

Speeding up

32

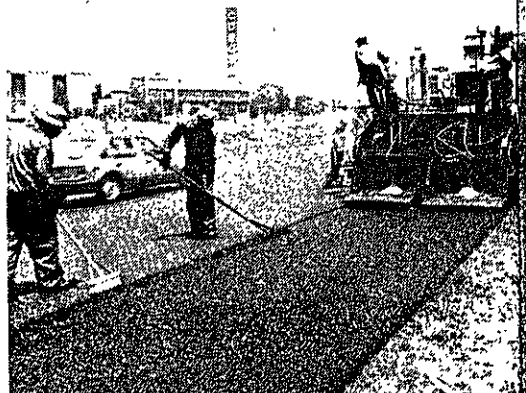
One of the things that 1986 will be remembered for will be that it was this decade's boom year for road construction. Good news for the civil engineering, construction, concrete and related industries is the hike in new money for roads.

Revenue generated by March's fuel levy increases has left the Transport Department with a healthy surplus in its national road fund. This will enable it to go ahead with projects delayed by past funds shortages.

New road contracts and much-needed special maintenance work for the 1986-1987 year is expected to total nearly R300m, compared with the previous year's R225m and the R110m which was spent in 1984-1985.

Apart from this hike some R194m will be spent on toll roads. The national road fund is also contributing R100m to the urban transport fund — R80m more than it contributed in 1985-1986. This will pay for road construction work and other transportation projects in major metropolitan centres, explains the department's Theo Maeder.

From the new projects will come some relief for Johannesburg-Pretoria commuters who have been frustrated between Buccleuch and the Brakfontein interchange, where the Pretoria eastern bypass branches off the Ben Schoeman highway to Pietersburg.



Road building ... a year to remember

This 20 km stretch is nearing the end of its structural life and will be overlaid with concrete, which is seen as most cost-effective for maintenance purposes, and it will be widened from four to six lanes. The total cost of the project will be between R30m-R40m, with tenders due in by July 18.

Among the 40-odd new contracts up for grabs, another three worth more than R60m are available for the road between Middelburg and Belfast on the N4.

The bad news is that the 1987-1988 year will not be as good for new contracts, although contractors will take a while to complete the batch of work coming their way.

Maeder explains that there's a gap between the time of being informed of new money supplies for contracts and the time

that they reach tender stage: "While we're busy decreasing the surplus in the national road fund most contracts will take between 24 and 36 months to be completed."

On the toll road side, the Warmbaths bypass is due to be opened on July 17, while work continues on the remaining sections of the Kroonstad-Koppies toll road and the Du Toitskloof Tunnel. ■

TRUCK RENOVATION

New for old

When Ernst de Meynier started Recon-O-Merc (ROM) late in 1984 to "remanufacture" Mercedes-Benz trucks, there was no shortage of those who felt he was in need of psychiatric help. They argued that the commercial vehicle market had come off a high and was still declining. For good measure, they added that there was no shortage of truck rebuilders.

But the canny De Meynier, a dyed-in-the-wool Mercedes-Benz man, has proved them wrong.

□ Starting with one factory on the East Rand, now handling up to 24 vehicles a month, he has spread his wings to Cape Town, where a branch opened recently. He plans to open another soon in Natal.

□ De Meynier has exported ROM-remanufactured vehicles to the TBVC countries, Zambia and Kenya.

□ He has been asked to start a similar company to remake Nissan trucks — but he is not keen at this stage.

ROM's success can be ascribed to the sense its recipe makes in a recession-torn economy. ROM does not merely recondition a truck, but strips it down to bare metal and



De Meynier ... a successful formula

remanufactures it completely for about 70% of the cost of an equivalent new truck. It includes the cost of hiring a replacement vehicle.

And it gives the same guarantee Mercedes-Benz SA gives on new trucks — year or 100 000 km, whichever comes first.

ROM has carried out work for some 50 major companies, including OK Baza Total SA, SA Breweries, I & J, Ruto AECI, Escom, Sappi and Federated Fibers.

The questions now are, having shown that remanufacturing trucks can be a profitable business, how long will it take before Meynier finds that ROM is not the remanufacturer of Mercedes-Benz trucks. And how long will it be before similar companies are established to remake other trucks? The answer to both questions will be, not long.

Shortly before De Meynier founded ROM, John Ness, Leyland SA's production planning manager, predicted the development of a large industry devoted to remanufacturing trucks and truck engines (*Trucks and Transport* survey, October 1984). This now seems to be happening.

BLACK HOUSING

Money's around

At least one pension fund administrator fully geared for financing black housing independent of government's R750m housing package and other related moves (*Finance* June 27).

In February last year Lifegro formed an employee home financing company, Home Finance Services (HFS), to focus on administration and financing of staff housing schemes for pension fund company members. It is funded out of contributions from participating fund members.

"Recent amendments to the Pensions Act initiated by us, which came into effect May 28, enable pension funds to advance up to 90% on the valuation of a property," Lifegro senior GM, operations, Chris Cunningham-Moorat. "This can be increased to 100% if a suitable guarantee or security is provided by the client company," he adds.

The scheme focuses on the black community since that is where the greatest social and economic needs lie. It involves the creation of a managed fund, in which a corporate pension fund can invest some of its assets for use in financing employee housing.

"Lifegro's Housing Fund is the first managed fund created in the pension movement specifically for housing. We are ready to assist corporate members as soon as they want to invest in black staff housing," Cunningham-Moorat.

The major reason why the housing sector has not yet taken off in a big way is the uncertainty in the black housing market created by the unrest. Employers are dissuaded from investing in black staff housing by

One voice for engineers

11/27/76 S.M. (32)

By Frank Jeans
South Africa's engineers are moving away from "splinter group thinking" and will bring all disciplines of the profession under one umbrella of an Engineering Association.

Pledging action now to create one voice for engineers is Mr Bob St Leger, newly elected president of the Federation of Societies of Professional Engineers.

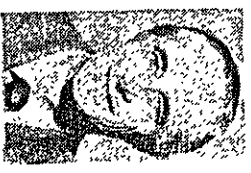
In his inaugural address in Johannesburg, he said: "We need to assist in a wider sense by providing guidance and counsel to the country's legislators and other public bodies struggling with the immense problems facing us."

"The need, therefore, to form a single organisation to represent the total engineering profession embracing technologists, technicians as well as professional engineers, has never been stronger."

Spelling out the main objectives during his term of office, Mr St Leger said his first aim was to ensure that the new concept of an Engineering Association would be fully supported and brought into being.

Until the new organisation is fully operational, FSPFE will make the "profession's knowledge and experience available to assist in a wider sense by providing guidance and counsel to the country's legislators and other public bodies struggling with the immense problems facing us."

Many engineering companies in the design, manufacturing and construction fields have to Government and other bodies wherever appropriate."



Bob St Leger

been seriously weakened and many engineering personnel have had to leave the profession and even the country.

"If allowed to continue, this trend will impede the profession's ability to handle the economic recovery so essential in this time of political change."

Refering to present conditions in the engineering industry, Mr St Leger, who is seconded by Murray and Roberts to the Central Energy Fund as project director, said: "The low level of economic activity is causing serious concern."

FIN MVALL
11/7/85

32

Housing and incentives

Daan Roelvert is executive director of the Institute for Housing of Southern Africa.

The recent allocation of R750m for low-cost housing could help government create an equal partnership with private enterprise to beat the housing shortage, now estimated at 450 000-plus units.

Since the decision in January 1983 to privatise the housing process, government and the private sector housing developers have had only an arm's length partnership — government provides serviced land and the private sector funds the construction of houses for sale on the open market. A portion of the new allocation should be channelled through private enterprise to create a more meaningful and efficient partnership.

Admittedly, most of this money will have to be spent through the central bureaucracy. This allocates funds to local authorities, who will provide serviced sites for the "untouchables" of the private enterprise system — those who cannot ever afford to buy a house built by developers and who have to rely on their own sweat equity to acquire shelter.

But there is a more innovative way to route funds to those who can afford to buy a home. It is through tax incentives to employers.

Here is how it works:

Section 11/t of the Income Tax Act encourages employers to provide housing for employees by allowing a 50% rebate on capital invested in new housing, with a maximum of R6 000 rebate a unit.

The Act should now be amended to remove the anomaly that, should the employer



Black housing ... equal partnership

sell the house to the occupant within 10 years, he forfeits the tax benefits pro rata. In other words, he is encouraged to rent the unit. His valuable housing capital is tied up for 10 years.

Why not apply the restraint to the employee, who could refund the Receiver's share pro rata should he decide to sell the house inside the pre-emptive period?

An unambiguous tax rebate would cer-

tainly provide an incentive for companies to invest shareholders' money in housing schemes. Side benefits would include improved employee relations.

I also have a feeling that many companies would be prepared to pass on some or all of the tax benefit to the new home owner.

Taking the tax theory a step further — a similar 50% incentive to housing developers would have the immediate effect of reducing their capital requirements, reducing the cost of new homes and encouraging more developers into the market.

Government appears to be serious in its intent to tackle the housing backlog — an additional R1,4 billion has been allocated since the initial R1 billion announcement by President P W Botha in the Rubicon speech in August 1985.

Inevitably, this kind of money has to be collected from the private sector through taxes. But perhaps employers will take the initiative if given the right incentive and spend the money before government has to collect and redistribute taxes for housing.

After all, is housing more or less important than attracting sponsorship of international sports teams through the tax incentive route?

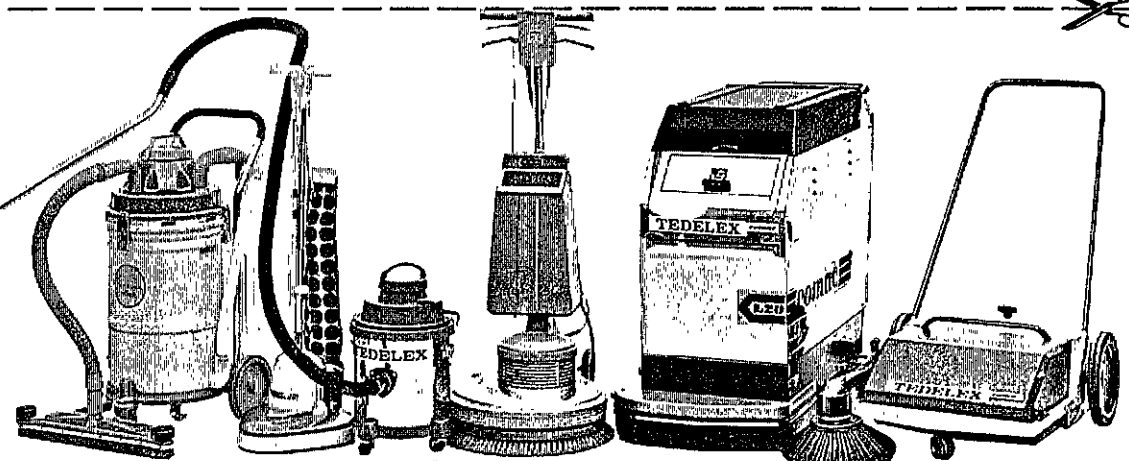
RDS, CALL US FOR A DEMONSTRATION.

I want a demo as soon as possible, so don't give me a thousand words, just give me service. Send this coupon to Tedalex Industrial Cleaning Systems, Box 10525, Johannesburg 2000. Or just call (011) 683-7383 for a discussion on the equipment you particularly require, and to arrange a demonstration.

Name:..... Designation:
Company: Address:
Code: Tel:

**Send the Coupon today.
Or phone (011) 683-7383**

like to see.



TEDELEX  **INDUSTRIAL CLEANING SYSTEMS**
BIG ENOUGH TO CLEAN UP, SMALL ENOUGH TO CARE.

32

'Backyard brickies' hit big contractors

By DENISE BOUTALL

THE slump-ridden building industry in the Eastern and Southern Cape, hoping to keep staff employed by doing domestic extensions and alterations, is coming up against tough competition from backyard brickies.

But industry spokesmen also admit that for many unemployed artisans working for owner-builders is the only way to stay alive, even if pay is very low.

Others believe that the amount of owner-builder work remains constant irrespective of economic conditions. All, however, accept that one-man building operations are a vital aspect of the informal business sector.

"You can't stop people undertaking their own building but what's worrying is that the owner-builders are poaching our staff which disrupts our work because our staff disappear for a few days at a time," said the chairman of the East Cape branch of the Master Builders and Allied Trades Association, Mr Tony Corral.

He said earlier this year it had been estimated that about 40% of the plans approved by the Port

Elizabeth municipality would be executed by owner-builders. Most of the owner-builders were busy with alterations and extensions but some of them were building new homes.

The value of buildings completed Port Elizabeth in the first four months of 1986 was down by 44,5% compared to the same period last year. The national figures showed an increase of 6,1% for the same period, according to figures released by the Central Statistical Services this week.

In the Eastern Cape the number of people employed in the building industry dropped from 12 254 in June 1984 to 6 177 in March, 1986. Nationally it is estimated that the current slump has cost about 40% of the building industry jobs.

According to the assistant general secretary of the Industrial Council for the Building Industry in the Eastern Cape, Mr Theo Verschuur, the number of people employed in the industry in the Port Elizabeth-Uitenhage area had stabilised at around 6 500 in July, 1985 and since then had fluctuated monthly

from 6 500 to 7 000 workers.

Speaking from George, the chairman of the Southern Cape Master Builders and Allied Trades Association, Mr Roger Harris, confirmed that the contractors were losing out on the extensions and alterations market to owner-builders and one-man casual contractors.

"One accepts that the Government is trying to encourage small businessmen and the informal sector and we are aware of the enormous number of people who are unemployed, but at the same time we are losing out on potential work."

Speaking from Johannesburg, the executive director of the Building Industries Federation, Mr Lou Davis, said there were no figures available of the number of people undertaking their own building work.

"We just have a gut feeling that there is a lot of it going on. But I don't believe it is a threat to contractors."

The number of people involved in owner-builder operations remained fairly constant. "In the good times all kinds of people build spec houses and in the

bad times, when they've been retrenched, they go into building for a living.

"The type of work that they now do — a family room extension, a braai area — would never have been done by a contractor anyway because the projects are very small and the techniques required are limited."

Mr Davis said owner-building and one-man artisan contracting were positive developments because they stimulated the small business sector.

Mr Davis warned, though, that managing a building project was a complex business and that many people who had built entire houses had burnt their fingers.

A spokesman for the Port Elizabeth City Engineer's Department said owner-building had not increased. What had occurred was that, as a result of retrenchments in the building industry, it was easy for owner-builders to get people to build for them at very keen rates.

A lot of the construction work in the city related to home improvements, which under normal circumstances would not be undertaken by contractors.

ducne nopeu that plans to start a SBDC's office was Soweto.

S
pl. to
e
on h
e
the
in
l. ba
h
d

12/7/86 WTE Post

3

Gloomy picture for PE engineers

Weekend Post Reporter
THE economic recession is biting into the pool of experienced, qualified engineers in South Africa.

The secretary of the Eastern Cape branch of the Engineers' Association of South Africa, Mr Thorald Jansen, said this week that last year 450 qualified engineers left South Africa, compared with 324 in 1984.

Chairman of the Eastern Cape branch of the SA Institute of Civil Engineers, Mr Gerrie Albertyn, said he knew of two qualified civil engineers in PE who were emigrating shortly to the United States. Last year, another two emigrated — one to Australia and the other to Britain.

However, he does not think the exodus will be too disruptive of the local economy should business here pick up, as major firms simply send in engineers as needed.

Although he knew of no architects who had left Port Elizabeth recently,

the vice-chairman of the local branch of the SA Institute of Architects, Mr John Blair, said there was "little or no private sector development" in PE, and most work available was for the Government.

Mr Jansen said that while the total number of graduate engineers in SA would remain around the February figure of 11 649 because of newly graduated engineers from the universities, qualified engineers between the ages of 30 and 40 were increasingly leaving SA.

While he did not know the exact number of engineers who had left PE, he said they were mainly people who had worked for companies that had either closed down or cut back on staff.

Another factor damaging the profession was that non-registerable engineers were being appointed to senior posts, "and if this increases, the quality of work being produced could drop".

Much in-house design

and construction work was being done in the public sector, he said, as Government departments cut back their budgets.

He said there was very little, apart from the creation of more jobs in PE, to stop the loss of engineers.

The whole question will be discussed at the national council meeting of the EASA on July 15, at Isando, he said.

One man affected by Ford's closure was Mr Jack Griffin, who was with the company for 24 years. He now works for a consultancy.

Mr Griffin said Ford's departure had affected the jobs of about 36 people in different engineering categories.

These included four graduate engineers (BSc Engineering), four Government-ticketed engineers (including himself), six with technikon engineering diplomas, 10 product engineers, five or six project engineers and six draughtsmen

18/7/86 20:00 AM (32)

More toll roads on way

GERALD REILLY

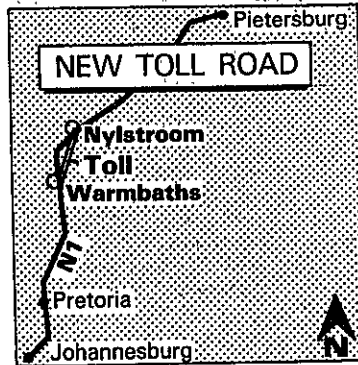
TRANSPORT Minister Hendrik Schoeman yesterday opened SA's third toll road — between Warmbaths and Nylstroom — and announced that three more toll roads were under construction.

The Minister said the other new toll roads were between Vergenoeg and Koppies in the Free State; between Frere and Van Reenen's Pass in Natal; and the Du Toits Kloof Tunnel in the Western Cape.

A Warmbaths and Nylstroom bypass had been needed for years, Schoeman said. But because of the shrinking value of money the National Road Fund (NRF) could not afford the project.

Of the R60m cost of the 33km new Kranskop road, R45m had come from loans which would be redeemed by the toll income.

The Kranskop toll would mean a



big saving for road users. The journey had been shortened by 20km. It was estimated a motorist would save more than a litre of petrol and 15 minutes by using the new road.

If the saving in vehicle costs was taken into account the total benefit to a motorist would be more than R5. The toll levy was only R2,50, Schoeman said.

32 F. N. M. H. L. 18/7/86

WATER RESOURCES

The Orange alternative

The \$2 billion Lesotho Highland Water Project is coming under increasing strain as sanctions pressure against SA mounts. A cloud is hanging over this month's approval of the European Development Fund's R24m finance package for the scheme's initial hydroelectric component, while the World Bank is reportedly also reconsidering its R20m package.

The time is therefore ripe for government to look at alternative schemes, says Wits Professor of Hydraulic Engineering, David Stephenson. Linking the Orange river system with the Vaal, via Welkom, and using existing water pipes already linking Welkom with the Vaal River would be far more cost-effective.

Stephenson says this alternative to the Lesotho Highlands project (see map) would cost only about a quarter of the Highlands scheme and would also be entirely on South African soil, bringing work to SA engineers. And it would be better for the SA economy to be as self-contained as possible, he adds.

No major tunnels or dams have to be constructed — only three pumping stations and 250 km of additional piping in the first stage, and two extra pumping stations and a further 250 km of piping in the second stage.

"The total cost is expected to be about R1,5 billion, with about R350m spent on pumping stations — two on the H F Verwoerd Dam, one on the Modder River, and two on the route to the Wilge River — about



Wits' Stephenson ... pointing out alternative sources

R850m on 500 km of duplicate pipes of three metre diameter and the balance on bridges and weirs," says Stephenson.

In contrast, the Lesotho Highland scheme is expected to cost about R6 billion — although half the cost will be for the hydroelectric part of the scheme — including the construction of five dams, three power stations and nearly 120 km of tunnel.

Stephenson says the first stage of the Orange/Vaal scheme — costing some R300m and linking the Orange with the lower Vaal — would provide about 1 000 megalitres a day to the Free State and western Transvaal goldfields, and to lower irrigation areas.

This is half of current total water usage for the Rand Water Board (RWB), which could then be used in the PWV area.

"Some 40% of total current water demand in the Vaal Basin — or some 2 000 Ml a day — goes to these areas," says Stephenson.

The second stage of the project would involve two more pumping stations and an additional 250 km of piping linking the Orange with the upper Wilge, from where the water would flow into the Vaal Dam. On completion of the second stage a total of 4 000 Ml of water a day would flow additionally into the Vaal system — equal to current daily demands on the RWB.

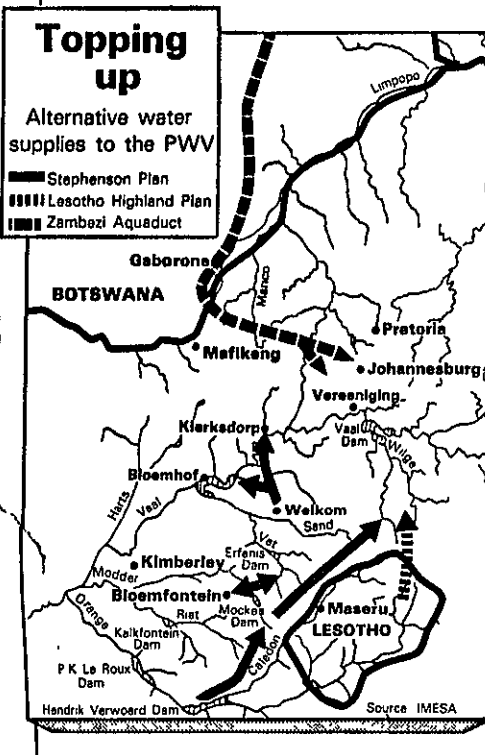
"And, unlike the Highlands project, each stage is self-contained and can be used before the next stage is completed," he adds.

Stephenson says too much emphasis is placed in SA on expensive capital projects and too little on basic improvements in the water supply. "There is a tendency for state departments to build grandiose monuments as this is an important source of job satisfac-

tion," he says.

Areas to benefit most initially from the Orange/Vaal scheme would be Bloemfontein, the Free State Goldfields and Klerksdorp, which Stephenson maintains will grow faster than the Witwatersrand. And, apart from creating jobs, the construction industry would receive a fillip (see feature).

Stephenson is convinced that demand for water in the PWV area would only grow at some 4% a year — and not by 6%-10% a year as popularly accepted — and that his alternative scheme would easily provide for PWV water needs up to the year 2000.



ELECTRONICS

By any other name

In a bid to attract more hi-tech, start-up companies, the Industrial Development Corporation (IDC) has changed its financing policy. Venture capital finance can now be advanced to trading companies.

Against the background of looming international sanctions, this switch could herald more local development — and also the manufacture of new hi-tech electronics products.

The availability of venture finance could therefore act as a stimulus and add the necessary thrust for the growth of SA's embryonic electronics industry.

Says IDC consultant Ted Stacey: "In the past, we only financed manufacturing organisations. Now, our only requirements for financing electronic start-up companies are that their research and development must be complete and that a working model of their product is available for assessment."

A mixed bag

32
FIN MAIL
18/7/86

The plight of the construction industry has taken back seat to that of the high profile motor industry, although the impact of its problems on the South African economy are probably even more serious. Nevertheless, there are signs that the tide is turning.

Construction accounts for some 7% of SA's total workforce — with the building industry representing 5% and civil engineering 2%. Employment has shrunk dramatically as jobs dried up in the recession. Losses for some companies have soared, while fierce competition in an overcrowded market has dramatically slashed margins.

Meanwhile, government's own civil engineering units have also taken work away from the industry.

Real turnover in the civil engineering sector — which relies on government for about 70% of its business — has slumped to about 30% below 1981-1982 levels. Total employment reflects this trend, sliding from 125 000 in mid-1981 to 97 000 in mid-1985, and an estimated 87 000 by end-June 1986, says SA Federation of Civil Engineering Contractors (Safcec) executive director Kees Lagaay.

Witwatersrand Masterbuilders Association's Basie Pretorius notes that the number of skilled building workers subject to the Industrial Council agreement in the Transvaal has fallen by 42% — from 6 480 in 1982 to 3 751 in April 1986. And unskilled workers simultaneously dropped by 56% — from 43 183 to 18 923.

Although a shortage of capital could cause financing problems for essential future needs, the industry is anxiously awaiting further developments on government's R750m black housing scheme, announced to overcome the black housing backlog of an estimated 500 000 units.

An increased level of work activity, more government spending on employment-creating capital projects and privatisation of government construction interests would be crucial for any solid return to profit.

The building trade, again, is cyclical and there is a high exodus rate of artisans during hard times. But, complains Pretorius, the current recession has been "the longest and deepest ever."

Private sector company results tell their own story — although losses on off-shore operations also contributed to their woes.

Earnings at LTA in the year to end-March slumped from 8c to a 139c loss a share, and at Murray & Roberts the end-December interim was slashed 43% to 42c a share. Losses on these companies' off-shore investments and foreign operations also impacted negatively on their results. During the Seventies, Darling & Hodgson also burnt its fingers on foreign investments, underlining the pitfalls for South African companies attempting to expand into other countries.

Meanwhile, the profit contribution from local construction also shrank sharply in recent years.

Adding to industry woes is the amount of work done in-house by government. Provinces and municipalities, as well as state departments and corporations such as Public Works, Water Affairs, Prisons and Sats are involved here. Their construction arms employ some 50 000 people.

As building work is mostly granted to the

private sector, government activity has hit SA's civil engineering sector worst. Lagaay notes that 1985 turnover of Safcec civil contractors was R2,6 billion, compared with the R1,15 billion value of government's in-house civil engineering work in the year to end-February 1985.

For the past four years, government in-house turnover was more than 40% of total Safcec turnover (see graph). The Department of Water Affairs and the Cape and Transvaal Provincial Administrations do relatively more in-house work than the Natal and Free State provinces. "It's very much a question of individual preference," says Lagaay.

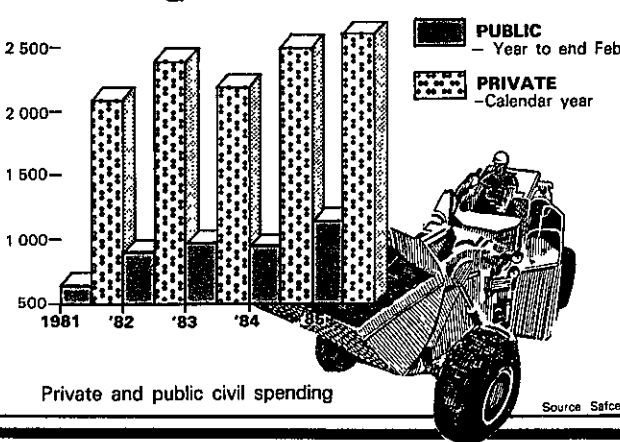
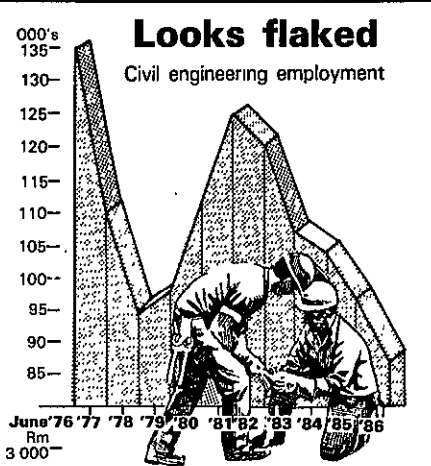
For the current year, Safcec members expect a monetary turnover increase, but a 20% inflation rate will cut this in real terms. Nevertheless, says Lagaay, "employment seems to be stabilising" at present levels and the industry believes the worst to be over.

The National Transport Commission's increased roads funding through the higher fuel levy has drawn praise from the industry, while the mining industry could also chip in with more new projects such as GFSA's Northam platinum mine, another Rustenburg refinery and expansion at Vaal Reefs.

And, argues Concor's Tom Fenwick, construction companies must restore profit. This means industry restraint on suicidal bidding for contracts. "The tendency will be to secure work at higher margins. Fortunes won't be made, but reasonable profits are possible," he says.

There is also an ongoing industry need for more infrastructure and regular maintenance work. This includes major roads, black urban and rural development and the national road system. Similarly, the urgent need to develop SA's water supply is as compelling as ever.

Projects like Mossel Bay gas, Gencor's torbanite and AECI's synfuels development could also offer relief, especially to civil engineering. But a possible shortage of foreign capital for South African infrastructural projects could be a future constraint.



A MODERN PIED PIPER

32



SOME of the followers of "Pied Piper" Charles Hofman, manager of Murray and Roberts in the Orange Free State.

SOUTH Africa's own "Pied Piper" has attracted a group of people who will follow him to the ends of the Earth.

He is 35-year-old Mr Charles Hofman, manager of Murray and Roberts in the Orange Free State.

But, in this case, the followers of the "Pied Piper" are neither children nor rodents, but a growing band of deaf mutes from Umtata in the Transkei.

It all started in 1975 while the company was working on a construction of buildings for the Transkei government. Mr Hofman, who was still a trainee at that time, was approached by a deaf mute named Wiseman Luma for a job.

Mr Luma, after some communication difficulties, was offered a job as a carpenter. Mr Hofman later discovered that he was not only a good carpenter, but was also handy in welding and knew how to use a cutting torch.

Friendship

Seven more deaf mutes soon joined the company after Mr Luma, who was a pupil at Efafa School for the deaf, dumb and blind, spread a word among his former colleagues that the staff at Murray and Roberts were a good crowd to work with.

The friendship between Mr Hofman and the deaf mutes started to grow in leaps and bounds, but the relationship was soon to be dealt a severe blow when the contract expired and Mr Hofman was transferred to Butterworth.

He had no sooner gone there when he found that he had been followed by his team of eight deaf mutes.

"They worked for me on a job there. When I was transferred back to Umtata, they tagged along," Mr Hofman said.

In 1980, Mr Hofman was transferred to Kimberley — about 700 kilo-

By SY MAKARINGE

metres from Umtata. Before leaving, he had a long "talk" with his team of deaf mutes, explaining that he wished to continue working with them, but because of red tape involved in obtaining of the necessary documentation, it was impossible to go with them to Kimberley.

This, literally, fell on deaf ears for, after being in Kimberley for only two weeks, three deaf mutes were knocking at his door.

"They had, no work permits, no job and no accommodation. I had compassion and genuine liking for my deaf and dumb friends and I simply could not tell them to go away.

"I put them in my car and drove back to Umtata where I had to obtain the necessary permission for them to work out of their registered area," Mr Hofman said.

Loyal

This heralded a minor migratory movement of the Transkei's male deaf and dumb population. The number has now swollen to 50.

"They have proved unbelievably loyal and reliable workers. I got to know their wives over the years," said Mr Hofman.

At present, they are working in QwaQwa where the company is involved in the construction of a multi-million rand stadium.

Charles Strydom speaks on education

← From Page 4

about? When I left Soweto, I left with about 30 secondary schools doing excellent work. Why would I say that I didn't paper up anything. You know what I did?

I laid the foundation for a proper education system in Soweto and I've got proof that it worked.

Question: If it had worked it would have gone on forever.

Answer: There is no such thing as it would go on forever. Because you know the strength of a nation and the strength of a people lies in education and the importance of education. If all of a sudden somebody hinders the educational system, it is a different matter entirely.

Question: Can so many children be wrong, can't the DET stop prescribing?

Answer: The education department is a partnership between parents and teachers. If a child knew everything, then they would not need a school.

Education means taking a child from childhood and bringing him into maturity. You are bringing in a point that 'listen to the children' of course, I listen to the children. If a child on my back is crying, I take it and I give it milk or water or food so that he won't die. But you know what? That child cannot tell me how to bring him up. That is a business for adults.

Question: The DET always says it is prepared to meet and discuss issues with parents and now that they have a national body, the NECC, what is the department's attitude towards this body.

Answer: The real attitude of the department is this, we start from a functional unit and that is the school, and each parent has a responsibility for his biological child and he feels, loves and he bleeds for that child. There at that school there should be a governing body of parents and there should be a parents/teacher association and to improve

the liaison, this department is prepared to speak about a liaison committee and this will consist of parents, teachers and students.

Question: That decision, to form a liaison committee, was taken without consultation with the parents.

Answer: My child attended a school and I am the biological parents of the child and I have a say in the running of that school and nobody else. That is where we start that process.

Question: I believe and know for a fact that most of the people in the executive committee of the NECC are parents.

Answer: Well, I am glad to hear that, because that gives them standing. **Question: Does that mean you are in a position to recognise the NECC...**

Answer: We have consulted widely with the NECC, had several meetings with the Soweto Parents Crisis Committee. Who must consult whom?

Question: It should work both ways.

Answer: No, whenever the SPCC asked for a meeting they got it, so what are we talking about?

Professional

Question: So why were they not consulted when the department drew up the new measures governing schools?

Answer: The new measures that were taken, were purely professional.

Question: So since it was professional it over-rides the parent / child bond?

Answer: There is nothing new in that, I promise you. You see people think that there is a conspiracy. I have a proud track record and you can go back on that. I am only a professional educator, that's my job and that's my business, politics is not my business.

Education is my business. It has been for the past 30 years and finish and klaar, that's it. No matter what is happening out there, I'll tell you this, children need proper education to play a meaningful role in a civilised society.

Question: OK about the DET being a...

Answer: What is the DET?

Question: The Department of Education and Training.

Answer: Right, it is the state department of education run by professionals. I mean you go into this department, from the offices of the director general and you go down and you will find a lot of dedicated professionals. You won't find a single politician here.

Question: Why is there so much harassment on pupils and teachers and the DET does nothing about it?

Answer: It is the department's obligation to ensure that its staff can function without any hindrances of the private sector coming out in support of their employees.

Question: Now you want me to protect my teachers and pupils outside the school. But when I put my kids, a thousand of them, and 60 to 80 professional teachers and I say I want to make sure that they are safe and I put two guards at the gate, which is accepted throughout the world, and I say if you go in there you must have a security check. They say to me you are changing schools into jails.

Here's today, outside people came and they chased my kids with sjamboks because there were no guards at the gate. Now this department does not have the school security guard system that is part of the set-up that it should be. Now if I put people here, say policemen, it will be said we do not want police

on the premises. You want your child to be safe, you want your teacher to be safe, but you are not allowed to put guards.

Question: Let us not ignore the political climate, schools do not exist in isolation. These measures are not responding appropriately to what has been happening.

Guards

Answer: You know what I want? I want guards that are part of the staff of a school, school security guards I call them. That is what I want. I want them to be there in a special uniform, like in America, subject to the control of the principal. Having had also training in education, not only in

Question: Let us look at the question of the detention of teachers. What is the department doing? Is it washing its hands off these people or are there steps you are considering taking? The DET has been totally unsympathetic to those in detention and this affects the smooth running of schools.

Answer: If I know of any child or teacher who is in detention without a valid reason, I will raise my voice.

Question: What is the DET doing as far as detained teachers and pupils are concerned?

Answer: The Department of Education and Training is a State department for law and order and therefore, it is not our way to interfere with the doings of another department.

Question: Can the department not get its lawyers to intervene on be-

half of its employees, surely you care about them?

Answer: We care very much for our employees. This department has a proud record of how it cares for its employees. We've got salary scales that are second to none.

Question: Let us talk about security.

Answer: Security only comes into it when they are on the school ground, because that is when they are working for us. What is your newspaper doing about your security at home?

Question: Are the teachers in detention receiving their salaries?

Answer: Yes, of course.

Question: And the children their education?

Answer: Well, I don't know because that is out of my hands.

Question: You earlier said Afrikaner teachers rallied behind their community in the face of the colonial onslaught on them...

Answer: No, I did not say that, I say that the committed teacher has only one thing in mind and that is to take charge of the children entrusted to him and to teach them.

BUY DIRECT FROM THE MANUFACTURER

AT FACTORY PRICES
MJ CONCRETE PRODUCTS
 ASH VALLEY, ORLANDO POWER STATION,
 ORLANDO.

PHONE 938-1438 — Ask for Tandy or Jan

6in. HOLLOW BLOCKS..... R72 per 100
 9in. HOLLOW BLOCKS..... R75 per 100
 STOCK BRICKS..... R95 per 1 000
 4 1/2in. SOLID BLOCKS..... R70 per 100

Including GST

NOTE: Free delivery in Soweto

S 13195

NEW HOMES IN KAGISO

- 32 km from centre of Jhb.
- Sites from 360 m²
- Transport readily available



HOMES FROM AS LITTLE AS R36 200

Inclusive of:

- * LAND AND COSTS
- * FITTED CARPETS
- * KITCHEN UNITS AND STOVE
- * BUILT-IN CUPBOARDS
- * TILING TO BATH AND KITCHEN

Tel. 930-5848/5909 or 804-1117 or 337-3406

REAL ESTATE
 YOUR AGENT FOR
KAGISO

LET US HELP YOU GET YOUR HOME TOGETHER

Rail tunnel row goes to arbitration

Transport Reporter

The multimillion-rand dispute between SA Transport Services and civil engineering contractor Comiat SA over the Hex River rail tunnel is to be arbitrated.

A SATS spokesman said yesterday both parties were preparing documents for resolution of the dispute out of court.

Comiat SA was awarded the contract for construction of the 13.3 km tunnel through the Hex River Mountains in 1980.

It was due for completion in 1984 but, because of adverse soil conditions, a fault zone in the soil configuration, and the Laingsburg floods, completion is not now expected until the end of 1988 or 1989.

The amount in dispute is believed to approach R100 million.

Cost of the entire project, including construction of three shorter tunnels, is now R128 million — more than double the initial figure.

The SATS spokesman said the dispute concerned interpretation of contract clauses dealing with rock and ground formation.

M&R launches major streamlining operation

By Frank Jeans

Construction group, Murray & Roberts has launched a streamlining operation involving top executives and its spread of companies.

Mr. Dave Brink, recently-appointed chief executive of M&R says that "the number of operating groups has been cut to four from six which is expected to improve overall efficiency and reduce overheads."

The four groups are M&R Construction, M&R Industrial, M&R Suppliers and Services and M&R Properties.

As part of this restructuring



David Brink

turing Mr Steve Boyazoglu, executive director of group marketing and engineering investments and Mr Dick Gawith, executive chairman of the consumer group, are retiring. Mr Ted Gooch will also retire after 40 years service.

M & R ^{Chit Trigs} 32 23/7/86 restructured

Assistant Financial Editor

THE new chief executive of Murray & Roberts, Dave Brink, who took over from Bill Bramwell at the beginning of this month, has lost no time in making changes to the industrial conglomerate with interests ranging from construction to soft drinks.

Yesterday he announced a plan to streamline it by reducing the number of groups to four — M & R Construction, M & R Industrial, M & R Suppliers and Services and M & R Properties.

But a spokesman for M & R said yesterday that all existing companies would be retained, unchanged, without retrenchments.

"The change simply means that some of them will be moved to a different group."

The restructuring means that the marketing and engineering investments group and the consumer group will cease to exist.

The executive director of the marketing and engineering investments group, Steve Boyazoglu, and the executive chairman of the consumer group, Dick Gawith, will both retire before the end of September.

So will Ted Gooch, one of the longest serving directors on the main



Dave Brink

board of Murray & Roberts, after 40 years of service.

Richard du Plessis, financial director of the industrial operating group, will take over in October as its executive chairman.

Some of the companies in the consumer group, CI Caravans, Poole, Criterion and Swift, will be moved into the industrial group.

The food companies, Bromor Foods and Crown Mills, will become part of corporate investments.

CI Homes and Kwik-space have been moved into the construction group.

32

'Sites allocated to white firm'

BLACKS SNUBBED SAY BUILDERS



MINISTER Chris Heunis.

A ROW has erupted between a group of black builders and the East Rand Development Area, formerly the East Rand Development Board, over the allocation of building sites in Tsakane, Brakpan.

The East Rand Builders Association yesterday claimed it was offered 91 sites in April this year to put up new low cost houses in the area.

Mr Ditshaba Nkabinde, president of the association, said he was informed by the ERDA early this month that the sites were no longer available to them.

"We have since discovered that our sites have been given to a white building construction company — Vista Homes".

Mr J H Opperman, the acting chief director of ERDA, yesterday said he

was aware of the matter. He said ERDA was still investigating and that a full Press statement would be issued after the matter had been fully investigated.

Mrs Leone Jooste, the public relations officer for Vista Homes, yesterday said it was not true that they were offered the 91 sites.

Withdraw

She said: "Initially we had applied for building sites in Tsakane but we have decided to withdraw our application and at the present moment we do not have any building sites in the township".

But, Mr Nkabinde insisted that their sites were given to Vista Homes. "Mr W L Kok, an official of the ERDA, informed us that our sites have been given to Vista Homes and

that if we were still interested to build in the township, we must negotiate with the white construction company to offer us 10 of the sites".

Mr Nkabinde said all they wanted was the sites given back to them. He said if this fails, they will ask the Minister of Constitutional Development and Planning, Mr Chris Heunis, to intervene in the matter.

"We have the money to pay for the infrastructure."

Building plans down on 1985

Dispatch Reporter EAST LONDON — Despite the construction of a R3 116 000 office block in Caxton Street, the total estimated cost of building plans passed by the city engineer's department so far this year has dropped, compared with figures for the same period last year.

Last year the total cost of building plans approved between January and June was estimated at R29 658 800, while this year the figure is R20 789 800, a decrease of 29,9 per cent.

The number of plans passed during this period also declined, from 427 during the 1985 period to 393 during 1986, a drop of 34 per cent.

However, the estimated cost of plans passed in June was R6 198 800, representing 80 plans passed, higher than the monthly aver-

age of R4 671 866 for 1985.

The managing director of the regional office of a national construction firm, Mr C. J. Andrew, ascribed the sharp decline in construction work to the state of the economy.

Mr Andrew said both the public and private sector had cut back on construction during the recession.

He said he did not foresee an upswing in the near future, adding he believed it hinged on the political climate to a large extent.

The office block in Caxton Street, the construction of which Mr Andrew's firm is undertaking, will be completed in November.

The building, covering a total of 2 243,27 square metres, will constitute offices and parking for the tenants and their employees.

APR 25/7/86

NATIONAL/INTERNATIONAL

Sats trims private sector contract work

By DICK USHER, Labour Reporter

FRESH shocks face the building and civil engineering industries — South African Transport Services is to cut back on private contracts and do more work departmentally.

The move has come about because of the economic downturn and the need for Sats to keep workers employed.

Industry spokesmen were unwilling to comment until the effects of the move become clearer, but it is understood there is dissatisfaction about the possible effects on contractors.

At a meeting between Sats unions and chief engineers of the civil engineering, signals and telecommunications, electrical and mechanical departments, the unions were told that Sats was thinking of schemes that could bring it into competition with the private sector for contracts that had previously been reserved for the private sector.

But a Sats spokesman said this was not the case.

Sats personnel had been reduced from 279 000 to 218 000 in three years, but it was still necessary to ensure that staff were used productively.

“Smaller cake”

“We have always done certain work departmentally and some has been done by the private sector.

“But because of the downturn the cake has become smaller and certain work that could have been done by the private sector is being done departmentally,” he said.

He emphasised that this applied only to Sats projects, not to outside schemes.

Possibilities would be microwave towers for Sats's internal communication network and houses for employees under the Sats home-ownership scheme.

Mr J Benwell, president of the Salaried Staff Association (Salstaff), said Sats capital expenditure had been cut by about half for the 1986/87 financial year and the management was seeking other forms of employment for staff who would have been working on projects.

“All staff associations are concerned about the possibility of staff being laid off and we will support any measures that will obviate this,” he said.

“Doing their best”

“Our service conditions are such that Sats cannot just lay off staff and they are doing their best to keep staff actively employed.”

According to the South African Federation of Civil Engineering Contractors, June contracts awarded amounted to a modest R112-million.

In the building industry up to 70 000 jobs have been lost in recent years and several large groups have had huge losses.

FINMM
25/7/86

NEW CAPE LISTING

32

Cape Town-based Pennypinchers, a discount building supplies chain, plans a DCM listing in November via a private placement of 10% of share capital.

Chairman and MD Fasiel Malherbe says final details of the issue, to be handled by Quaestor 4, are still being worked out. He puts turnover from the 17 branches, employing 450 people, at around R35m a year. Covering some 30 000 m² of retail space throughout the Cape Province, Pennypinchers is building a 8 000 m² flagship branch at the new Blue Downs mass housing scheme on the Cape Flats (*Business*, July 18).

Other directors are Percy Bishop, David King, John Collier, Garnet Carr, Gerhard Conradie and Graham Burchell,

most of whom have been with the group since its start seven years ago.

The target market ranges from bulk supplies for major developments to owner-builders and DIY enthusiasts, with different outlets geared to different emphasis. Malherbe maintains performance has not been dented by the building slump in the region. He sees the listing as a means of protecting the operation from hungry predators, while continuing with an aggressive expansion programme.

Cashbuild, which operates in a similar market to Pennypinchers, recently received a euphoric JSE reception. If Pennypinchers can show a good track record, its debut may be equally successful.

Gordon Kling

Call for rethink on informal housing

Property Editor

PRETORIA—South Africa's builders were urged yesterday to consider seriously what their attitude should be towards less formal housing provision.

Dr Simon Brand, chief executive and chairman of

the Development Bank of Southern Africa, told the Building Industries Federation Congress it should not consider informal building a threat to its membership.

He said it could play either a neutral role or make available insight and skills to organisations supporting small business develop-

ment, including the building sector.

He expected Bifsa to have in its ranks the wisdom and adaptability to deal with changes in the housing market constructively and to ensure that housing needs could be met adequately.

Dr Brand said he accept-

ed that the kind of unconventional housing which could cater for a considerable proportion of the market in South Africa was less acceptable or familiar to Bifsa.

'It could be expected that this may create great uneasiness among its membership because of the expectation that this will disrupt the orderly conditions in the building industry which have been brought about to a large extent by the efforts of Bifsa,' he said.

Backlogs

'Considering the housing needs in South Africa, there is all too often a tendency to look only at absolute needs.

'This results in estimates of total needs and of backlogs to be caught up with. Inevitably, such an approach tends to foster a conclusion that more resources should in total go into housing.

'However, there are not necessarily going to be more resources available for investment in the country and there are also other claims on those resources.

'There are, for example, also huge backlogs in education, health services and sports facilities.'

Whites had shown they were prepared to accept considerable changes in traditional norms and patterns. Impressive progress had been made with inte-

gration in the workplace, in universities, training institutions and sport.

'We should certainly also have the ingenuity to devise workable and appropriate political solutions for the country.

'Why should we then assume that the ability to adjust, already reflected in the socio-economic fields, cannot also be drawn through to the political sphere?

'Should this be done, it will in itself encourage a return of net capital inflows and thereby contribute towards raising the performance of the economy.'

Dr Brand added that if these possibilities were accepted, such a scenario would involve many changes in the environment that would require considerable and 'even drastic' adjustments in the way of life of most South Africans.

Engineer
recruits
falling
sharply

EVEN NESSE

THE engineering sector seems hard hit by the brain drain.

According to P-E Corporate Services MD Martin Westcott only half the number of graduates and first-year students are entering engineering today than 10 years ago.

The problem of restricted access to overseas professional skills has been exacerbated by the number of emigrants.

Mainly young people are leaving and the long-term effect could have severe repercussions when the economy revives, Westcott says.

The standard of living has slipped over the years and both political and economic uncertainty have played decisive roles in the exodus of skilled people.

The skilled-labour shortage could be alleviated with technical innovations, such as computers and more emphasis on capital-intensive industry, he says, but increased training and education are more practical long-term solutions.

Quest Personnel MD Roy Silver says that, because of most Western countries' growth rates, there is a demand in certain fields, and SA skilled workers are regarded highly overseas.

S

MICK COLLINS

KIMBERLEY'S Mine Museum may have its population of spooks but there is nothing ghost-like about the entrepreneurial spirit in this nuggety mining city.

With a capital project budget of R132m for 1986/87, the city is fast shrugging off its death-rattle image.

Development manager James Millar says he feels insulted in the past Kimberley is mentioned in the past tense.

"One of our largest projects under way is 1 000 houses for coloureds at Rooderpan - budget R20m. Next on the agenda is a R15m Post Office

Kimberley lays its ghostly image

28/1/88 32

BUS DAF

building and a R7,5m Post Office tower.

"If that's dying then I don't know what living is."

Millar points to some success stories of companies which established depots and branches in his city.

One of those showing spectacular growth is Jaff & Co.

"From small beginnings the present three clothing factories employ more than 1 000 workers and serve the local and export rag trade. That is progress."

Millar says the city is becoming increasingly industrialised, pointing out that unemployment among the 200 000 population is not nearly as bad as on the Reef.

Other heavy construction includes R11,7m for a regional depot for Escorn and R13,5m for a magistrates-court building and government offices.

George Loder, MD of SA's oldest engineering company, Kimberley Engineering Works, is quietly confident.

dent for the future.

"Our business is multi-faceted. A new pressing-division building covers 3 130m² and has advanced technology to manufacture brass and steel deep-drawn products."

Millar says more than 100 companies have so far taken advantage of Kimberley's decentralisation incentives.

These incentives include a 40% concession for outgoing goods and a 40% road transport incentive;

also for outgoing goods.

Key personnel get a 40% subsidy on housing while industrialists intending to move to the area are entitled to a R500 000 relocation allowance.

Millar says the 75% training rebate has proved one of the major lures to big business.

"Coupled to all this, Kimberley has industrial sites to suit all manner of industry, both rail and four-rail served. But one of the main attractions of Kimberley, apart from its huge tourist potential, is having big-city amenities with a country lifestyle," he says.

NT

PE building office closure meeting

32

By RALPH JARVIS
Property Editor

A MEETING to discuss the threatened closure of the National Building Research Institute's regional office in Port Elizabeth will be held next week.

The meeting, called by the East Cape regional committee of the Building Research Advisory Committee (Brac), will be held at the South African Wool and Textile Research Institute in Summerstrand on Wednesday.

Among those expected to attend are Members of Parliament, representatives of the Port Elizabeth and East London city councils, the Dias Divisional Council and the East Cape building industry.

The closure of the Port Elizabeth office of the NBRI in December this year was announced in March and was criticised by bodies, like Brac, which represent the building industry, and local

authorities, all of which have made use of the specialised service of the institute.

The official reason for the closure is economic, with this area, according to NBRI head office in Pretoria, unable to justify the costs of providing the service.

With the posts made available by the local closure, the NBRI intends opening an office to serve the Witwatersrand-Vaal triangle area in January.

Since the announcement, the chairman of Brac, Prof Brian Eksteen, has met top officials of the NBRI and CSIR, under which the NBRI falls, to persuade them the regional office is vital to this area.

According to the East Cape regional officer of NBRI, Mr Chris Lloyd, in the absence of increased funding from the Government or the approval of extra posts, the office will close at the end of the year.

29/7/80 S.M.R.

'New ideas' call for home finance

By Janine Simon

The need for innovative housing finance was stressed at a recent "Housing under the new dispensation" conference in Johannesburg run by the Unisa School of Business Leadership and the Development Bank of Southern Africa.

It was suggested that, to raise money for development in black areas, the Government pass legislation allowing developers to raise funds on Government-guaranteed, negotiable instruments.

Mr Peter Penny, chief executive of Herbert Penny Ltd, said America passed such legislation — commonly called Ginnie Mae certificates — to raise money for socially desirable but risky property development.

"Ginnie Maes" represent pools of mortgages. A Government-backed mortgage association guarantees payment of the capital and interest of these securities — making them safe and attractive financing, Mr

Penny said.

The deputy Director-General of Finance, Mr Gerhard Croeser, said the Government was considering how to involve financial institutions in the recently announced R750 million housing project to meet its aim of joint public and private sector financing of housing.

Financial institutions had a large pool of capital unproductively invested, often chasing funds on the JSE, he said.

OWN RESOURCES

Dr Simon Brand, chief executive of the Development Bank of Southern Africa, said the bank was looking for a link between financial institutions in the TBVC and self-governing national states and those of the broader financial markets to generate funds for housing in those areas.

The bank would use its own resources to mobilise private involvement in providing facilities rather than laying out its own funds on housing loans, he said.

International expert on low-income housing Dr Neils Jorgensen said the conventional concept of housing "affordability" was static and had to be replaced by the more realistic and dynamic idea of "willingness to pay".

"The current rule-of-thumb of 25 percent of current income as the affordability level had been applied at all times and places with disastrous results," he said.

It had given rise to the low-cost housing dilemma or "vicious circle of static affordability": individuals who could not cope with finance terms could only buy a cheaper home or pay more of their income.

If planners accepted that cheaper housing had dynamic parameters, more people would be able to build better homes for less money.

The need for deregulation, rapid provision of serviced stands, realistic building standards and owner-involvement through self-help schemes was stressed by most speakers.

Croeser spells out Govt role

Government would provide housing only for people who could not obtain the most minimum-standard commercial homes — for the rest, its provision was the responsibility of the individual.

According to deputy Director-General of Finance Mr Gerhard Croeser this principle is embodied in a draft formula for housing finance being considered by the three Ministers' Councils.

Speaking at a housing conference in Johannesburg, Mr Croeser said the Government was responsible for low-income groups and social welfare cases, but in other instances expected the individual, his employer or financial institutions to make a contribution.

BASIC MINIMUM SERVICES

The Government should concentrate on providing infrastructure and basic minimum services — including community facilities — on a labour-intensive basis.

Individuals, as far as possible, should erect their own homes through self-help schemes.

He called for wide-ranging deregulation to enable people to build their own houses in a form of "orderly squatting".

Mr Croeser said backlogs would be eliminated partly through the new finance formula, but mostly through ad hoc grants such as the new R750 million housing package.

Public sector housing — for Own Affairs Administrations and blacks — would be financed by the Exchequer and not by loans.

The public sector could best fund future low-cost housing by better allocation from the pool of funds, Mr Croeser said.

Housing political stability is 'vital'

Political stability was vital if financial institutions and building societies were to be involved in future provision of housing, the general manager of the United Building Society, Mr P J Kruger, told a housing seminar in Johannesburg.

He said building societies could not be expected to invest and operate in areas where it was dangerous or impossible to enter.

Building societies had already invested more than R800 million in black housing, mostly to the middle and upper income groups, he said.

They would invest heavily in houses built along the self-help concept as long they were controlled and properly supervised.

"We are not prepared to finance merely a shelter. Building societies will evaluate new building methods but in most cases will insist on an Agrément (fitness-for-purpose) certificate or an evaluation by the National Building Research Institute (NBRI).

"We accept that standards of finish will vary considerably on low-cost housing projects."

Alternate forms of finance, such as a 100 percent bond, would increase risks to financial institutions, Mr Kruger said.

The Government should ensure that local authorities allocated serviced land to genuine developers, not speculators, and also guard against forcing people into becoming homeowners.

LTA plans retirement homes

By Frank Jeans

32

Newcomer to the retirement village scene is one of South Africa's construction giants, the LTA group.

Its associate company, LTA Building Projects, which was formed two years ago and is involved in low-cost housing to the tune of a current R100 million, is now looking at accommodation for senior citizens.

The company's first target areas for retirement villages are Sandton and Maritzburg.

Mr Don Goodey, managing director of LTA Building Projects and chairman of the Retirement Village Committee of the South African Property Owners Association

(Sapa), says:

"Retirement accommodation is the fastest growing sector of the industry."

"Within the next 30 years or so, the number of people over the age of 65 will rise from the current 1 million, or 3,6 percent of the population to 3,8 million (6 percent)."

"The biggest market will be in white retirement homes, with demand rising from 7,8 percent to 12,6 percent."

There is said to be an estimated immediate need for 18 000 units for older people and Mr Goodey



Don Goodey

believes these projects must not be merely labelled "retirement villages" but carefully conceived, planned and developed self-contained communities.

Apart from LTA Building Projects' low-cost housing performance under the banner of LTA Comiat Developments, another off-shoot of the construction group, LTA Housing, built nearly 2 000 homes for Black, Coloured and Indian people in the past year. This pushed the latter's turnover to a record R31 million.

LTA Housing has recently won new contracts totalling nearly R15 million for black homes, while LTA Building Projects is currently negotiating homes schemes with a combined value of R50 million.

SMK: sep/85



BUILDERS GIVEN A 'RAW DEAL'

Council denies claim

By **MANDLA NDLAZI**

THE Soweto's Building Contractors Association has accused the Soweto City Council of giving black contractors a "raw" deal in the allocation of sites for the erection of houses.

The association's chairman, Mr Victor Selane produced correspondence showing that his association had applied for some of the 226 sites in Dlamini Extension I, which have now been all allocated to a white construction company.

In reply, the council's town clerk, Mr Nico Malan said in a letter to the association his council had resolved that the council would build "shell" houses in that area and that all tenders must be turned down.

Said Mr Selane: "There is no truth in what Mr Malan said because his council has not erected shell houses on that piece of land and not all tenders have been turned down because a white construction company has been allocated all the 226 sites and has started digging foundations for the erection of houses."

But Mr Julius Mdlalose, chairman of the council's housing committee, said Mr Selane was not telling the truth. He said some black contractors have not been able to develop sites they were given as early as 1982.



Mr **VICTOR** Selane.



Mr **JULIUS** Mdlalose.

He said black contractors seemed to have many problems that made it difficult for them to do their job. Some do not even complete their projects.

"One thing I can say is we do not have sites to waste," said Mr Mdlalose.

Said Mr Selane: "While we cannot do away with white construction companies because of the great demand for houses in black townships, we would like to be treated fairly and not given a raw deal."

JSE okays Global listing

32
BUS DAY 31/7/88
PRISCILLA WHYTE

GLOBAL Mining & Industrial Corporation received JSE approval this week for its listing in the engineering sector on September 1.

The transmuted listing statement will be published on August 27.

Global is being reversed into the former NFS Motors cash shell, which was suspended on the JSE about eight months ago.

MD Neville Parry says 40% of Global shares have been placed with Old Mutual and Sanlam. Danech has more than 50% and former NFS shareholders have the remaining equity.

The net asset value of NFS Motors was 19,2c a share in 1985 and the shares were suspended from trading at a price of 50c a share. Global shares have a net worth of 44,5c a share.

Global's JSE listing involves the listing of 14 million ordinaries and about

R2m worth of preferred ordinaries.

For the year to September, Global is expected to earn 12c a share and an estimated dividend of 4,5c a share. Gearing is currently running at 12%. Parry expects earnings to grow by 25% in the next year but says dividend cover will be increased to 3 from its current 2,5.

Global inherited properties in Kroonstad from NFS Motors with a book value of R800 000. Parry believes the value is closer to R2m and he intends disposing of the properties "when a decent profit" can be made.

Global has an annual turnover of R25m and is a manufacturer of mechanised mining equipment and mechanical handling equipment. It has facilities in Springs, Spartan, Randburg, Roodepoort and Boksburg.

has led to a number of detainees being begin publishing the names of detainees,

Contract launches R3,5bn project

R1bn natural gas deal for M&R group

30/7/88 • WEDDAY • 32

THE contract for the off-shore portion of the R3,5bn Mossel Bay gas project was signed in Cape Town yesterday.

Project director Bob St Leger declined to disclose how much it was worth to Engineering Management Services Off-shore (Emso), part of the Murray & Roberts group, but sources close to the project said the figure was close to R1bn.

The contract calls for the construction of a giant sea platform and two off-shore pipelines 80km long.

Conceptual engineering will take about a year after which a cabinet decision is expected on whether the gas-field project will go ahead.

Signatories to the deal were Soekor MD P J van Zyl, Central Energy Fund financial executive Andries Loubser and Emso MD Steve Hraber.

Soekor will act as manager of the project on behalf of Mossgas, a wholly-owned subsidiary of the Central Energy Fund and Emso Ltd, a company jointly-owned by Engineering Management Services and Crawford & Russell International.

Direct labour requirements for the

MICK COLLINS

fabrication work is expected to peak at around 2 000 people with many indirect labour opportunities.

A spokesman for Emso in Cape Town said 90 people would be employed on the conceptual engineering side with 130 on project management.

"Unfortunately, our project director cannot give details of the cash involved due to the fluctuating ratios between the rand and sterling."

Sapa reports that the contract covers conceptual engineering work and overall project management for the entire off-shore development of the gas field.

Fabrication work is expected to start early in 1988 with the first gas piped ashore in 1991.

The sea platform will consist of a conventional eight-legged steel structure. Drilling, utility, power and accommodation facilities will be fabricated in a modular construction and placed on top of the jacket on a modular support frame.

The gas and condensate will be transported to an on-shore processing plant by means of a condensate pipeline.

by
nt
le
to
of

by
n-
in
he
n-

al,
nd
er,
of
ar
rd
ed
er
he

T

gh
to
ad-
ial
of

sis-
of
the
the

50
11
tu-
se.

een
vel
vel
ned
ata
om
und
nd.

President

Encouraging signs of boom in housing

32

STAR

By Frank Jeans

The colossal need for housing in the wake of the Pass Law repeal, along with the inevitable process of urbanisation, provides more encouraging signs for the building industry, says Dr Zach de Beer, President-in-Chief of Interbou which opens on August 25.

In a preview of the six-day biennial building exhibition at the National Exhibition Centre, Crown Mines, Johannesburg, Dr De Beer says: "While we are suffering from a capital drain, the building industry has an advantage in that it is a major employer of people and at the same time uses very little foreign exchange because of the fact that raw materials are plentiful locally."

Dr De Beer points out that while civil engineering has been particularly badly hit in the recession, there is no doubt that once the large-scale housing schemes do get under way, the infrastructure that must go along with township creation will be a beneficial spin-off.

On the question of greater mobilisation of private sector funds for housing and in particular, the call for a massive cash injection from the insurance industry, he says: "Insurance companies have large amounts of capital and it is important that they find investment outlets for it."

"However, this is qualified by the fact that the life insurer is a trustee for his policy holder. He therefore, cannot take the risks with policy holder money that he might be prepared to take with his own."

Housing project bonanza for W Cape economy

W/C Argus
2/8/86
32

By TOM HOOD

THE Western Cape will get a huge boost from the award of more than R40 million of contracts this year for the giant Blue Downs housing development near D F Malan Airport.

The first stage of the project will provide:

- 5 400 jobs a year for three years;
- R18 million a year in wages for these workers; and
- An injection of R180 million for the home building industry over three years.

About 7 000 homes eventually will be built by private enterprise — and all will be sold under freehold title.

Discussing the R2 billion development, the project's director, Mr Carel Marais, said civil engineering tenders for about R10 million of work at Blue Downs will be awarded in the next three weeks. About 30 per cent of the cost is labour, providing work and wages for 600 people for a year.

The next three tenders, for electrical work of high equipment value for another R3 million, would also be awarded soon.

Before the end of this year a tender worth R20 million would be awarded for the new sewer purification works.

This work had a very high civil engineering component and would provide even more jobs than the others, said Mr Marais. Because it would be a very tight programme, the labour force would be even high-



Mr Carel Marais.

er for a minimum of 15 to 18 months.

Other contracts would be put out early next year for roads (R1,5 million) and stormwater drainage (R1,5 million).

"All this means a considerable injection to the economy and labour force here. For a start, it will provide 5 400 jobs a year for the next three years

"In addition we expect that construction of housing will start early next year with people moving in after June."

"In the first phase there will be land available for 6 000

houses. This means an injection of R180 million for the home building industry over three years.

"The labour content is at least 30 per cent so there could be a labour force of 5 400 drawing R18 million a year in wages over the next three years.

"The economic impact of this will be considerable. A greater impact in the longer term will come by the time the township has filled up with 200 000 people and covers a larger area than Mitchells Plain.

"Combined with nearby Khayelitsha, where another 400 000 people will live, there will be a community of more than 600 000 in that area, which will generate a tremendous amount of commercial development — more than at Mitchells Plain — because of its central situation."

To allow for the commercial development, 20 hectares had been set aside for a central business area and planning of this would start in the next two months.

Average selling price of a complete house would be R35 000 but Blue Downs was to cater for the whole housing spectrum.

A railway line serving Blue Downs was to be completed by 1988 and for the first time in the Peninsula it would be circular which made the operation of the railway that much easier, linking Nyanga to Blackheath and creating a loop to Cape Town.



At the signing of the R1,2 million waterproofing contract — Mr Mike de Smidt, managing director of Kirsh Property Projects and Mr Gordon Anderson, managing director of Barrier Systems. Looking on are Mr Gary Steinberg of JJ Schneid and Mr Bill McClatchey, projects director of KPP.

Brighter prospects for civil engineers

By Frank Jeans
Prospects for the battered civil engineering industry are looking considerably brighter following the decision by the Government to privatise road construction and maintenance.

The R750 million injection into housing, too, will also have a beneficial spin-off for the industry through the provision of ancillary work such as township roads and services.

The South African Federation of Civil Engineering Contractors (Safcec) says road construction totalling about R250 million is handled annually for provincial administrations by "in-house" construction units.

"While no overnight change can be expected from the road privatisation and housing moves, the industry looks forward to their gradual implementation," says Safcec.

The federation sees two other positive boosters on the horizon: the Mossel Bay offshore oil project and the Lesotho Highlands water project.

"The shortage of new work in recent years has led to severe competition in the industry and often unrealistically low prices," says the federation.

"Should the reduced size of the industry and the possible slight increase in the amount of work in the second half of the year result in more responsible tendering and firmer prices, this would be a desirable and healthy development."

GF deals

In a streamlining opera-

tion, Group Five is off-loading a spread of properties on the Reef and in Natal, all of which says a spokesman, are "surplus to requirements".

With the opening of a new complex in Spartan for GF's CMGM Transvaal company, the group's six-storey office block nearby, Jamieson House, was a feature sale at a recent auction and while it did not go under the hammer, there are a number of bids being considered.

Other GF properties, including the old Futurus premises in Chloorkop, and offices and workshops in the Transvaal, along with the CMGM Natal Coastal complex at Glen Anil, near Durban, are also being disposed of.

Meanwhile, CMGM Transvaal is playing a major role in the development of the water infrastructure of the Vaal Triangle through three contracts in the area with a total contract value of R30 million.

Barrier's big one

Kirsh Property Projects has awarded a R1,2 million contract for the re-waterproofing of the 26 000 sq m Game City centre in Durban to Isando-based company Barrier Systems (See picture).

It is believed to be the biggest single overall waterproofing job ever in South Africa.

"As the parking deck forms the roof for the entire Game City complex, it is vital that leaking problems be overcome with as little inconvenience as possible," says Barrier managing director, Mr Gordon Anderson.

PROPERTY

(32)

Building industries survey

A MAJOR investigation into the housing and building industries in SA is underway, with a view to providing decision-related information on these areas.

Markintel, a Pretoria-based industrial building and marketing research organisation, is conducting the survey, which should be complete about nine months from now.

Special emphasis will be on industrialised building systems (IBS), low-cost and sub-economic housing, rationalised conventional building methods and other alternative building systems.

The researchers believe that as a result of a lack of information and insight, incorrect decisions are being made,

leading to losses in the industry and the creation of resistance to alternative building methods.

They point out the opportunities available within the industry such as: the recently announced R750m government injection, private enterprise contributions, new building regulations and certificates such as the Mantag, influx control relaxations and continuous growth in housing demand.

Issues to be addressed by the investigation include constraints in the market, with emphasis on tendering, procurement of land, availability of finance, government's attitude and role and full quantification of market potential.

Government plans housing trust

By Frank Jeans

The Government plans the establishment of a housing trust to channel its vast amounts of money into the homebuilding business.

And as an extension to the big money-for-homes drive, the issue of housing bonds to financial institutions which are flush with funds is also on the cards.

This was announced by the Auditor-General Dr. Joop de

Loor at the South African Property Owners' Association congress in Johannesburg today.

Dr. de Loor told delegates: "The availability of millions for black housing to be spent under the guidance of a private sector group will have a phenomenal impact on the property market."

"Most probably a type of housing trust will be formed which will receive an initial contribution from the State and then collect the rest of its funds

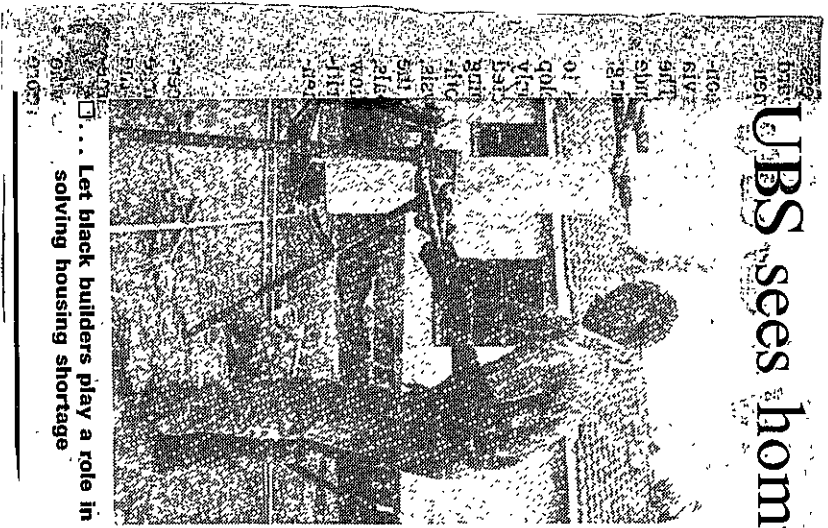
by issuing housing bonds to financial institutions.

"The details are being worked out right now."

This will be good news for builders and developers who, while welcoming the Government's recent R750 million injection into the housing market, have been looking for guidance as to when and how the money will eventually get to the building site.

● Full story: Page 20.

UBS sees home-building as one way of curbing SA's slump



Let black builders play a role in solving housing shortage

THE most socially-responsible action the public and private sectors can take is to stimulate consumer confidence and demand, and thereby put South Africans back to work, says a United Building Society (UBS) spokesman.

"SA is on the threshold of the worst unemployment crisis since the Great Depression. Jobs must be created, and one of the sectors most capable of doing this is the building industry," he says.

"The current housing shortage affords an obvious opportunity for the employment of thousands of people. The challenge facing government is to harness the funds at its disposal in conjunction with the private sector, and to inject this into home building."

"It is regrettable that so much time has passed since the announcement of the R750m allocation by government towards housing in SA. Some public indication of how this money would be applied would stimulate confidence within the building industry, and enable it to gear up to meet resulting demand," the spokesman added.

"The building industry is sadly in need

of stimulation. While houses in the upper-priced categories are plentiful, the shortage in the lower-priced, or more affordable, areas is critical.

"This is exactly where the industry can be put to work, and where small black builders can participate in the process. It is important that they begin to play a greater role in solving the housing shortage in order to improve their own expertise and to compete more effectively with their white counterparts."

The UBS has, for the past two years, earmarked more than R1m a year for the financing of black housing.

"We could have set aside far more, but even these amounts could not be fully utilised due to lack of stands available for new black housing and various bureaucratic procedures, which impeded the selling process."

Self-help housing projects offer a practical solution to the low-income earners. The UBS, in association with the Urban Foundation, pioneered one of the first large-scale self-help projects at Katilehong on the East Rand.

The spokesman adds: "We still favour this kind of support, and we recently extended the Katilehong project by another 750 stands, bringing the total in that project to 1 000. However, here again the availability of ground is an inhibiting factor."

"We also hope the Small Business Development Corporation will use some of the finance at its disposal to assist small black builders with bridging finance."

"If they do, it will allow building societies to finance bonds of up to 90% on projects they are busy with, thereby creating more building activity through the multiplier effect than simple outright loans will create."

"This would increase the overall amount of funds for home building by a factor far greater than the initial amount available."

"The building industry is one of the most labour-intensive sectors of our economy, and if we can employ more people to build more homes, we will make a two-fold contribution, solving one of the major problems facing SA right now."

Black builders get helping hand

PROBLEMS encountered by black builders include a lack of credit facilities. Often they cannot provide the security needed by financial institutions, so don't have the bridging finance to begin contracts.

White contractors, on the other hand, are able to secure finance and therefore the bulk of the contracting work available.

Moreover, black builders are not legally allowed to work in white areas. And builders in areas such as Soweto had a credibility problem be-

cause of numerous fly-by-night operators who take deposits from customers and then either disappear or fail to complete contracts.

To overcome these obstacles, the Soweto Building Contractors Association (SBCA) was formed.

The association has become a mouthpiece for the black building industry in the area and has gained credibility for its members.

Its formation was largely due to the work of Cedric Tennant, on a full-time contract with the IBM SA Pro-

jects Fund.

IBM followed through on the establishment of the SBCA by creating a bridging finance loan scheme of R300 000 in conjunction with the African Bank.

A loan of a maximum of R16 000, re-payable in three months at an interest rate of 1% a month is granted to a builder who has a viable client, a 99-year lease on or freehold title to the building site, approved plans, and a bond registered through a bank or a building society.

BUSINESS 8/8/86
~~123~~ 32

Business Day Reporter
TIMBER-FRAME construction is a recently approved, less pricey alternative to traditional brick construction.

It is seen as the panacea to the current housing shortage in SA.

And, says SA Lumber Millers Association (Salma) executive director Andries Swart, the building regulations promulgated in September last year allow timber-frame houses to be built anywhere in SA.

A group of companies in the timber industry is offering a series of these prefabricated, low-cost houses in kit form ready for erection. This system lends itself to alterations and additions, which means the house can be upgraded according to the owner's needs and pocket.

Resistance to the utilisation of timber-frame housing, which can provide a basic house consisting of a living room, two bedrooms, a bathroom and a kitchen for between R4 000 and R7 000, stems primarily from lack of knowledge regarding the durability of the construction and the training required for builders.

Swart says: "The minimum of skills are required for construction. We are training builders and promoting the concept to building societies and construction companies.

"About 90% of all US, Australian, Canadian and European houses are built in this way. We have developments in SA where the durability of the construction is clearly visible."

Schemes such as the 108 timber-frame houses built in Riverlea in the 1960s illustrate this.

The timber-frame house consists of timber wall cavities which are clad with a variety of materials. Foundations are erected for the outside walls only, allowing individuals to redesign

Timber frames seen as boon for housing



□ A timber-frame house under construction.

the interior of their homes with the minimum of expense and effort.

All components are treated for rot and insects, in keeping with SA Bureau of Standards (SABS) specifications. The structural design of components and the overall design structure of the housing systems conform to the SABS requirements as set out in the new National Building Regulations.

"The benefits for the lower-income housing market are obviously great," says Swart. A timber-frame house, complete with electricity and plumbing, could be erected for approximately R15 000.

Private sector interest is reflected in the 300 calls received every week by Salma to inquire about the building process.

"Another benefit of timber-frame

construction is the speed of erection," says Swart. "The house can be erected within 10 weeks, saving the consumer a fair amount in interim interest and occupation rent charges."

However, the high demand for timber-frame housing has focused attention on the problem of a lack of sufficiently qualified builders.

Says Swart: "The problem was so acute that our strategy had to be redirected to include extensive training programmes for builders and their employees in an effort to overcome the shortage."

□ Individuals and organisations who would like further information can contact Salma at (011) 974-1061, or write to Private Bag X686, Isando, 1600.

Uitenhage company teaches employees self-building skills

By DENISE BOUTALL

WHEN it comes to social responsibility there is one Uitenhage company that puts its money — and its drawing boards, scaffolding, spirit levels, trowels and any other building essentials — where its mouth is.

Five weeks ago 10 staff members from Borg-Warner were taken off the production line and started building a house at the company's premises in the Uitenhage industrial area.

When they complete the four-roomed building in two weeks' time they will have enough skills to tackle the real thing — their own houses in Kwanobuhle.

In an interview this week the personnel manager, Mr Etienne Schutte, said the 10 men were on full pay while they built the houses at the company's premises under the supervision of a training officer from Emthonjeni In-service Training

Centre in Port Elizabeth.

In the process they would acquire all the necessary masonry and carpentry skills to build their own homes.

The training scheme was the company's way of trying to relieve the chronic housing shortage faced by its staff. There had been an enthusiastic response from staff members and it was expected that, once the first houses had been completed, more and more of the 500-strong staff would want to get involved.

Temporary staff had been hired to take the place of the workers on the line for the duration of the seven-week training course. The company provided all the tools and materials and also paid for the instructor from Emthonjeni.

The 10 workers had bought adjoining plots in Kwanobuhle and the company would provide them with materials to build their houses. Once complet-

ed the owners would bond their houses with a building society.

Mr Schutte said the workers had decided to call their area in Kwanobuhle Extension 4 "Borgville".

The first group of workers had decided they would build their houses as a team in their free time over weekends. The company's own mason-carpenter and the Emthonjeni instructor would check that the work was up to standard.

The workers had a choice of four house types ranging in size from a 56-square-metre, two-bedroomed house costing R6 952 to a 91-square-metre, three-bedroomed costing R8 895. The houses had been designed by a company draughtsman.

If the houses were built by contractors they would probably cost twice as much as self-built houses. In addition, people who had built their own homes tend-

ed to take enormous pride in them.

The only part of the houses that would not be built on site was a precast concrete corner column.

The instructor, Mr George Holtman, of Emthonjeni, said the use of the column reduced the construction of the corners from days of painstaking work with a level, to a single hour for all the corners.

He said the men he had been training were very keen on the work and he was confident that they would be able to build their own homes. "They've done very well for people who knew nothing about building, not even how to hold a trowel, five weeks ago."

The second group was already championing at the bit to start their training. The house at the Borg-Warner factory which is the smallest of the four types will be furnished and used as a show house.

Teaching to build own homes

WITH five weeks as first-time masons and carpenters these 10 employees of Borg-Warner in Uitenhage are eager to finish off the prototype house and get down to the real thing — building their own homes in Kwanobuhle. Their instructor, Mr GEORGE HOLTMAN, (far left) is confident that once they've completed the seven-week hands-on course they will tackle the construction of their homes with skill and confidence.

Pic at back

Fixed investment has plunged

(32)

Govt blamed for slump in engineering

BUS DAY
4/12/86

FIXED investment in civil engineering has shrunk from a high of R4,4bn in 1976 to a meagre R2,7bn in 1985 — and much of the blame is being laid at government's door.

Speaking in Johannesburg yesterday, SA Federation of Civil Engineering Contractors (Safcec) vice-president Brian Hackney said government continued

MICK COLLINS

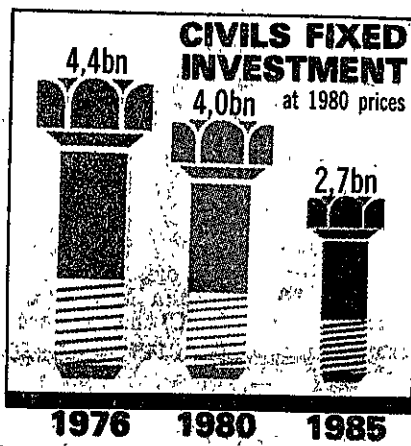
building up construction units to the detriment of the industry.

"Even when the industry shrank, government departments kept their units intact, leaving us an ever-diminishing portion of the construction cake. This is borne out by the fact that in 1976 the civil engineering contracting industry employed 135 000 people. This was eroded to 120 000 by 1981, and by the end of 1985 the figure stood at about 90 000."

Desperate contractors, he said, were tendering for work merely to keep cash flow going in the hope of picking up more profitable work in the near future.

"Add to this the problems of possible further political unrest, the implications of sanctions and the possible increased industrial unrest. We certainly have a precarious platform on which to build the future of the contracting industry."

With figures being expressed in constant 1980 prices, the average real growth rate for the sector from 1981 to



● To Page 2 →

Civil engineers slam govt

1985 was minus 8,7%.

But he said all was not gloom. Meaningful steps towards implementing the President's political reform policies would give the lagging industry a boost by encouraging private-sector investment.

Safcec's past president Con Roux said it was high time private enterprise played a greater part in SA's economy.

Calling for a speed-up in privatisation, Roux said SA had reached the stage of its development that demanded changes — and an accompanying decrease in public-sector participation in the economy.

"Work undertaken by public-sector bo-

dies represents the ultimate in monopolies, since the elements of profit and fair competition are entirely absent.

"It is also evident that the accountability of individuals in the public sector should be increased."

Safcec president Ron McLennan said research had shown future housing needs would be equivalent to six or seven Sowetos before the turn of the century.

"We must, therefore, construct water supply systems, sewerage systems, road access, electrification and mass transport systems. This in itself is a major undertaking."

BUS DAY
4/12/86
From Page 1 (32)

Gold

London \$353,25 bid
 New York close \$351,00/\$352,00
 Hong Kong open \$352,25

JSE close

Overall 1411,9 (1396,8)
 All Gold 1279,0 (1253,4)
 Indust 1097,5 (1098,0)

Markets

\$/Rand 43,80c (F-rand 33,75c)
 FT close 1108,7 up 2,6
 Dow close 1514,00 down 15,00

Work volumes on the decline for five years

Civil engineering is now in a critical state

By Frank Jeans

South Africa's civil engineering industry, hit by five years of declining work volumes, is now in a state of "serious recession" with little hope of recovery this year.

Although in rand terms the value of work awarded last year was not much different from the previous year, after adjusting for inflation and price increases, the industry's work load was considerably down on 1984 in real price and volume terms.

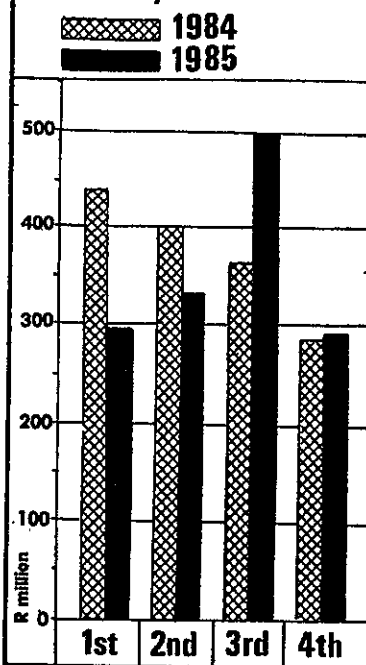
And adding to the industry's ill-fortune is the fact that the slump has taken toll in the workforce which, according to South African Federation of Civil Engineering Contractors' calculations, has fallen from 125 000 in 1981 to about 89 000 at the end of last year.

Homelands hit

"This loss of at least 36 000 work-places represents nearly 30 percent of the industry's total labour force five years ago, and the number of out-of-work wage-earners together with their dependants could well be as high as 150 000," says Safcec.

Another disturbing feature is that since many civil engineering employees are contract workers the downturn is adding to the economic and unemployment burden in the black homelands and independent states from where these particular workers are drawn.

Quarterly value of contracts recorded by SAFCEC



The value of work projects picked up in the latter part of the year, but in real terms, taking account of inflation, the industry was hard hit.

The federation has little doubt that the poor state of the industry's order books at the start of the year and continuing highly competitive conditions point to further hard times during this year.

"Although it is not known what

emphasis will be placed on infrastructure spending in the public sector's 1986 budgets, it appears at this stage that the recession has not yet bottomed out and it is therefore only realistic to expect a further decline in activity before an improvement in conditions occurs," says Safcec.

There were 60 contracts awarded in the "wind-down" month of December, valued at a total of R72 million, and again it was the National Transport Commission that came to the rescue with road works accounting for R30 million of the amount.

Lower volume

The December awards pushed the total work volume for 1985 to 950 contracts with a combined value of R1,3 billion. This compares with 1 040 contracts (R1,4 billion) in the previous year.

The rise in the National Road Fund levy opened the way for 30 NTC contracts, totalling R315 million last year — considerably more than in previous years.

On the other hand, South African Transport Services and Escom issued far less new work last year compared with 1984.

In rand terms, the 1985 total is about six percent below the total value in the year before, and with construction costs last year going up by about 15 percent the drop in volume of new work was about 20 percent.

Construction still sluggish ^{SPM} 32

By Frank Jeans

The civil engineering industry continues to be sluggish with the value of new contracts last month totalling a modest R120 million.

And the road-building business again came to the rescue of the industry, with that sector accounting for more than half of

the March work volume.

The latest figure from the South African Federation of Civil Engineering Contractors (Safcec) raises the total for the first quarter of this year to R400 million and compares with R430 million and the critical R280 million low of 1984 and 1985 respectively.

15/4/86 "The flow of new work, in real terms, remains at a low level," says Safcec executive director, Mr Kees Lagaay.

The largest contract of the month went to Roberts Bros Construction — a R13,7 million road-widening project along a 27 km stretch from Idutywa to Candu River in the Transkei.

Only 80 civil contracts awarded

By Frank Jeans

32

STAN 22/5/86
says the South African Federation of Civil Engineering Contractors (Safcec).

The big slide in the civil engineering industry continues with a paltry 80 new contracts awarded last month, worth a total of only R75 million.

"There are no major contracts and only a few medium-size projects reported in April,"

The total value of contracts for the first four months of the year now stands at R475 million covering 400 projects.

While these figures are better than the R350 million (260) recorded for the same time last

year, they are well down on the R580 million (520) for the first four months of 1984.

"In real terms, the flow of new work remains at the very low level recorded during the first half of 1985, indicating the continuing recessionary conditions in the industry," says Safcec.

R13m for civil engineering industry

Tenders soon for Blue Downs

By GORDON KLING
Financial Editor

TENDERS for housing development at the massive new Blue Downs housing project near DF Malan Airport should go out next week, and another R13m worth of tenders for infrastructure will come to the assistance of the ailing civil engineering industry in coming months.

Builders and developers are already showing keen interest, according to the project director for the lower Kuils River development scheme, Carel Marais.

Schemes

Developers will be asked to make offers for various schemes of their own making.

"They will have a free hand to put together concepts that they think

they can market successfully."

Essentially developers will have to do their own town planning.

The scheme falls under Minister David Curry's Department of Local Government, Housing & Agriculture in the House of Representatives.

It is intended to develop into a city of some 200 000 people in 40 000 houses on 4 000 ha at a cost of some R2 billion.

Marais says the authorities intend to provide no more than basic guidelines.

Sites to be provided for private developers range from 20 ha to more than 100 ha, aimed at medium to large companies.

Additionally, 300m² to 450m² plots will be made available to owner builders.

Prices are being delayed until the bulk ser-

vices tenders can be considered.

About 7 000 houses are to be built in the first phase on 650 ha.

Boost

The project will come as a major boost to civil engineering contractors still deep in the throes of recession.

Latest figures released by the SA Federation of Civil Engineering Contractors show work valued only R75m spread over 80 new contracts last month.

This brings the four-month tally for the year to R475m compared to R580m in the similar period of 1984, and R350m for the same period last year.

Contractors have also been hit in the past week by disrupting labour shortages as a consequence of the Crossroads unrest.

Cap Times 24/5/80

32

788
11 W. MAPLE ST. CINCINNATI, OH 45219

BW DAY
26/5/86 (32)

Civil engineering industry hits slump

EMPLOYMENT in the civil engineering industry has slumped by almost a third in five years.

Latest estimates show the industry employs 85 000, against 125 000 in 1981.

Executive director of the SA Federation of Civil Engineering Contractors (Safec) Kees Lagaay said the figures were positive proof of dire conditions in the sector.

"The outlook for the remainder of 1986 is equally grim. Our April returns show civil work, valued at R75m, was tendered for.

"This figure raised the total for the first four months of the year to R475m in comparison to the R580m for 1984."

Taking inflation into account, the figures reflected in real terms, a drop of 40% on 1984.

Lagaay said the amount of work available had been slowing down for the past five years.

"Government accounts for 70% of all work tendered. Ever since 1981 this has been on a sliding scale, always down-

MICK COLLINS

wards. Government infrastructure spending has just about dried up."

He said while the insolvency rate for the industry was up, it had not risen dramatically.

"Small companies drift away from the tender scene into general construction and when times get better come back again."

Competition is fierce for the few contracts which come up for tender, with the result that little profits are being made.

"We are not optimistic — even for 1987. Civils right now is a worried industry," Lagaay said.

Another industry source predicted considerable difficulty when tenders picked up again.

"Highly-qualified people who have been retrenched or quit will have to be replaced. This will involve a huge training programme, the cost of which will have to be borne by the cash-less industry," he said.

BMW riding high with a DM300m profit

GERMAN car manufacturer BMW made a DM300m profit in its financial year to December 31, 1985.

Chairman Eberhard von Kuenheim said in a statement in Munich that orders received in the first four months of the present financial year rose 46%

compared with the corresponding 1985 period.

He said four-month sales were up 8% in the US, 42% in Japan and 12% in Europe. SA sales in the first four months were down 0,6% in a total car market which declined 17,9%.

FUN MAIL 6/6/86

CIVIL ENGINEERING

32

5. Another sinking

The recession in civil engineering has taken its toll of venturesome Cape-based Underwater Construction (UC). But, ironically, the development could breathe new life into the dormant Woodbridge Island project in Table Bay off Milnerton.

6. Darling and Hodgson (D & H), which previously held 51% control of UC, has bought the remaining 49% held by the family trust of founder Harry Fuchs. UC's operations are being rationalised within D & H's Group Five.

Former MD Fuchs has already stepped aside from day-to-day management. He declines to disclose the price paid for the trust's holding, but says he's happy.

There was no alternative to the sale, he explains, because little marine work of any consequence is likely in SA for at least two years, and Group Five (which duplicates some of UC's services) would not have been able to rationalise as long as he remained a minority shareholder.

"The whole civils industry is suicidal and we were no exception," says Fuchs, who started his business career as a crayfish diver with Sunpak MD Tubby Gericke.

Founded by Fuchs 20 years ago, UC employed some 600 workers on marine projects, including the Koeberg nuclear station breakwater, the Richards Bay harbour and piling for bridges along the Garden Route and on the cyclone-damaged Umfolozi bridge in Natal.

But UC's demise is likely to have an impact on the proposed R65m Woodbridge Island prestige housing scheme, postponed last year by 50-50 shareholders Fuchs and D & H when the bottom fell out of the new-housing market.

Fuchs won't confirm that negotiations are in progress, but speculation has it that he intends to go it alone on the unique project, which is known to be one of his great interests. It was also evident at the time that he was not wholly in favour of the decision to delay the development, and he still feels the island offers great potential, particularly if the Group Areas Act is scrapped. ■

Meagre pickings for civil engineering firms

By Frank Jeans

The man who tells the story like it is and doesn't brush the facts under the carpet — particularly when it comes to the disastrous effects of recession — might well be criticised for "painting gloomy pictures" which do little to help the state of business and industry.

For about two years, Mr Kees La-gaay, executive director of the South African Federation of Civil Engineering Contractors (Safcec) has had the unenviable job of reporting regularly on this sector of construction — reports which have made dismal reading of plunging workloads and values.

Now Safcec has brought in the views of members themselves which endorse the persistently chronic situation in the industry.

A recent survey resulted in a good response from 125 "civils" companies which represent about 55 percent of the total number in the industry.

Forty percent of the respondents said work volumes were the same, while a meagre seven percent reported higher workloads.

"There was a very satisfactory response from members," says Mr La-gaay, "and the results which have been weighted according to the size of the respondents and show the percentages of the total industry reporting different conditions, are, therefore, considered to be representative of the industry."

Civil engineering's turnover last year totalled R2,6 billion, about R250 million up on the 1983 figure but when an inflation rate of at least 15 percent is taken into account, there has been virtually no rise at all.

The slump, too, has taken its toll in the industry's workforce.

In February, 1985 there were 100 000 workers in civil engineering. Since then there has been a steady decline (May 1985: 98 000 August 1985: 93 000) to a low of 88 000 in February this year.

CMGM HOSTELS

Group Five company, CMGM is among the Anglo American contracts these days.

Its Transvaal division recently completed a R4,2 million rail line project at Saaiplaas Mine and now has secured a R3,7 million order by Anglo American Property Services for the civils work on 28 hostels at the HJ Joel Mine south of Welkom in the Free State.

OYCON DOES WELL

In the past two months, the Cape-based Oycon group has won new work with a total value of R41 million.

The new contracts include a R12 million hospital at Mitchells Plain and the civil work for the new Premier mill at Vereeniging, a job valued at R10 million.

Mr Jan Kaminski, an executive director of Oycon, says he is confident of winning three further contracts with a combined value of R7 million.

Blacks as engineers

A DRIVE to attract black students to engineering is to be launched next month.

Brainchild of Huw Phillips, professor of mining engineering at Wits, the project will coincide with the Electra Mining exhibition in Johannesburg.

"Blacks account for 18% of graduates but in engineering the figure is only 3%. We have yet to see the first black mining engineer."

Lack of white applicants was also causing concern.

"Mining engineering is often perceived as offering poor working conditions in comparison with other professions. It is unfortunately viewed by many as being dangerous and unpleasant," said Phillips.

His department is joining other disciplines within the university's faculty of engineering to promote careers in the field for the first time.

Electra Mining is being staged from September 15 to 19.

15/11/85 BUREAU: (33) 32

Roads keep civils on track

SOME substantial national and provincial road contracts, likely to be awarded to civil engineers within the next few months, should compensate for the lack of work this year from major clients such as South African Transport Services and Escom.

Only 60 contracts were recorded by the SA Federation of Civil Engineering Contractors

Property Editor

(Safcec) during July but, partly due to a R38m national road contract, the total value of these contracts reached R115m.

Contracts awarded during the first seven months of the year were between 5% and 10% up in real terms on figures for the same period in 1985.

BUSINESS

Roads boost for civil engineers

JOHANNESBURG - A R38 million national road contract greatly helped in raising the intake of civil engineering contracts during July to a total of R115 million -- "fairly respectable by today's standards of generally much reduced flow of new work."

The South African Federation of Civil Engineering Contractors (SAFCEC) says that only 60 new contracts were reported to it during the month.

New contracts in the first half of last year were at a particularly low level, but picked up in the second half, mainly on the strength of the large 1985 construction and rehabilitation programme of the National Transport Commission.

"It is, therefore, at least gratifying that contract awards during the first seven months of this year although not matching the tempo of new contracts in the second half of 1985, were between 5 per cent and 10 per cent up -- in real terms -- on the figures for the corresponding period of 1985," SAFCEC says.

"A number of substantial national and provincial road contracts is expected. Tenders have already been invited and it is understood they will be awarded in the next few months. The new work should not cause con-

struction activity to accelerate during the latter part of 1986, but it should compensate for the nearly complete absence of new work this year from other major clients such as South African Transport Services and Escom, who have severely cut their capital expenditures programmes.

"On balance, it is hoped that the tempo of work, which has dropped by 30 per cent over the last four years, will stabilise this year," SAFCEC says.

Meanwhile, STC (SA) Limited, a member of the Altech group, has signed a R30 million contract with the South African Transport Services (SATS) for the supply and commissioning of a multilink digital microwave radio system for South Africa. Supply dates and commissioning periods are geared for section handovers from early 1987 to the end of 1988.

The main equipment is a 34 mbit/s 1,7 to 2,3 ghz digital radio system with associated pcm multiplexing equipment. This will provide up to 480 speech channels (or data circuits) over radio links covering 10 main sections in a country-wide (railways) network.

The project has been awarded to STC on a turn-key basis and will include the supply and

commissioning of ancillary equipment such as solar arrays, power equipment and supervisory equipment.

STC will locally manufacture the digital microwave equipment at its recently completed R18 million microwave facility in Boksburg. The new facility is completely self contained under one roof from goods receiving to final testing and despatch.

Local manufacture of microwave equipment in the 2 and 6 ghz bands for both SATS and the post office in 1987/88 is currently forecast as being in excess of R30-million and procurement of material is being processed to meet the requirements from local and other manufacturers.

STC is confident of achieving a local content in excess of 60 per cent by 1987/88 with local manufacture of all metal and plastic parts, printed circuit boards, thick and thin film hybrid circuits, shf circuitry and parabolic antennae, a first in South Africa.

The pcm equipment for the SATS will also be made locally at the company's Boksburg factory.

STC is the largest telecommunications arm of the Altron Group which has sales of more than R1-billion-a-year and employs 14000 people country-wide. -Sapa

Civils sector gets a lift

Industrial Staff

SEVERE capital expenditure cuts by Escom and SA Transport Services (Sats) continue to hit the civil engineering sector.

But all is not gloom, says the South African Federation of Civil Engineering Contractors (Safcec).

Contracts for July totalled R115m, which, a spokesman says, is "respectable by today's standards of a much reduced flow of new work".

A national road contract worth R38m helped to improve the July position but a total of only 60 new contracts was reported for the month.

The first half of 1985 was highlighted by a low in new contracts

but the tempo picked up in the second half with the influx of large construction orders from the National Transport Commission.

"It is gratifying that contracts during the first seven months of this year were between 5% and 10% up — in real terms — on figures for the corresponding period of 1985."

Some provincial and national road contracts are in the offing with tenders already invited.

"It is hoped that the work level, which has dropped by 30% over the past four years, will stabilise this year," the spokesman says.

Decline evident in approved plans for homes

THE value of building plans passed nationwide for houses rose 17,4% in June, compared to May.

This is an apparent deceleration in the rates of increase since May when the rate was 29,3% after the 44,9% of April.

Figures released by the intelligence and research unit of the South African Federated Chamber of Industries show the June rate is lower than the average increase for the first six months of 1986 of

23,7%.

The value of plans for other buildings passed declined by 22,8% in June, bringing the value of all building plans passed for June down by 10,4% if compared with June 1985.

On average the value of all building plans passed for the first half of 1986 was 13,6% lower than in the first half of 1985.

The value of dwelling houses

completed in June increased by 1,7% which is an improvement on the decline of 16,6% of May and that of 6,5% of April.

An average decline of 7,3% was recorded for the first half of 1986.

The value of all buildings completed in June increased by 10,9% which is a considerable improvement from the decline of 22,7% of May.

This brings the average increase for the first half of 1986 to 2,4%.

BUILDING STATISTICS

	Month: June			Total: January to June		
	1986	1985	Change	1986	1985	Change
	R'000		%	R'000		%
Building plans passed						
Dwelling houses	127 455	108 609	17,4	779 790	630 405	23,7
Other	188 072	243 506	-22,8	1 209 758	1 671 896	-27,6
Total	315 527	352 115	-10,4	1 989 548	2 302 301	-13,6
Buildings completed						
Dwelling houses	116 695	114 756	1,7	631 142	684 390	-7,8
Other	218 933	187 907	16,5	1 231 191	1 135 084	8,5
Total	335 628	302 663	10,9	1 862 333	1 819 474	2,4

MICK COLLINS

in October 1982 for R489 000 of their own capital. Makins says the objective was to establish a company with two basic investment strategies: to buy inherently sound, but loss-making businesses at discounts to net worth, and to secure exclusive distributorships for products previously established, but not achieving full potential.

According to the scheme of arrangement, with effect from June 1 1986, Valard's shareholders acquire a 63,6% stake in Field from holding company Avenfield for R1. And, effective from April 1, Field acquires the entire issued share capital of Valard for R7,5m, to be settled by the issue of 37,5m Field ords. Valard is only keeping Field's distribution division. All subsidiaries and the aviation and rubber division are going to Avenfield for R1,796m, and Field's borrowings will be reduced by R6,4m to R1,6m, cutting its gearing to 0,58 from 3,43 at end-December 1985.

Excluding Field, Valard today has assets of R14,5m and owns seven companies, manufacturing and distributing products including generators, bearings, pumps, survey and bio-medical equipment, pneumatic and hydraulic cylinders, and marine engines. Turnover — 55% comes from the mining industry — is projected at R25m for 1987, up from R20m in 1986, and from R680 000 in the first six months of operation. On the historic performance, operating profits of over R3m are expected for the year to March 1987.

Makins tells me the aim was to build a group achieving above average returns and which could be listed on the JSE. The purchase of Field's distribution division was seen as an effective route, partly because of the recovery potential. Valard's management believes Field's problems stemmed from its diverse range of peripheral products, weak accounting controls, inadequate monitoring of service from suppliers, and inept management. Former MD Roland Woodcock and chairman Lawrence McCrystal have left; the latter is the new chairman of the Board of Trade and Industries.

Makins says that suppliers which were considered unsatisfactory were shed, 50% of the administrative and sales staff were made redundant, customer lists were rationalised, and unnecessary stock was sold, often at discounts. Branches have been trimmed from 10 to three, with operations now centralised in the PWV. Makins contends the company will "progress at a more than satisfactory rate in the future." Valard expects to pay a dividend of R500 000 for the year to March 1987. A profit sharing scheme is operated, and Makins contends that financial reporting standards are rigorous, expected 10 days after the month-end. Valard's present gearing is an acceptable 50%.

Valard aims for organic growth funded internally, so a conservative dividend cover of 2,5 to three times is targeted; a maiden dividend was paid this year. Makins does not rule out a rights issue in future to finance acquisitions.

Mark Ingham

VALARD/FIELD

Growth plans

Engineering group, Field Industries, is apparently looking at a turnaround following its proposed takeover by investment holding company, Valard. However, assuming the deal goes through, Field's present activities will only be part of a larger group. David Makins, MD of the currently unlisted Valard and one of the three controlling shareholders, says the intention is to move companies now owned by Valard into Field, which will change its name to Valard.

Valard at present is managed and 82% controlled by three shareholders: Makins (sales and marketing), Stephen Connelly (finance), and Simon Nash (technical). They bought Valard as a dormant company

credence with the recent despatch overseas of two heavyweight executives.

LTA splits its income statement into profit categories for continuing and discontinuing operations, and extraordinary items. This technique is sometimes criticised because it tends to soften the impact of losses. Wood contends, though, that this reporting method provides analysts with vital information for assessing future profitability. In the year to March

1986, he says, "we tried to depict three levels of danger pertaining to offshore operations."

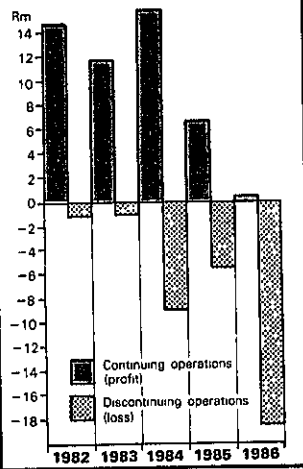
On the first level, the board was telling shareholders they could reasonably expect offshore losses to total R18,6m (shown as losses on discontinued operations). On a second, they were warning that LTA risked losing another R28,5m if overhead expenses remained on budget overseas. But virtually no cash comes in (shown as an extraordinary write-off).

Finally, another R6m was transferred to a non-distributable reserve, depicting remaining losses overseas "if absolutely everything goes wrong."

Back home, LTA appears to have made little progress in its dispute with the Soweto councils (Soweto, Diepmeadow, and Dobsonville) over the electrification contract. Wood is tight-lipped on the subject. He contends that negotiations are at a delicate stage, and he wouldn't like to undermine the little progress that has actually been made.

Insiders believe that LTA encountered a chaotic situation in Soweto. The group would lay down cables, only to have them severed a few days later by one or another sub-contractor laying down ditches in the opposite direction. Most contracts carry variation clauses, which are costed separately to the client. But

Profits crumble



the Soweto contract ended with over 2 000 variations — which someone has to pay for. Wood refused to confirm these claims, but he did say, "We were not entirely blameless in this affair."

At end-March, group debt was somewhat high at R43,9m, which translates into a heavy gearing ratio of 110% despite the balance sheet having been strengthened in January, when property worth R45,4m was sold into a joint finance com-

pany.

Nonetheless, LTA is in the throes of a rights issue of pref shares to raise R26,4m, which will enable it to reduce gearing to more comfortable levels. The prefs are convertible between 1987 and 1992, but before that happens, they still need to be serviced at 10%, partly negating the short-term benefit to cash flow. Most of these prefs will be taken up by LTA's parent, Anglo American Corp. It is the first time since 1972, Wood hastens to point out, that Anglo has needed to inject funds into its construction subsidiary. At operating level, LTA expects to break even this year after accounting for finance and other costs. Below-the-line losses should be largely out of the system, says Wood, although further close-down losses cannot be ruled out if trading conditions deteriorate further.

Of LTA's four main divisions, earthmoving (accounting for 65% of turnover) is expected to perform best. This division, relying heavily on government spending on roads

and infrastructure, is sitting on a good order book, Wood says. He is also satisfied that the work taken on will be executed at acceptable margins.

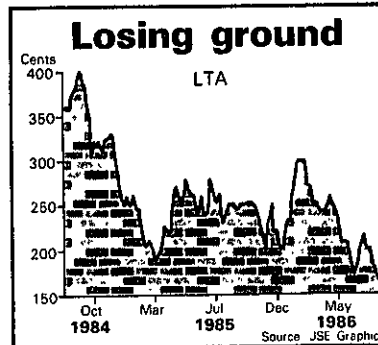
The civil engineering division, however, is showing little signs of picking up, although it should break even. Cost-cutting has been heavy in this division, taking account of the steady decline in the market over several years. "The large projects of the late Seventies, involving the likes of Escom, the Saldanha railway, and Sasol, are a thing of the past," Wood laments. "It's difficult to see what will replace them." To many, even Mossel Bay now seems a millenium away.

Wood's prognosis for general construction is equally grim. The conventional work such as hotels and office buildings all seem to have been built; we are at the end of an office boom; and once again "it is difficult to see what will replace them."

The engineering services company, Steeldale, feeds heavily on construction, and consequently is struggling with low margins and turnover, although it "remains profitable." It is in the market for mass housing, however, that conditions remain buoyant. And here LTA is operating at reasonable capacity; and if government does indeed push through its stimulatory package of accelerated black housing, LTA will doubt-

less take its slice.

Although shareholders should not expect a major return to profits this year, the group would look a great deal healthier if part of the mountain of cash owing to it by Soweto and the offshore debtors begins to flow in. In that happy (but uncertain) event, the potential savings in finance costs will make the share worth another serious look. Until then, LTA still seems far from attractive even at the current low of 175c. *Neville Glaser*



32
22 / 8/86

Another day older . . .

32
FIN MAIL
22/8/86

LTA's faltering trade record reflects a recent history of ill luck and bad judgment — although the relative proportions are hard for the outsider to gauge. While accepting that LTA trades in a tough building environment, some of its larger projects have gone so radically wrong that one does begin to wonder if, perhaps, it takes chances at which others would balk.

There is the offshore expansion, which, although based on sound principles of diversification, has cost the group so dearly. And, locally, the ghost of the disastrous Soweto electrification contract returns annually to haunt the group's financial reports. LTA has still to receive a great deal of money on this major contract, although three years' work went into it and R12m has already been written off — still only a fraction of the total owing. But while LTA and the three Soweto councils battle out of court to settle the (never explained) dispute that led to non-payment, it has had to provide bridging finance from its own resources; and from this has come rising group debt, and spiralling finance costs.

In local engineering and building markets, LTA has an aggressive and respected presence. In a very tough environment last year, it reported operating profits of R11,6m on turnover of R986m in local operations (a paper-thin margin of only 1,2%). Hefty finance costs slashed these profits to R215 000. But the real damage appeared lower down the income statement, where losses from discontinued offshore op-



Colin Wood

LTA has taken a beating over its involvement in the electrification of Soweto, and its offshore projects. But with hotels and offices stagnant, there are even more downside factors. Mass black housing holds out some hope.

erations amounted to R18,6m, and a further R28,5m extraordinary write-off was made against further potential offshore losses.

The extent to which these losses eroded reserves is shown in the fall in net worth per share — down 54% from 631c to 290c. The share price followed suit, dipping 42% this year to 175c.

In March 1985, Colin Wood took over as group MD after Michael Ridley retired. Wood's objectives seem clear: he needs to extricate the group from overseas markets; negotiate a settlement of debt with the three Soweto councils; and find ways of reducing

LTA's heavy debt load, while ensuring that the group at least breaks even, preventing a greater erosion of reserves.

As far as its offshore interests are concerned, LTA is employing the ancient military discipline of orderly retreat. The offshore operation will be steadily run down, says Wood, "but this could take a long time, because there are contracts to complete, and we don't intend to withdraw completely." The Australian operation will be shut down, though, following some bad experiences

in that country.

The Australian subsidiary landed three major contracts in Brisbane last year, all around the city's airport. However, things began going wrong when the cricketing row broke, and Australian Prime Minister Bob Hawke was harangued by the press for acting against sporting ties with SA, while leaving the two countries' business connections untouched.

Hawke immediately responded by moving against South Africa's businesses in Australia, and LTA was the first he hit. Two contracts were taken away from LTA and put up for re-tender, leaving it with only one Brisbane airport contract which — without the benefit of economies of scale that three contiguous contracts would have provided — proved a lossmaker. To date, LTA has written off some R8,5m in Australia.

All of which is explicable. But what went wrong with LTA's other offshore interests, where the bulk of losses occurred? When LTA began looking overseas 10 years ago, Wood says, "it seemed the right decision then, because we realised we would eventually run into a shortage of work in SA, and we needed to diversify."

Instead of moving into new local markets that were unfamiliar to group management, LTA chose to stay with its core business, while reducing operating risk by trading in the different economic cycles of a number of countries. The strategy seemed at first to work, because oil markets were booming and building projects were proliferating in oil-rich countries.

With oil revenues drying up, Europe's heavyweight contractors began looking for work at home, and LTA's offshore companies found themselves in a competitive war for new business. The fact that LTA's foreign companies were remote-controlled from SA could not have improved their competitive edge either — a view that gains

BLACK TOWNSHIPS

FIN/PAK
22/8/86

32

Opportunity knocking

The huge black township proposed for a site near Midrand may be a hot *political* issue, but for developers it could well be opportunity knocking.

The lack of suitable land for black housing has long been a problem for homebuilding companies with interests in the black market. Private sector involvement to date has been aimed mainly at the mid- to upper-end of the scale.

The creation of an upmarket black township, creating less of a security risk, could also open the way for the development of shopping centres and other support facilities.

Understandably, however, Norweto (as the scheme is being dubbed) has its critics — not least among them property owners on the peripheries. The complaints are standard — unsaleable properties, fears of a ghetto on the doorsteps and concern that values generally will fall in the surrounding areas.

Roodepoort town clerk Werner Zybrands disagrees. Because the new development borders his city, he has spent time previewing the proposals and concludes that the situation is not as bad as some make out.

For one thing, he sees it becoming an upmarket development to which the more successful blacks will be attracted from Soweto. As such, it is unlikely to become a slum.

Another of the expressed fears is that the new township will become a smog generator which could render nearby Lanseria airport unusable. Such concern, he believes, is unfounded.

"My understanding," says Zybrands, "is that the new black township will be fully serviced with electricity. That will obviate the problems experienced by residents near townships such as Alexandra and Soweto."

But the Lanseria problem continues to worry townplanner Fanie Haacke who was involved in the design and construction of the airport. He frets that not only will the smog hinder air traffic, but the proximity of the township could provide a security risk.

Pieter Rossouw, chairman of government's Guideplan Committee which recommended the site, tells the *FM* that his committee has made no recommendations on how the site should be developed. It will be up to Constitutional Development and Planning Minister Chris Heunis to decide whether or not the land should be used for government housing or for development by the private sector.

The latter course, however, seems to be the odds-on favourite, particularly since Heunis has repeatedly tried to draw the private sector into greater involvement in the provision of black housing.

However, the 60-day limit given the private sector to comment on the proposals is simply not sufficient, says SA Property Owners' Association (Sapoa) director Peter Erasmus. After all, he points out, the government committee has been sitting on the proposals for years now.

He also believes that the private sector should have been represented on the committee.

He says the plans have been based on what appear to be 1982 statistics, which are already out of date.

Sapoa also objects to the "rigidity" of the guideplans which will have statutory effect once they are accepted by government. The plan, he says, should be more flexible and sketched in "broad strokes," rather than precise pencil lines.

Furthermore, he reckons the plan should be a recommendation, rather than a hard and fast blueprint.

But options remain open. Rossouw says that once the comments are in, it will be up to Heunis to decide whether or not to appoint an investigating committee to sift through them and make recommendations. This was done in the case of Pretoria, but not Bloemfontein. Then the Administrator of the Transvaal will have to add his comments before the proposals go to Heunis for a final decision.

Should government opt for the involvement of the private sector, says Rossouw, it is likely that the land will be dealt with in much the same way as a normal (white) township application.

The whole process, he believes, could take up to a year.

Bester switches to private housing

24/1/86 SUN AMES 32

BESTER Homes has switched its emphasis to building individual houses, but it will remain in large-scale housing projects and the construction of commercial and industrial buildings.

Managing director Willem Bester says: "For the time being, the days of large-scale housing projects, such as at Secunda, are over. We will extend the advantages of economy of scale and our building expertise to the individual buyer."

Bester has a series of plans for "affordable" houses, aimed primarily at first-time buyers throughout SA. Up to 100m² in size and selling for about R400/m², potential buyers qualify for a Govern-

By Udo Rypstra

ment subsidy.

Bester hopes to build at least 5 000 of these houses in the next 12 months in areas where it owns property.

Tuckers

The offer is initially available only to present and future owners of land acquired from Besters. In addition to the thousands of erven developed by Bester in the past few years, it has more than 7 000 proclaimed and 26 000 proposed stands being developed, making it the biggest private developer in SA.

Most of the erven are situated in the Pretoria-Witwatersrand-Vereeniging area and include land taken over from Tucker Holdings. Bester is also developing

sites in other cities except for Port Elizabeth where demand is minimal.

The company employs, directly or indirectly, more than 11 000 labourers.

Mr Bester says market research indicates that the most popular price range is R45 000 to R65 000, including the cost of a stand. Apart from the variety of plans available, buyers may select from a range of internal fittings and fixtures.

Mr Bester says the company is still involved in large-scale housing in Durban and Soweto and has made submissions for the proposed Blue-Downs scheme for a black city next to Mitchell's Plain in the Western Cape.

CMC Times 25/1/86

(32)

Group 5 results show R15,6m loss

Own Correspondent

JOHANNESBURG. — Group Five sank into deeper trouble in the first half of 1986, suffering a total loss of R15,6m, and it is closing down all non-construction activities.

The interim results

make grim reading, reflecting huge provisions for losses on the potential buy-back of properties and for a potential loss on its group share incentive scheme.

The result was a loss of R9,6m before extraordinary items, which accounted for a further loss of R5,98m in the six months to June. Current liabilities outstrip assets by R15,5m.

Benefits

Shareholders' interest and deferred tax benefits have been almost halved to R25,1m (R49,8m in the 1985 half-year).

Net asset value has been reduced to 188c a share from 304c at the end of December 1985.

Group Five's turnover on continuing operations declined by 20,4% to R187,4m (R235,3m), while turnover on discontinued operations fell to R14,9m (R15,5m).

Directors say it was only with considerable effort that losses from construction activities were able to be contained at R643 000 (R3,2m

profit in the 1985 half-year and a R366 000 loss for the full 1985 year).

The loss on discontinued operations amounted to R1,7m and a provision of R7,3m was made for losses on the potential buy-back of properties.

Financial costs on operations were reduced, but extraordinary losses on discontinued operations accounted for R3,5m, while R2,5m had to be provided for the potential share incentive losses.

The marine division, Underwater Construction, was closed down because of its lack of prospects, the group's 50% interest in Felbitem was sold and non-construction operations were sold, closed down or will be discontinued shortly.

However, the basic infrastructure has been preserved for an upturn. Group Five will concentrate on its core activities in construction and civil engineering.

Am. Times
25/1/86

R15m (32) contract for LTA

Own Correspondent

JOHANNESBURG. — LTA has been awarded a R15m contract for the construction of three hotels on the Comore Islands.

Chairman Peter Bold of developing company Tekton Building Systems (TBS) said it was selected because of its extensive experience in off-shore operations.

The Industrial Development Corporation has loaned R20m for the project and R7m in equity capital has been put up by the Comorian, British and French governments and TBS.

Difficulties

Special difficulties which have to be overcome were the absence of an harbour which will require that LTA use a landing craft to offload plant, equipment and materials.

The first shipload of R1m worth of equipment and materials leaves Durban this week.

Three new hotels are to be built Bold stated and a fourth is to be refurbished.

He said the project was part of an attempt by the Comores — one of the 10 poorest countries in the world which relies on development aid for about 50% of its food requirements — to achieve a measure of independence.

Bold said he hoped the enterprise would be completed by December 1987.

25/8/86

BUS DAY

32

Building: little benefit from R400m

THE building sector has expressed disappointment that the R400m allocated by government for utility companies will not directly benefit the organised building industry in a meaningful way.

Building Industries Federation of SA (Bifsa) executive director Lou Davis said: "The industry is labour intensive and could act as a catalyst in getting the wheels of our economy turning more rapidly.

"This would bring at least

MICK COLLINS

some relief to the recession." However, he said, the R350m allocated for housing and job creation must be welcomed as the building industry had, during the past year, played an important role in job creation.

Davis said: "The industry is dependent on labour and at least some of the jobs that will be

created in this sector may assist people to learn new skills and be more adequately trained for the building boom that must recur.

"The people we have employed under the job creation programme during the past year will certainly be able to find some employment when housing projects start taking shape."

Davis said the housing shortage was a critical issue which

required action.

He said: "The most urgent task for the private sector is to ensure that the utility companies or trust funds begin operating rapidly so that real progress in solving the housing crisis can be made.

"The last thing we need is another bureaucracy, or lumbering white elephant, which is going to waste valuable time."

Bus Dev. 28/8/86
32



• DURR

Housing projects 'waiting for cash'

MICK COLLINS

GOVERNMENT has identified a number of housing and development projects that will begin as soon as cash is available from the recently-announced R750m stimulatory package.

Deputy Finance Minister Kent Durr said this yesterday at the opening of Interbou '86 in Johannesburg. He added that these projects included site development and the provision of services such as water, lighting, recreation facilities and homes for the aged.

"These projects will be completed in six-to-nine months and will provide a lift for the building industry. About R350m of the R750m will be allocated for this purpose and more than half of that sum will go to the area of greatest need — housing for black people."

Durr said urbanisation should be seen not as a problem but as a

great opportunity. "The most important factor in the economic growth of SA over the closing decades of the twentieth century will be the growth of the black urban population.

"By the year 2000, the total urban population of the country will have doubled to more than 30-million, with the black component having increased from 9-million in 1980 to about 21-million — an annual growth rate of 4.4%.

"This means that 63% of blacks will be living in urban areas — with greatly increased spending power."

Durr said the Bill now before Parliament sought to pave the way for private township development. The number of regulations in this sector had been sharply reduced, he said.

Building upturn in Pietermaritzburg

NATAL HERALD

27/8/86 32

Property Editor

BUILDING activity in Pietermaritzburg has turned the corner with a marked increase in the value of plans passed in the past three months.

Private residential, commercial and industrial plans approved increased 44% to R23 million in the three months to the end of July compared with R16 million in the same period last year.

Total plans including Government, Provincial and municipal projects in the city, trebled to R45 million. Even if the R22 million Symons Street bus station plan is excluded, there is still a marked upturn in the three-month period.

Private sector plans in July totalled R9.6 million compared with R6 million in the same month in 1985.

Most of the residential plans were for Indian-owned homes and also include a R1.5 million retirement vil-

lage in Chase Valley Road and manufacturing premises worth R2 million.

Commercial plans are still relatively subdued with only four projects worth R630 000 in July.

Ron Glaister, convenor of the housing group in the Pietermaritzburg 2000 strategic planning project, says the upturn will give the building sector a shot in the arm.

The value of projects completed in the municipal area was only R28 million for the first five months, which is well down on activity last year, he said.

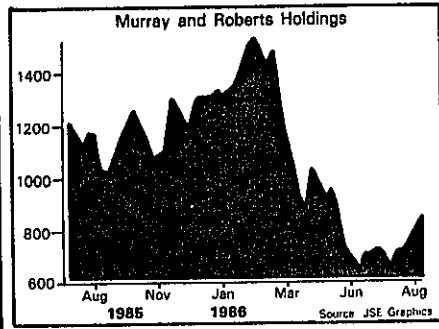
I think we have now turned the corner and when we start to realise the real potential in the greater Pietermaritzburg area, particularly in the provision of low-cost housing, we can expect to sustain the general recovery of building activity.

M & R

32 FWN MML
Winching up 27/8/86

The Murray & Roberts (M & R) share price has bounced off the bottom, rising from R5,80 in June to R8,30 last week. Analysts say the bounce-back is due to expectations about M & R's part in the Lesotho Highlands Water Scheme, and the belief that M & R overstated the problem when it an-

Looking up



nounced a R35m setback since interim. The share price faltered slightly on Monday's news that the planning stage for the Mossel Bay gas project will take longer than expected and will only be complete after 1987.

Speculation about a rationalisation of activity with the other construction giant in the Sanlam stable, Darling & Hodgson (D & H), has also been rife. This has been denied by both Sankorp MD Marinus Daling and D & H chairman George Clark although both agree the companies would be a good fit. M & R CE David Brink says: "Gencor is in the process of trying to sort out D & H and we certainly had a look to see whether we could play any part in that, but nothing has come of it."

Clark says while a rationalisation might seem to make sense, "D & H has enough of its own problems to sort out without looking at a merger. If you look at the areas where there is synergy, for instance in the construction activities of Group Five and M & R, a merger would result in the closure of some operations and right now I don't feel like firing more people. We have done enough of that already." Staffing at the D & H group has almost halved in the past two years — from 33 400 people in 1984 to 17 700 at the end of 1985. M & R has reduced its staff from 70 000 in 1982 to 58 000 in December.

Clark says: "Diversification has been a disaster for both groups. If you take away the burden of our group's diversification, our construction activities are bumping along at break even, so we would rather not close anything now."

Both D & H and M & R are busy with programmes to return to their core businesses and rationalise elsewhere. M & R has slimmed down from seven operating subgroups to four, while D & H has sold its coal business to Trans-Natal and announced that Group Five will move out of all non-construction business.

Rights issue

M & R had a R74m rights issue in November and Daling agrees that a rights issue "must be a possibility" at D & H — the group needs to rectify a balance sheet with debt of R148m in December and a debt:equity ratio of 1,20. D & H, which slumped into a R16,8m attributable loss in the year to end-December, is expected to turn profitable this year as forex losses should not recur and a lower interest bill is expected, due to lower rates and the reduction of debt via the R23,6m sale of its coal division.

M & R, which at the time of its interim report in March told shareholders that attributable earnings for the second half would be about equal to the R11m achieved in the first six months, three months later announced "setbacks" amounting to about R35m. But some analysts believe the group was being conservative and overstated the problem — they say the loss will be about half that and expect the group to break even.

Preliminary results are expected in the third week in September.

The delays at Mossel Bay may continue to overshadow M & R's profit potential, but the share price could move up again once SA and Lesotho sign the treaty to go ahead with the Lesotho Highlands Water project.

M & R is ready to take a large role in the project, which is expected to generate multi-million rand contracts for road building, civil engineering and dam construction. Brink believes most of the work will be done by South African companies as most of the financing is South African. He says there are compo-

nents of the project which will benefit only Lesotho. One such example is the electricity generation project which is expected to be financed by the EEC or the World Bank, and will result in greater foreign participation on the construction side and in the provision of equipment.

Kerry Clarke

**Court
order
against
building
firm**

Court Reporter

A BUILDING supply firm with liabilities of R1 151 000 has been placed under provisional liquidation by Mr Justice Zietsman in the Port Elizabeth Supreme Court.

Builders' Warehouse (Pty) Ltd was placed under a provisional winding up order on application by Aubrey Bredell (Pty) Ltd.

According to Mr Clive Robertson, Builders' Warehouse had assets of R887 000 and liabilities of R1 151 518.

Its director, Mr Rory Riordan, said the company could not pay its debts.

The return date for the order is September 23.

Mr René van Rooyen (instructed by Price, Soni and Friedman) appeared for Bredell.

Building company is liquidated

Dispatch Correspondent

PORT ELIZABETH —
The Port Elizabeth
branch of Builders'
Warehouse was provis-
ionally liquidated be-
fore Mr Justice
Zietsman in the Su-
preme Court here yes-
terday.

According to papers
brought before the court, in an
urgent application
brought by Aubrey Bre-
dell (Pty) Ltd, the build-
ing supply firm has li-
abilities of R1 151 518.

Mr Clive Robertson
said in an affidavit that
Builders' Warehouse
had assets of R887 000.
The company's director,
Mr Rory Riordan, ad-
mitted the firm was un-
able to pay its debts.

The company will con-
tinue trading until Sep-
tember 23, when an ap-

plication for final
liquidation will be
heard.

15 jobs are in jeop-
ardy.

Mr Riordan, a contro-
versial civil rights cam-
paigner, said the East
London and Grahams-
town operations—which
were trading profitably
— had not been affected
by the Supreme Court
order.

The company was
launched three years
ago, at the beginning of
a building slump. Mr
Riordan said attempts
were being made to sal-
vage the company.

He is the employer of
the "missing" spokes-
man for the Port Eliza-
beth Consumer Boycott
Committee, Mr Mkuseli
Jack.

DD



2/9/83

32

consistently stated that it will implement United Nations Security Council Resolution 435 (1978) provided an agreement can be reached on the withdrawal of the Cubans from Angola.

(b) It is South Africa's position that the people of South West Africa/Namibia should themselves decide on their constitutional future in circumstances of peace and security. Consequently it is unacceptable that the future of South West Africa/Namibia should be determined through violence as advocated and practiced by SWAPO backed, amongst others, by some 40 000 Cuban troops stationed across the border in Angola.

The Government realises that the people of South West Africa/Namibia, cannot wait indefinitely for their independence. Should it therefore eventually become evident that no possibility exists to achieve an agreement on the withdrawal of the Cubans, all the parties most directly involved in the present negotiations will have to consider how the Territory may achieve independence which will be internationally acceptable.

The South African Government is continuing to work for an internationally acceptable independence for South West Africa/Namibia. It will continue to search for a reasonable formula for Cuban withdrawal from Angola. In this regard, the hon the Leader of the Official Opposition is referred to a letter which I addressed to the Secretary-General of the United Nations on 28 July 1986 and of which a copy will be made available to him.

Her River Mountain railway tunnel

*3. Maj R SIVE asked the Minister of Transport Affairs:

- (1) (a) (i) What is the most recent estimate of the cost of completing the Hex River Mountain railway tunnel and (ii) in respect of what date is this

information furnished and (b) (i) what was the original contract price of constructing this tunnel and (ii) when was the original contract price agreed upon;

(2) whether there have been any delays in the completion of this tunnel; if so, (a) what was the cause of the delay in each case and (b) what has been the effect of these delays on the completion date of the tunnel;

(3) whether any dispute has arisen between the South African Transport Services and the company contracted to complete the tunnel; if so, (a) when, (b) what was the (i) cause and (ii) nature of the dispute and (c) what action has been taken to resolve this dispute;

(4) whether the dispute has been resolved; if not, when is it anticipated that it will be resolved; if so, (a) when, (b) how and (c) what agreement was reached with the contractors regarding the matters in dispute;

(5) whether he will make a statement on the matter?

The MINISTER OF TRANSPORT AFFAIRS:

(1) (a) (i) R73 017 000,00.

(ii) July 1985.

(b) (i) R26 770 082,00.

(ii) 13 August 1980.

(2) Yes.

(a) A dispute between S.A. Transport Services and the contractor.

(b) A delay of between 2 1/2 to 3 years.

(3) Yes.

(a) During 1981.

(b) (i) and (ii) Underground conditions and the completion period.

(c) In terms of the conditions of the contract it is being settled by arbitration.

(4) No. The case has been placed on the Supreme Court roll for March 1987.

(a) and (b) Fall away.

(c) None.

(5) No.

Maj. R SIVE: Mr Chairman, arising out of the reply of the hon the Minister, can he tell us if work is still proceeding satisfactorily despite the dispute and when does he expect the tunnel to be finished?

The MINISTER: Mr Chairman, the work is still continuing satisfactorily under the circumstances in that problems are being experienced with the soil. I think it is possible that it will be completed by the middle of next year.

*4. Mrs H SUZMAN asked the Minister of Law and Order:

(a) How many persons have been detained in terms of section 28 of the Internal Security Act, No. 74 of 1982, since 12 June 1986 and (b) in respect of what date is this information furnished?

The MINISTER OF LAW AND ORDER:

(a) None.

(b) 22 August 1986.

Detainees

*5. Mrs H SUZMAN asked the Minister of Law and Order:

(a) How many persons have been detained in terms of section 29 of the Inter-

nal Security Act, No. 74 of 1982, since 12 June 1986 and (b) in respect of what date is this information furnished?

The MINISTER OF LAW AND ORDER:

(a) 132 persons.

(b) 24 August 1986.

Detainees

*6. Mrs H SUZMAN asked the Minister of Law and Order:

(a) How many persons have been detained in terms of section 50 of the Internal Security Act, No. 74 of 1982, since 12 June 1986 and (b) in respect of what date is this information furnished?

The MINISTER OF LAW AND ORDER:

I do not deem it in the interest of the public to furnish information of this nature.

Nyanga/Portland Cement sites
*7. Mr K M ANDREW asked the Minister of Constitutional Development and Planning:

(1) Whether persons whose dwellings were destroyed during unrest in 1986, will be allowed to rebuild their dwellings in the Nyanga Bush, Nyanga Extension, Portland Cement and KTC sites; if not, (a) why not, (b) what will be done with these sites, (c) who will be allowed to settle there and (d) who took the decision in this regard; if so, (i) when will such persons be allowed to begin building their dwellings and (ii) what assistance will be given to them by officials of his Department in the reconstruction and development of these areas.

(2) whether any effort has been made to establish the identity of the original residents of these sites; if not, why not; if so, (a) what has been done in

consistently stated that it will implement United Nations Security Council Resolution 435 (1978) provided an agreement can be reached on the withdrawal of the Cubans from Angola.

(b) It is South Africa's position that the people of South West Africa/Namibia should themselves decide on their constitutional future in circumstances of peace and security. Consequently it is unacceptable that the future of South West Africa/Namibia should be determined through violence as advocated and practiced by SWAPO backed, amongst others, by some 40 000 Cuban troops stationed across the border in Angola.

The Government realises that the people of South West Africa/Namibia, cannot wait indefinitely for their independence. Should it therefore eventually become evident that no possibility exists to achieve an agreement on the withdrawal of the Cubans, all the parties most directly involved in the present negotiations will have to consider how the Territory may achieve independence which will be internationally acceptable.

The South African Government is continuing to work for an internationally acceptable independence for South West Africa/Namibia. It will continue to search for a reasonable formula for Cuban withdrawal from Angola. In this regard, the hon the Leader of the Official Opposition is referred to a letter which I addressed to the Secretary-General of the United Nations on 28 July 1986 and of which a copy will be made available to him.

Hex River Mountain railway tunnel
29/8/86 WKN/SMA
3. Maj R SIVIE asked the Minister of Transport Affairs:

- (1) (a) (i) What is the most recent estimate of the cost of completing the Hex River Mountain railway tunnel and (ii) in respect of what date is this

information furnished and (b) (i) what was the original contract price of constructing this tunnel and (ii) when was the original contract price agreed upon;

(2) whether there have been any delays in the completion of this tunnel; if so, (a) what was the cause of the delay in each case and (b) what has been the effect of these delays on the completion date of the tunnel;

(3) whether any dispute has arisen between the South African Transport Services and the company contracted to complete the tunnel; if so, (a) when, (b) what was the (i) cause and (ii) nature of the dispute and (c) what action has been taken to resolve this dispute;

(4) whether the dispute has been resolved; if not, when is it anticipated that it will be resolved; if so, (a) when, (b) how and (c) what agreement was reached with the contractors regarding the matters in dispute;

(5) whether he will make a statement on the matter?

THE MINISTER OF TRANSPORT AFFAIRS:

(1) (a) (i) R73 017 000,00.

(ii) July 1985.

(b) (i) R26 770 082,00.

(ii) 13 August 1980.

(2) Yes.

(a) A dispute between S.A. Transport Services and the contractor.

(b) A delay of between 2 1/2 to 3 years.

(3) Yes.

(a) During 1981.

(b) (i) and (ii) Underground conditions and the completion period.

(c) In terms of the conditions of the contract it is being settled by arbitration.

(4) No. The case has been placed on the Supreme Court roll for March 1987.

(a) and (b) Fall away.

(c) None.

(5) No.

Maj. R SIVIE: Mr Chairman, arising out of the reply of the hon the Minister, can he tell us if work is still proceeding satisfactorily despite the dispute and when does he expect the tunnel to be finished?

The MINISTER: Mr Chairman, the work is still continuing satisfactorily under the circumstances in that problems are being experienced with the soil. I think it is possible that it will be completed by the middle of next year.

2481
29/8/86
4. Mrs H SUZMAN asked the Minister of Law and Order:

(a) How many persons have been detained in terms of section 28 of the Internal Security Act, No. 74 of 1982, since 12 June 1986 and (b) in respect of what date is this information furnished?

THE MINISTER OF LAW AND ORDER:

(a) None.

(b) 22 August 1986.

Detainees

*5. Mrs H SUZMAN asked the Minister of Law and Order:

(a) How many persons have been detained in terms of section 29 of the Inter-

nal Security Act, No. 74 of 1982, since 12 June 1986 and (b) in respect of what date is this information furnished?

THE MINISTER OF LAW AND ORDER:

(a) 132 persons.

(b) 24 August 1986.

Detainees

*6. Mrs H SUZMAN asked the Minister of Law and Order:

(a) How many persons have been detained in terms of section 50 of the Internal Security Act, No. 74 of 1982, since 12 June 1986 and (b) in respect of what date is this information furnished?

THE MINISTER OF LAW AND ORDER:

I do not deem it in the interest of the public to furnish information of this nature.

2482
29/8/86
7. Mr K M ANDREWS asked the Minister of Constitutional Development and Planning:

(1) Whether persons whose dwellings were destroyed during unrest in 1986, will be allowed to rebuild their dwellings in the Nyanga Bush, Nyanga Extension, Portland Cement and KTC sites; if not, (a) why not, (b) what will be done with these sites, (c) who will be allowed to settle there and (d) who took the decision in this regard; if so, (i) when will such persons be allowed to begin building their dwellings and (ii) what assistance will be given to them by officials of his Department in the reconstruction and development of these areas;

(2) whether any effort has been made to establish the identity of the original residents of these sites; if not, why not; if so, (a) what has been done in

BWD 2/1/86 (32)

Low-cost SA housing under the spotlight

THE provision of low-cost or affordable housing has become a focal issue for SA's property industry.

While it may once have been considered government's responsibility to provide for those who could not afford to house themselves in the conventional market, it has now been realised both public and private sectors will have to pull together to tackle the problem.

The subject has to be approached from a number of angles — the size of the market, different construction methods and financing of schemes. This analysis requires the adoption of a fresh approach to various aspects of the problem, a willingness to changing standards and abandon preconceptions.

By now it has generally been accepted white SA housing standards are too high, even at the lowest income level. Enforcing housing standards that are too high prevents ownership, or at least decreases ability to pay for other goods and services.

It has also been acknowledged these high Western standards cannot be imposed on the rest of the population. Not every home will have an indoor toilet, for example, and many families will move into accommodation designed for them to build on as they can afford to.

Informal settlements

Bearing in mind many families cannot afford to borrow at market rates the sort of money needed to buy the simplest contractor-built house, informal settlements will have to be accepted.

It has been suggested a person whose traditional home has been an informal rural structure may not object to a similar home in an urban area, in a place with potable water, sanitation, access roads and area lighting. A few regulations of health and safety should apply to this "shanty" development.

The next level should be considerably higher, envisaging ultimate freehold ownership.

Although informal housing is likely to account for a significant proportion of overall stock for many years to come, opportunities in the development of formal housing are enormous.

The lack of accurate statistical information about housing and population poses a serious problem for residential accommodation planners. The number of housing units occupied by the black urban population group has never been counted in any national census.

An Urban Foundation figure puts the annual housing requirement for urban blacks at between 80 000 and 100 000 units a year until the year 2 000. But in the last five years only about 8 000 units have been built in black urban areas annually.

A number of different types of low-cost houses have been proposed, some schemes already having been put into practice. These ideas range from the very basic add-on wet core to rather more elaborate and costly structures.

The question of affordability forces a look at existing and potential financing possibilities.

Traditional home lenders, the building societies, seem to be aware of the need for flexible assessments of the financial capability of the borrower and of the standards they demand. Measures being adopted include taking into account the combined incomes of members of a household, moving away from the standard 25% of the borrower's income and adopting a more flexible attitude towards women clients.

Still, allocation terms and practices are obstacles to lower income families in formal loan finance.

A choice of loan terms has been put forward from some quarters as one way in which the societies can play a bigger part in the low-cost market. Changes to the terms could be in terms of the length of the loan, graduated repayment schedules, fixed or variable interest rates and the size of the deposit.

Ways of encouraging the private

sector to enter this market are under focus. What incentives can be offered to the pension funds and insurers, for example, to push them into low-cost housing?

The adoption of the US GNMA certificate system has frequently been mooted for the high-risk residential market. The "Ginnie Mae" method — after the Government National Mortgage Association — is in effect a guarantee from government of the timeous payment of principal and interest.

Some believe the Ginnie Maes combine the best features of both mortgages and government loans, with safety, attractive yield, cash flow and superior marketability. The GNMA is not authorised to originate new mortgages — it buys selected types of mortgages and issues long-term securities backed by self-liquidating mortgages, the principal and interest payment of which it guarantees. The loans are of 30-year duration but are typically paid by the 12th year.

Fixed property investment has become more and more the preserve of institutions with strong cash flows, meaning pension funds and life insurers are today's major owners of investment property.

Presumably the perception of this prompted the recent government decision to make bonds available so the institutions can provide funds for housing purposes.

Indirect investment

The institutions could also invest in housing indirectly by placing a portion of their funds on long-term deposit with an intermediary body.

It has been proposed that government considers directing a proportion of the prescribed asset of financial institutions to this field. Pension funds and insurance companies presently have to invest 53% and 33% respectively of their assets in prescribed investments.

If only 5% of the approximately R40b invested by pension funds is allocated to housing, 100 000 homes could be built.

Alternative housing defined

WHAT is a low-cost house?

Parameters vary, but one clear definition comes from Council for Scientific and Industrial Research (CSIR) National Building Research Institute chief economist, Dr Tobie de Vos.

De Vos describes a low-cost house as a 55m² to 60m² home, containing three living rooms, a kitchen and a bathroom, with no cupboards in the bedrooms and only basic and essential storage space in the kitchens. Electricity, hot and cold water and water-borne sewerage are included.

This house, when produced conventionally by the building industry, would cost between R15 000 and R20 000 in 1986, including the land.

Obviously many low-income families will live in houses of lesser standards than this. Alternative housing methods include the following, with a range of standards inbetween:

- Controlled squatting;
- Self-help site and service units;
- Core houses or shells on to which the owner adds when the family can afford it.

Actual construction methods which some building societies are now prepared to consider include the wattle and daub form, the *sakke en sand* structure, concrete brick construction, airated concrete panel building, the utilisation of laminated wooden panels and the prefabricated interlocking concrete panel method.

Construction of township roads delayed

By DENISE BOUTALL
ROAD reconstruction costing R5,5 million in Port Elizabeth and Uitenhage's black townships will probably not start this year because of the political situation.

A spokesman for the Port Elizabeth City Engineer's Department said the municipality had been told that the contracts would not be advertised because contractors were not prepared to work in the areas under the present conditions.

This year, for the first time, major sums were available to subsidise the reconstruction of roads in the townships.

To date, the upgrading of access roads to the townships had been given priority. Meanwhile the planning and design work on the upgrading of major routes in the blacks areas had gone ahead and funds had now been provided.

The projects due to start this year were the reconstruction of Matanzima and Mabandla roads in Kwanobuhle, Uiten-

hage, at a cost of R740 000 and R1,45 million respectively.

In Port Elizabeth major work was due to start on Daku Road, Zwide, which is ultimately destined to be the major road connecting the old townships with the new residential areas in Motherwell north of the Swartkops River.

The cost of the Daku Road reconstruction had been estimated at R1,48 million.

The other Port Elizabeth road due for major reconstruction was Johnson Road, Veeplaas, where the rebuilding of the road was estimated to cost R1,52 million and the provision of a bus terminal another R380 000.

The chairman of the Eastern Cape branch of the South African Federation of Civil Engineering Contractors, Mr Edward Sunde, confirmed that the federation had been asked whether members would be prepared to tender on one of the Kwanobuhle contracts.

"We felt it would be better to wait for conditions in the townships to return to normal."

He said contractors were not prepared to risk the lives of their staff and also felt that their presence in the townships could be seen as provocative.

The president of the Port Elizabeth Chamber of Commerce, Mr Carl Coetzer, said it was issues such as the delay on the road construction programme which he hoped to tackle through East Cape Option (Eco), the organisation which is being set up to look for local solutions to the region's problems.

"My intention, once the tenders are advertised, is to get the potential tenderers around a table with the identified leaders of the community and work out what the tenderers want and then find out from the community leaders what activity they can bring about to meet the guarantees required by the contractors."

AR6ms 5/9/86 32

Building upturn boosts W Cape brick industry

By TOM HOOD
Property Editor

BUSINESS is picking up in the Western Cape's building industry and increased demand for bricks has encouraged Corobrik, the largest manufacturer, to start double-shift working at its Koelenhof factory.

This will double capacity and increase the company's total production in the Western Cape by about 10 percent.

Three other mothballed factories at Somerset West, Kilarney and Paarl will have to come back into production if demand continues, says Corobrik sales manager Mike Ingram.

Sales in August were 40 percent higher than June's, he says, and new projects such as major developments at Blue Downs could see demand outstripping production in the short term.

"There is a significant improvement in demand, particularly for pavers and face bricks.

"The upturn in sales began in the second half of July and compared to June represents a major improvement.

"Considering the heavy rains we had recently and the number of stoppages they caused

on building sites, the increased

The brick is larger than the conventional imperial brick and it is claimed to offer savings up to one-third in the cost of walling.

"We are making great inroads with the Maxibrik in the low-income housing market and are optimistic about current prospects," added Mr Ingram.

The State subsidy scheme for first-time home buyers has created a minor building boom in houses that cost less than R40 000 to build.

Buyers save up to R188 a month on their bond repayments from the state subsidising a third of the interest on their home loans.

Another boost for the building industry is on the way at the R2-billion Blue Downs development outside Cape Town. The first phase of 6 000 houses is due to start later this year and the first houses are expected to be ready for occupation by mid-1987.

level is particularly heartening."

Builders are also using Corobrik's new Maxibrik for quicker construction and demand is rising for its use in low-cost housing.

All houses are to be built for sale and some 21 developers or contractors have submitted proposals.

Tenders ranged from large national construction groups to small Cape companies and awards are likely to be announced near the end of next

month, says Mr Carel du Preez, chief director of the Department of Local Government and Housing.

Plans for the second stage of 7 500 houses are now ready and developers can obtain documents from Room 1002, Parliament Towers, Plein Street, Cape Town.

Value of plans passed down 14%

The industry has yet to recover from big slump

THE building and construction industry has yet to emerge from one of the worst slumps it has experienced.

Even if the SA economy has turned the corner, the industry is expected to lag by some months before it too feels the relief.

Building projects have fallen off dramatically, cement production has crashed to 60% of normal output and a number of brick production plants have been mothballed.

In addition, at least 75 000 workers, or roughly 40% of SA's fulltime active building workforce, have lost their jobs in the slump.

Massive shortfall

There are glimmers of light at the end of the tunnel. While there is an estimated surplus of 37 000 housing units in white areas, there is a massive shortfall for black housing — estimates range up to 375 000.

Thus government's announced intention to plough R750m into low-cost housing could provide substantial benefits to the hardpressed industry.

But there remains a need for "heavy contract" work, and here the proposed Lesotho Highlands water scheme would be part of the solution.

PETER WALLINGTON

But the picture at present remains bleak. Rand Merchant Bank group economist Rudolph Gouws told the SA Property Owners Association recently that between the boom year 1980 and the first quarter of 1986, the industry's average contract price index rose by 73%. In contrast the general price index rose by 116% over the same period — a loss of 43%.

He said profits in the industry had been squeezed as never before judging by the average contract prices for all types of buildings.

Figures released by the Central Statistical Services in Pretoria tell a sorry tale — in the first five months of the year building plans passed totalled R 673,2m, down 14% on 1985's figure of R1 950,2m.

In the case of flats and townhouse development in the first five months of the year there was a drop of nearly 42% in plans passed for new projects. Actual value of projects passed in the period was set at R121,8m compared to last years R209,2m.

But in real terms — figures adjusted to give value at constant 1980 prices — the drop is to R74,9m from R131,3m in the period last year.

MD of Blue Circle cement division, David Bath, tells *Business Day* that production levels of cement, in real volume terms, would be down by 5% this year compared to 1985.

Bath says the cement industry grew at a reasonable pace from 1978 until 1984. "But in the latter part of that year it dropped sharply, and continued to fall during 1985."

A complicating factor, he says, is that there was intensive investment in new capacity. "We had anticipated growth, not a decline."

Informal sector

Bath says road contracts now offer a relatively high level of activity, as does business in the informal sector. And he does not believe that the depressed state of business will get much worse, although he does not see any extraordinary growth in the next five years either.

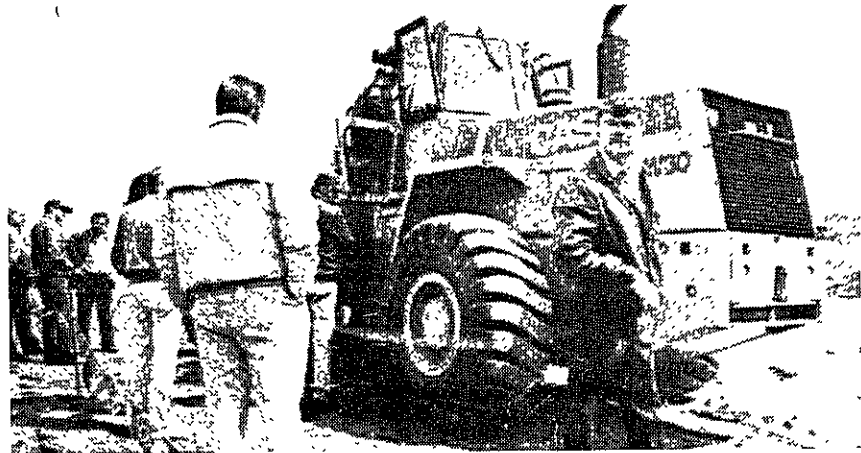
Errol Rutherford, MD of Toncoro, the largest brick producer, agrees. He said earlier this year: "All that is lacking is confidence."

The brick industry, like the cement industry, remains depressed. Production is running at between 30% and 60% of capacity, and some 300-million bricks are stockpiled.

New range of loaders launched

□ **DESPITE** the background of increasing sanctions pressure, US-based construction equipment supply company, JI Case has launched a new range of loaders on the South African market.

The flagship of the range (in the picture, right,) is the W30, which is built in the US and incorporates features such as fingertip controls and in-line sealed loader linkage.



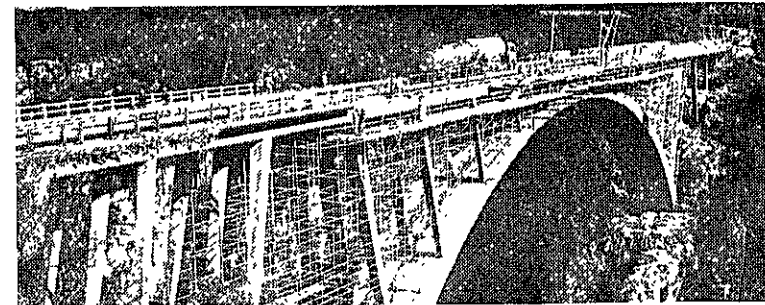
Famous bridge is strengthened

THE Garden Route's oldest and best-known bridge, the 30-year-old structure across the Storms River, is being strengthened and almost doubled in width by Concor Construction, the original contractors.

The work now underway is expected to extend the bridge's life by another 20 years.

Designed by Italian engineers and built between 1954 and 1956, the Storms River bridge was the first major bridge on the N2 route between Plettenberg Bay and Port Elizabeth.

Alternative plans to replace the bridge with a new bridge over the Storms River gorge closer to the sea and to build new, shorter sections on either approach have been postponed primarily for economic reasons, according to consulting engineers Hawkins Hawkins & Osborn, acting for the National Trans-



□ **THE Storms River work should be finished in 12 months' time.**

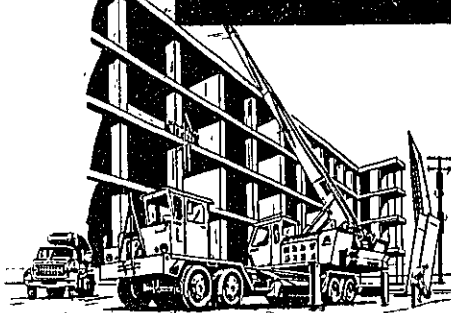
port Commission. Widening the 178m-long superstructure by 11,5m will give it a 9,2m wide carriageway comprising two 3,7m lanes, two 0,9m shoulders and two footwalks separated from the roadway by guardrails. At present the carriageway is 7m wide with two footwalks of 0,6m.

Rehabilitation of the bridge also

involves cleaning the concrete surfaces and coating them with a water-repellant but vapour-permeable coating, and replacing the bridge-bearing and expansion joints.

Concor is already working to an accelerated timetable of 12 months, and hopes to have the contract completed ahead of schedule.

BUILDING AND CONSTRUCTION



A Business Day Survey

Edited by MELANIE SERGEANT

Road construction: a brighter picture

ROAD construction presents an encouraging picture for many companies at a time when construction generally is feeling the effects of the economic slump.

Stocks Roads, says GM Conrad Smith, is carrying out contracts important in improving two major freeways — the N3 (between Johannesburg and Durban) and the N4 to the Eastern Transvaal.

The company was awarded the first two phases (valued at a total of R52,3m) of a four-phase project to extend the N3 from Frere to Van Reenen in Natal. The client is the National Transport Commission (NTC).

Completion of the project is expected in mid-1988.

Stocks Roads has just completed an N3 project in Natal for the NTC. This R35m 29-month contract is for rehabilitating 35km of the freeway between Cato Ridge and Wembley on Maritzburg's notorious Town Hill.

And in the Transvaal, it is nearing completion of a contract for the NTC to build 14km of freeway by-passing Middelburg. Completion of the R21m contract is expected before Christmas, about four months ahead of schedule.

And Stocks Structures has been awarded a R2,1m sub-contract for the project's concrete work. The by-pass will eliminate the need for motorists using the N4 route to the Eastern

Transvaal to traverse Middelburg.

Stocks Roads has recently purchased earthmoving equipment valued at about R6m from Komatsu (SA) for use on existing contracts.

Con Roux Construction is also busy despite the economic downturn. It is currently constructing six road and highway projects worth over R22m.

The biggest of the Con Roux projects is the R7,5m double-lane highway for the Transvaal Provincial Administration connecting Sebokeng with Vereeniging. This is due for completion in September 1987, but Con Roux is aiming to finish sooner.

Con Roux is busy with smaller roadworks like the 2,5km of access road and road-over-rail bridge of the Thabazimbi route through Piet Retief.

LTA's Brian Hackney notes that construction activities — both civil and earthmoving — have "stabilised" over the last six months. This is both due to road building projects and to laying out of townships.

The bulk of LTA's workload is with the NTC, now flush with funds from the new form of petrol levy. Most contracts are located in Natal along the N3 motorway. But there is some contract work in the PWV area, too, for example extensions to the Ben Schoeman Highway at Muckleneuk.

In the Free State, LTA is working on a stretch of the national road to the Cape between Koppies and Bloemhof.

Timber-frame eyes mass housing

THE perennial debate over the suitability and competitiveness of timber-frame construction in the SA context could take on new life with the injection of large funds for the mass construction of black low-cost housing.

The SA Lumber Millers' Association puts its case for timber frames vigorously.

Executive director Andries Swart claims "substantial savings are made by building with timber in preference to more conventional building methods".

These savings, he argues, are applicable both to the potential homeowner and builder.

A timber-frame house can be built in six weeks, claims Swart, while a brick-and-mortar house takes three times as long.

For the owner of that home the period between preparation of land and the day he can move in is important, determining as it does the cost of interim accommodation, interest on the cost of construction, and escalations in material costs during construction.

For the construction company, says Swart, the added efficiencies and faster construction of timber-frame dwellings can increase the profitability of the contract through improving the balance of cash flow and reducing labour costs.

Versatile

Swart asserts that the quality of the material used in a timber-frame house is of an equal if not superior standard to conventional materials. Space savings, design scope and versatility of alteration are also advantages.

The new National Building Regu-



□ SWART

lations — promulgated last September — now authorise the building of timber frame-houses anywhere. Timber-frame houses comply with the SABS standards for structural design as well as for fire and insulation.

All is not smooth sailing for the adoption of timber-frame methods, complains Swart.

"A great deal of ignorance exists among housing authorities, financial institutions and developers about timber-frame houses."

This is seriously hampering the contribution they could make to alleviating the housing crisis.

Swart says housing authorities and other decision-makers can no longer allow unfounded prejudices and ignorance to stand between families and affordable housing. These attitudes frustrate the development of a healthy timber-frame industry



□ A timber-frame house under construction

which should — in the national interest — be established as soon as possible.

He claims that Salma's technical division in Johannesburg regularly receives inquiries from people interested in timber-frame homes who encounter frustration when setting out to get acceptance of their plans by some municipalities and building societies.

To alleviate this problem Salma is offering a series of training programmes and seminars.

Under new regulations, says Swart, timber frame is regarded as a conventional building method.

Another important misconception, notes Swart, relates to wall cladding. Timber-frame houses can be clad on the outside in a variety of ways. One very popular method is brick veneer — a single layer of face bricks or plaster is used as the outer wall.

Timber can also be used as exterior cladding. Swart says findings of the National Timber Research Institute of the CSIR indicate that reluctance by some local authorities and building societies to approve plans for houses with exterior timber cladding is unjustified. The NTRI has established that timbers, correctly treated in accordance with specifications set by the SA Bureau of Standards, and locally available, are durable enough to use as external cladding.

Timber cladding — when constructed in the correct manner with a fire-resistant additive — comply with fire ratings in the National Building Regulations.

The timber-frame methods can be put into operation through the supply of manufactured housing kits for self-help schemes. Here cost is not the only advantage.

Plaster and paint in one package

A CEMENT-LIKE plaster is being mixed with building materials for self-help, low-cost housing.

Manufacturer and supplier of the plaster, Gamma Zenith, describes the product, Gammplast, as a pre-pigmented, plasticised, natural-bonded plaster.

It is being used in low-cost housing in KwaNdebele where the first home combining the new product and African building materials was recently completed.

Upright support poles are erected, to which mesh is nailed, both on the interior and exterior. The mesh envelope formed is then packed with mud and Gammplast sprayed onto surfaces to provide a durable, impervious facing.

The coating, about 20mm thick, protects and reinforces the structure as well as providing an attractive weall finish which is maintenance-free. The plaster is pre-coloured so plastering and painting can be performed in a single operation.

New method is simple to learn

ANDRIES SWART, executive director of the SA Lumber Millers' Association (Salma), sets out a strategy adopted to overcome resistance in the building industry to the use of timber-frame construction.

In the context of a housing strategy to meet SA's needs, it has become apparent to Salma that the biggest obstacle to the introduction of timber-frame construction has been lack of understanding of the method and of the skills and experience needed to apply it confidently.

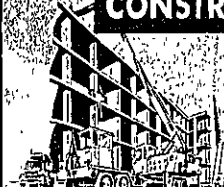
Salma has, in collaboration with the CSIR and the Timber Industry Manpower Service

(TIMS), developed courses for artisans and building contractors which — within the space of a week — put people with previous building experience in a position to apply timber-frame methods successfully.

An important advantage of the timber-frame method is that it is easy to learn.

Salma has also developed a series of seminars for architects, building inspectors, developers and planners — in association with the CSIR — intended to familiarise these specialists with the new construction method, the relevant new building regulations and the relevant SABS Code 082.

BUILDING AND CONSTRUCTION



A Business Day Survey

Cheap houses taking only 10 weeks to build

A PIONEERING housing development — using timber-frame construction — is already under way in a “village development scheme” in Randburg, by City State property developers.

City State MD Manfred Hegler says the units constructed to date form the first phase of a new development.

Each home stands on 400 m², within a village with its own park and recreation facilities, based on American lines for establishing a small community within the development. Future plans for the project include full security, a park, swimming pool and community centre.

For the moment, the most interesting feature of the houses is cost: they sell for under R40 000, thus qualifying for the “first-time homeowners” subsidy” of R200 a month on bond interest. The houses — which include a fully laid out garden and wooden fencing — offer two- or three-bedroom options, an open-plan lounge and diningroom, two bathrooms and high standard kitchen.

Hegler says some of the advantages of adopting the timber-frame method include a spacious interior resulting from an extra 8% of floor area (compared with a brick and mortar house of the same over-all dimensions) and speed of erection, which achieves many savings.

And the houses comply with SABS and national building regulation standards. Cost saving is assisted by using components produced in controlled factory conditions. The house, in all, takes 10 weeks to build.

Another advantage is that the five basic designs can easily be altered because of the adaptability of the timber-frame method.

Hard-hit industry is wallowing in the doldrums

THE building industry worldwide is cyclical and the swings from euphoria to the doldrums can be violent.

In the last recession, the building industry fared better than it has this time around, because it maintained a high level of activity for two years, there was big money in big construction being rolled over... and that recession was shorter.

That sort of activity has come to an end this time. Order books look suicidal. When builders cannot replenish order books, the industry has to cut back on staff, which has serious ramifications.

The industry always had a critical shortage of skills and had to train frantically.

In 1976 more than 46% of those employed in the industry left, never to return — then when boom times re-emerged, training was undertaken with fervour. Labour was at a premium so prices surged and the cost of materials soared.

The building industry has tried to stave off retrenching during this economic downturn, but the recession has been long.

So far, the industry has lost 75 000 people of those it can count — there are certainly more. At least 40% have left at all levels, including management.

The manufacturers are in a parlous state... cement production has fallen to 60% of normal output, and plants are being mothballed. The brick industry's biggest supplier has closed its eleventh factory. Stockpiles could last a year.

Gearing up for any upswing in the industry's fortunes is going to be horren-

LOU DAVIS, executive director of the Building Industries Federation of SA (Bifsa), speaks to ANNABELLE GORDON about property investments

dous. And when the boom comes, prices are expected to spiral by at least 25% to 30% annually.

The problem is not a lack of money — there is institutional money and we have resources — it is a lack of skills.

Bifsa has resisted closing its training facilities. If there is demand within a year, these trainees will be needed. There is a time-lag of four years in training.

The demand for building exists in the residential property market, shopping complexes and factories.

The cost of money is not as bad as it has been now — unless one considers the average worker who no longer has the money to buy a house.

Investors should build now, with thoughts of increased returns in the future, but there is a lack of confidence. Fixed investment is a dirty word.

In the early 1970s, there was an oversupply of offices in Pretoria which disappeared in three months. That slack can get taken up fast.

We need job creation and status in the form of housing. Create jobs, create production facilities and it will create wealth.

What we lack is confidence in the future.

Turmoil with termites

THE termite threat inland has been aggravated by drought, says Leon Colarossi, MD of Hickson Timber Preservation.

Drought reduces availability of natural foodstuffs for termites, making untreated timber more vulnerable.

Roofs are particularly susceptible because they are hospitable environments for borers and termites.

Leaks caused by storm damage or faulty geysers can result in fungal spores growing on moist timber.

SA Pest Control Association chairman Charl du Toit says as many as three out

of 10 homes sold in the Transvaal have serious pest problems.

"The most serious seems to be termites. People report all kinds of woodwork being eaten away — even sagging roof-lines — which suggests that termites have got out of control."

Colarossi claims the major problem inland is absence of legislation requiring the use of treated timber.

There is little chance of legislation soon so it remains the homeowner's responsibility to ensure that his structure is protected against attack.

A master home plan for the young

SOME clever finance packages and house designs have enabled Gough Cooper to produce a home-buying master plan which offers designer homes in the best areas at low, low prices, says the company.

MD Tony Acton explains the management philosophy behind the company's packages (the Young Designer's package of expandable homes and the Gough Cooper Income Matcher Plan).

"Why should young people be forced out into far-flung new suburbs, away from friends, family and facilities?" asks Acton.

It seems the company has had the

forethought to build up a substantial portfolio of land in central suburban areas including Sharston, its town-ship close to Johannesburg, North.

The Income Matcher Plan involves a first bond from a building society, coupled with a second bond of its own at special interest rates pegged below market levels.

In conjunction with government's subsidy for lending to first-time home-buyers, the total monthly com-

mitment on a home costing R27 000, including the house itself, costing R40 000, would be an initial R490 a month.

Acton says monthly payments are about 40% lower than the buyer could achieve anywhere else.

The discount provided may be taken over a number of years or used up in the first year. And the staggering of repayments means that there is no fear of a sudden escalation after the first year of purchase.

In addition, the deposit, of say R7 700 is payable over six months, and the first down payment need be only R1 500.

Gough Cooper says the Young Designer's package offers expandable homes capable of efficient extensions when the time comes to expand.

How did the company compile its range of designs?

Acton explains, "We formed a panel of people in the 24-to-35-year age

group who collaborated with our architects to create a range of designs selected for different target markets.

The Young Designer range, says Acton has particular appeal — so it was perfect for launching in Sharston.

This market, Acton says, wants attractive homes with the emphasis on living space. It wants open-plan areas allowing a split-over from kitchen serving area to dining-room and to out-door entertainment areas.

He adds that buyers also prefer expansion rather than moving

ADVANCED technology in the construction and installation of domed skylights has been introduced by Murray & Roberts Industrial through its subsidiary Vikon Skylight.

Vikon director Moshe Konstantin says Megadome made its SA debut on the roof of Cape Town's new Overy shopping Centre.

Another installation is going on the roof of Fleg-Oats' new corporate headquarters in Sandton.

Megadome, says Konstantin, has an aluminium frame into which a wide range of glazing materials can be fitted. The two Overy domes vary in diameter between 8m and 6m.

The key to Megadome's technical effectiveness, explains Konstantin, is the forming of all components into three-dimensional dome shapes, so assuring

the optimum use of aluminium structural components and glazing materials.

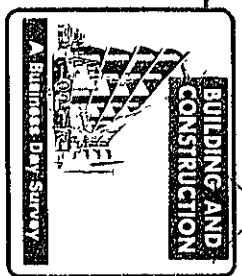
In the two structures installed at Overy each dome comprises 16 glazed sections, he says.

The shape of the Megadome requires detailed structural analysis. Complex calculations are done by computer.

There are several engineering requirements. The structure must be sufficiently robust to withstand any wind loads, while allowing the glazing materials to withstand any stresses and also allowing for thermal expansion and contraction.

One unit can contain more than 200 junctions and the structure — which must be waterproof — has no sealant.

The aluminium frame is available in a variety of finishes and glazing sections, which are either polycarbonate or acrylic materials, and can be clear or tinted



Public sector work is lifeline for hungry Cape contractors



For many it's houses or bust

PUBLIC-SECTOR work appears to a large extent to be underpinning the Western Cape construction industry, particularly services and black township development work.

But contractors are still hungry enough, it seems for tender prices to be unhelpfully to rise for at least three to six months.

A lot depends on how much work is released by the public sector. SA Transport Services has released four bridge contracts for the Khayelitsha railway line. One tender has closed, another closes today and two are coming up.

Stephen Jones, vice-president of the Cape Peninsula branch of the Western Cape branch of the Master Builders Association (MBA), believes all builders are in a critical position.

There is not as much public work being put out now as there has been and those jobs which are coming up are being tendered for very competitively.

"This is part of the problem," he adds. "Prices are very, very low, which is bad for the industry as a whole."

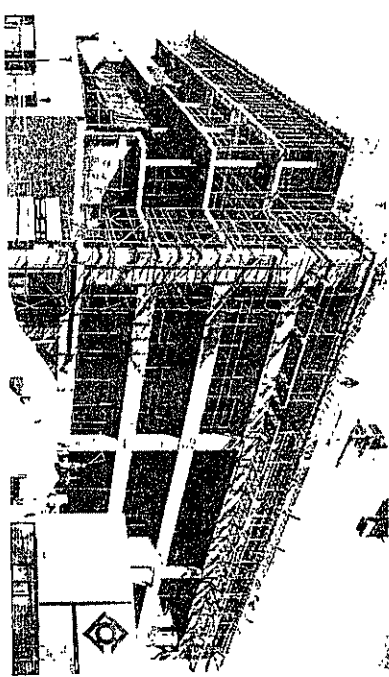
Sub-contractors have just as much of a battle on their hands. As one roofing specialist pointed out, if the builders don't have work, neither do the sub-contractors.

Orcot Building (Cape) MD Roy Peckitt agrees that everyone is working to extremely tight prices. Although he believes Orcot to be well placed as it is not better off than its competitors.

THE Transvaal Industrial Council for the building trade has invested in an A3K Burroughs main-frame computer to process its 90 000 records for the coming holiday pay-out.

"Now we are able to provide three systems," he says.

"The first enables the



THE new Norwich Union headquarters in Claremont, Cape Town.

Apart from small jobs, his company is working on the new Norwich Union headquarters in Claremont, on the Southern Life Computer building in Newlands, and on the Mitchell's Plain med-clinic.

Contracts in Cape Town are generally smaller than projects in the Johannesburg area, he says — a good job in the Cape would have a R15m tag and contracts seldom exceed R25m.

Jobs coming up for tender include an R15m post office building in Milnerom, a R7.5m library for the University of the Western Cape and a R4.5m residential building at

the University of Cape Town — Office over-supply in Cape Town — about 120 000m² in the CBD — indicates there is unlikely to be much high-rise development in the city for the next four to five years. The industrial market is also over-supplied with some brokers having more industrial space on their books than ever before.

One area of activity is housing. Site and service projects are under way in Khayelitsha and Crossroads, and the Blue Downs development, a major housing scheme, promises considerable infrastructural work

THE country is faced with a serious decline in the quantity and quality of construction machinery unless plant-hire companies increase rates to what are described as practical levels — or civil engineering contractors accept the responsibility for capital investment in their own machines.

So says Bob Prazer, director of construction for JI Case, a major construction equipment supplier.

"The past year has been the worst ever for the construction industry. Unless the plant-hire industry drastically increases its rates to the contractors there is no hope that they can upgrade their fleets," he adds.

Existing rates do not provide for replacement of old machines and new equipment is costing up to 65% more than the old.

He gives the example of the Case 580 TLB (tractor-loader-backhoe)

"This machine has taken 55% of the SA market. The trouble is the price is R27 000 compared with R45 000 in 1981. But hire rates are the same as they were in 1981. In some cases even lower. At this rate, how can local hire companies afford to buy more equipment?" he asks.

Maintenance of constant rates may have been due to a question of short-term survival but, Prazer reckons, it is not good for plant-hire companies, new equipment suppliers nor the country.

"The optimum use of aluminium structural components and glazing materials. In the two structures installed at Overy each dome comprises 16 glazed sections," he says.

The shape of the Megadome requires detailed structural analysis. Complex calculations are done by computer.

There are several engineering requirements. The structure must be sufficiently robust to withstand any wind loads, while allowing the glazing materials to withstand any stresses and also allowing for thermal expansion and contraction.

One unit can contain more than 200 junctions and the structure — which must be waterproof — has no sealant.

The aluminium frame is available in a variety of finishes and glazing sections, which are either polycarbonate or acrylic materials, and can be clear or tinted

"This must lead to a lowering of standards. Bad news for the industry," JI Case has faith, however, in the future.

"Firstly plant-hire companies have no choice but to raise their rates significantly or commit business suicide. Secondly, the proposed multi-million-rand low-cost housing programmes could give the industry a fillip."

The company has expressed its belief in the future by a massive expansion programme which has seen an increase in the number of its branches from nine to 21 in the past year, and a further increase from six to 20 dealers in the same period.

JI Case has also built up a central parts store of more than 100 000 line items at Isando.

Plenty, in most industry observers' opinions, the problem outlined by Prazer stems from the combination of the collapse of the rand and intensity of the slump — the first driving up prices of equipment and the second holding down hire rates.

One implication is that any revival at all in the construction industry will send costs soaring as hire rates and costs with an imported goods component rise. Impact on the inflation rate will be severe.

Another aspect to watch is the possibility that the sharp rise in the cost of imported equipment could promote

Imports

Imports

Imports

Imports

A few tenders are coming up this month. These include LTA extensions to the Natal Technikon, a 5m technical school in Phoenix and a housing scheme in Verulam.

Contractors are beating each other down to clinch public-sector work, like schools and hospitals. They also realise that housing is the one growth area, and whether or not they've previously been involved in this market, they see they must now make it more.

In line with this, LTA-Comtal, in conjunction with 1 Indian businessman is developing a 75-unit housing scheme at Verulam, comments LTA Building (Pty) Ltd commercial manager Charles Christson. The company has also been awarded a R15m contract for the construction of three hotels in the Oordevaers Islands.

Beating down prices

Beating down prices

Beating down prices

A lot depends on how much work is released by the public sector. SA Transport Services has released four bridge contracts for the Khayelitsha railway line. One tender has closed, another closes today and two are coming up.

Stephen Jones, vice-president of the Cape Peninsula branch of the Western Cape branch of the Master Builders Association (MBA), believes all builders are in a critical position.

There is not as much public work being put out now as there has been and those jobs which are coming up are being tendered for very competitively.

"This is part of the problem," he adds. "Prices are very, very low, which is bad for the industry as a whole."

Sub-contractors have just as much of a battle on their hands. As one roofing specialist pointed out, if the builders don't have work, neither do the sub-contractors.

Orcot Building (Cape) MD Roy Peckitt agrees that everyone is working to extremely tight prices. Although he believes Orcot to be well placed as it is not better off than its competitors.

THE Transvaal Industrial Council for the building trade has invested in an A3K Burroughs main-frame computer to process its 90 000 records for the coming holiday pay-out.

"Now we are able to provide three systems," he says.

"The first enables the

"The first enables the

"This is helping our position," Clarkson conceded. One of the spin-offs of housing development is the associated civil work — the roads and services required in the provision of infrastructure. This is considered by some to be one of the brightest prospects of the industry at the moment.

manager, Wynand de Jonge Stapelberg, says it will update the 40-year-old "stamp" system and will also be used for other purposes like monitoring

building contractor who has his own computer to date us to capture, use relevant information in our own computer and to

70 to 130, the A3K was Prazer reports an increase in the sale of second-hand machines. local manufacture of a Greater proportion of imported equipment.

Home Talk.

Home loans are freely available and bond rates have been reduced to new home owners.

ONLY 16% PA

The same rate applies to existing borrowers from Oct 1. Which makes now a very good time to buy, build or alter your home. **APPLIED** People you can talk to.

No big talk. No small talk. Just straight talk.

THE PHILIP PATRICK LIMITED 2 BLAKE PASS

Durable, low-maintenance turbo engine.

Turbo technology has come a long way. And today, the ADE 314C engine Toyota engineered into the 4-ton Dyna gives you all the power you need, together with in-built reliability and low maintenance. Toyota-guaranteed for 130 000 km or 1 year. It delivers a full 85 kW and 270 Nm torque with an improved power to mass ratio for greater fuel efficiency.

Improved axle rating durability.

Across the Dyna range, the axle capacities have been up-rated for longer, trouble-free performance. The rear axle rating is the highest in its class, providing unequalled long-term durability.

Easy-shift gearing.

The Dyna gear change mechanism has been completely re-engineered; the linkage is short and direct for positive, easy gear changing. The five-on-the-floor gear shift is neat and slick.

Aerodynamic lux-cab with roof vent.

The new extra-wide Dyna cab is aerodynamic, modern, with improved ventilation — including a new roof vent. Low-drooping quarter windows provide greater visibility and safety and the spacious interior offers stretch-out comfort for three.

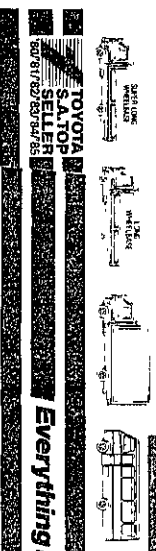
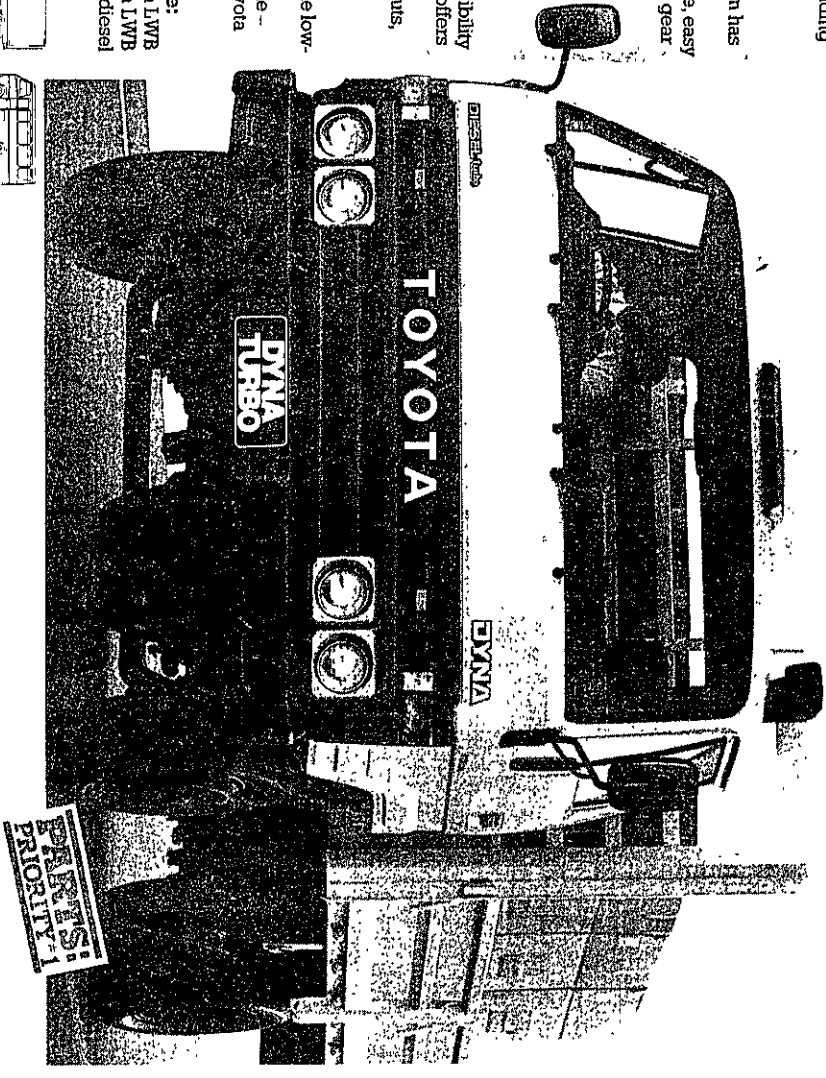
All in all, the Dyna range has the guts, payload capacity, durability and fuel efficiency to take on every medium trucking application with unequalled reliability and cost efficiency. Even the low-maintenance two litre petrol engine provides increased power and torque — plus greater fuel efficiency. Trust Toyota quality to pull its weight.

Comprehensive new Dyna range:

4 ton Super LWB turbo diesel; 4 ton LWB turbo diesel; 4 ton LWB diesel; 2.5 ton LWB diesel; 2.5 ton LWB petrol; and turbo diesel 28-seater bus.

TRUST TOYOTA TO DELIVER TRIED AND TESTED TURBO POWER.

TURBO DYNA



Everything keeps going right

TOYOTA

1

2

3

4

Long Homes (PTY) LTD

WE BUILD HOUSES IN CONJUNCTION WITH THE BUYER AND END UP WITH A HOME

OUR MOTTO IS

“THE QUALITY OF THE HOME IS REMEMBERED LONG AFTER THE PRICE IS FORGOTTEN”

We build mainly for the black community, and, at present, our output is in excess of 120 homes per month.
Most of our projects start from virgin soil. We install all infrastructure. i.e. Sewerage, Water, Electricity and Tarred Roads. In fact the total package from start to finish.

LONG HOMES (PTY) LTD
Phone 52-7802/3
13A KAPENBERG CENTRE
COMMISSIONER STREET
BOKSBURG
P.O. BOX 9349
CINDA PARK 1463

Housing standards change in SA slump



□ SCHLESSINGER

THE impossible at last seems to be happening — white South Africans are reducing their housing standards in the face of economic pressures. This observation by Schlessinger, Cullum MD Alan Schlessinger is based on the recent pattern of housing statistics. In the past, notes Schlessinger, public figures repeatedly exhorted white South Africans to accept less luxurious housing standards. But, while there may have been some drift in that direction in periods of economic recession, the trend was reversed as soon as the economy picked up. But this time round, circumstances appear to be different. Schlessinger perceives a “structural change” in the attitudes of first-time home buyers. There has been a sufficient change in expectations of housing standards to shift the norm away from the long-standing requirements for amenities of an extravagantly high minimum standard. The shift amounts to a socio-economic movement towards more modest housing, and industry sources say that exhortation could and would never have brought about such a change — only the sharp end of the worst drop in real living standards could have achieved this. The pertinent statistics make interesting

Saligna fills market gap with laminates

SALIGNA PRODUCTS, a newcomer to the manufactured laminated products industry, is a rapidly-growing company based at Tzaneen. Saligna's Grant Rowe says the burgeoning small business is only two years old. Its range, however, includes saligna and pine laminated beams, saligna tongue-and-groove flooring and ceiling, treated poles and bearers. Forest, Fencing, a recently-acquired company, manufactures supplies and erects timber-panel fencing for the domestic market. The company has a 5 000m² factory at Nkoronkwa, Northern Transvaal, and its key to its success is the eucalyptus — saligna grandis. It is taken in this case from a Dutchessloof plantation which belongs to an associate company. Operating in a decentralised area means there is no difficulty in obtaining labour and about 200 blacks work at the factory.

Rowe says saligna timber comes from trees between 15 and 20 years old. After sun-drying, it is kiln-dried for three weeks

reading, the number of units purchased do not tell the story, which is to be found in the cost per unit.

From January to May this year, 889 units a month were sold compared with 490 a month from January 1985 to July 1985, and 836 units a month from July to December last year.

An increase of 70% for the number of housing units sold was achieved, therefore, between the first and second halves of 1985, and a further increase of nearly 6% between the second half of 1985 and the first half of 1986.

But there is a different trend for the average value per unit. In the first half of 1985, it was just under R66 000. But it dropped sharply in the second half of 1985 to R52 100 per unit — a fall of around 21%.

And in the first half of 1986, there was a further fall to R47 100 — another 10% drop. At a time when the inflation rate has been well over 15% per year, the fall in value per unit in real terms has been worse.

Schlessinger notes that these waterfront figures are representative of the country. What may have influenced these dramatic changes has been the introduction of the government subsidy for bond interest for first-time home-owners on new houses of less than R40 000.

Schlessinger believes the availability of a subsidy for more modest accommodation has resulted in shifting housing expectations. He considers that the shift also applies to black housing.

Giants take on huge contracts

LTA Building (Waterstrand) is fulfilling two major contracts in central Johannesburg. The Riggan Redbank Group Centre and the Prudential block (for R25.5m) on the old Colosseum Theatre site. In a joint venture, Murray & Roberts and Stocks & Steeds are undertaking the new R17m SA Reserve Bank building project in Church Street, Pretoria.

Concor Construction is involved in a variety of work on gold mines eight single-storey hostel blocks for miners at Gencor's Winkelhaak Mine, worth R2.4m, a contract for 32 homes for mine personnel (following Concor's construction of about 400 houses for mine personnel at Virginia for Gencor and Anglo American), shaft offices for Ram at the new shaft at JCI's Doornkop Mine, and a newly-begun contract for three hostels and a kitchen for Kloof Gold Mine at the Leendoury site.

Murray & Roberts Construction is building six engineering laboratory blocks at the Pretoria Technikon's new Kolligerstrand campus at Pretoria West.

The R16.5m contract is being carried out by Murray & Roberts Engineering (Pty & Ops). The project forms Phase 4 of the overall campus development. The six buildings have a combined total floor area of 25 000m².

Borehole? ...

\$1 000 to be won by one of the next 20 lucky customers.

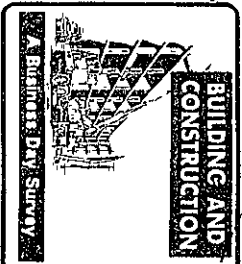
BEWARE! Prevent your investment in a borehole changing into a "pig in a poke"!

- offering you:**
- Water-divining • Borehole drilling • Borehole supply tests (SABS) Water pump design and installation.
 - Irrigation systems.
 - Air-conditioning guarantees. • FREE supervision of your project.
 - For a total service, phone NOW!



OF ALL THE WATERDRILLING UNDERTAKINGS THERE IS BUT ONE

Handwritten notes: "Borehole \$1000 (32)"



**Housing authorities,
financial institutions, building societies, developers,
planners, contractors:**

Unfounded prejudices and ignorance are all that stand between South African families and affordable housing!

The new National Building Regulations promulgated during 1985, now authorise the building of timber frame houses anywhere in South Africa.

Furthermore, the approved timber frame building method complies with the SABS standards for structural design as well as for fire and insulation ratings. It is used in more than 90% of all houses in the USA, Canada, Scandinavia, Australia and is common in all other western countries.

Using properly treated graded structural timber, the method is ideally suited for all types of housing, including the cheapest low cost variety. Manufactured housing kits are ideally suited and already available for self-help schemes. Cost is not the only advantage. With the tremendous backlog of housing, the speed of erection could play an important role to alleviate the problem. Design scope, alteration versatility and space savings are further advantages. The method can also be used to upgrade existing conventional dwellings at low cost.

The average life span (as specified by the building societies) of a timber frame house is the same as for other conventional houses. It provides an ideal long-term investment opportunity.

As businessmen, authorities and decision makers directly influencing and affecting housing in South Africa, especially in the light of the housing crisis, the time has come to reconsider the timber frame solution - in the national interest.



**The problem is man made,
the solution is natural . . .
timber frame building**

Name _____
Position _____
Company/Address _____
Telephone _____

For further information,
 Details of existing manufacturers and contractors
 Training courses for builders, developed in co-operation with the National Timber Research Institute of the CSIR.
 Seminars for developers, architects, designers and building inspectors.

Contact: SALWA, Telephone (011) 974-1061
Private Bag X566, Isando, 1600.

A255

Kind-dried for three weeks at a gentle heat. The seasoned product has a pinkish colour normally associated with imported hardwoods like meranti.

The group continues to project growth of 10% a month.

Rove notes the closing of a rival concern's famed timber plant in Pretoria opened the door for Saluga. Rapid growth in turnover will be accompanied by geographical extensions of markets into Natal and the Pretoria area.

PG Wood

a giant supplier for SA

OPERATING from two timber yards, one at Germiston and the other at Epping, PG Wood is one of SA's major suppliers of timber and board products.

Both yards are equipped with kilns for drying wood and machine shops to cut board and timber to size.

The company supplies all the major retail chains and builders, merchants, furniture manufacturers, shopfitters, interior decorators, kitchen manufacturers and hardware stores.

PG Wood provides a wide range of timbers. The exotic items, which are often not freely available, come from North and South America, the Far East, and West and Central Africa.

Constantly seeking new ideas to promote the use of timber and timber products, the company has been responsible for developing many innovative uses for wood.

The board-grahits section offers a complete selection of chipboards, hardboards, plywoods, laminated pine shelving, flush-panelled doors, locally-made and imported exterior doors and decorative surfaces like formica.

PG Wood is also responsible for developing the Timber City concept - a chain of retail outlets which offers the smaller-trade customer and the DIY enthusiast timber products at discount prices.



LOMEX
1219 IRVING STREET
QUEENSWOOD 0186

(012) 73-1760
all hours



PG Wood
WE HELP BUILD WINNERS

**DISTRIBUTORS OF
A FULL RANGE
OF TIMBER AND
BOARD PRODUCTS**

BLOEMFONTEIN (051) 34-1281
CAPE TOWN (021) 54-2161 • GERMISTON (011) 825-1380
MOBENI (031) 42-5061
PIETERMARITZBURG (0331) 6-9331
PRETORIA (012) 79-6024 • WELKOM (0171) 5-2541

BURNS WELLS • 5965CCTE

32

SOME clever finance packages and house designs have enabled Gough Cooper to produce a home-buying master plan which offers designer homes in the best areas at low, low prices, says the company.

MD Tony Acton explains the management philosophy behind the company's packages (the Young Designer range of expandable homes and the Gough Cooper Income Matcher Plan).

"Why should young people be forced out into far-flung new suburbs, away from friends, family and facilities?" asks Acton. It seems the company has had the

A master home plan for the young

foresight to build up a substantial portfolio of land in central suburban areas including Sharonlea, its township close to Johannesburg North.

The Income Matcher Plan involves a first bond from a building society, coupled with a second bond of its own at special interest rates pegged below market levels.

In conjunction with government's subsidy for lending to first-time home-buyers, the total monthly com-

mitment on a home costing R77 000, including the house itself costing R40 000, would be an initial R490 a month.

Acton says monthly payments are about 40% lower than the buyer could achieve anywhere else. The discount provided may be taken over a number of years or used up in the first year. And the staggering of repayments means that there is no fear of a sudden escalation after the first year of purchase.

In addition, the deposit, of say R7 700, is payable over six months, and the first down payment need be only R1 500.

Gough Cooper says the Young Designer range offers expandable homes capable of efficient extensions when the time comes to expand.

How did the company compile its range of designs? Acton explains: "We formed a panel of people in the 24-to-35-year age

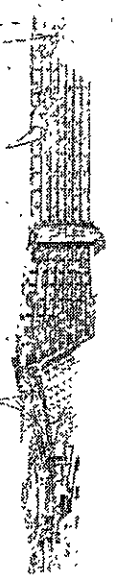
Group who collaborated with our architects to create a range of designs selected for different target markets."

The Young Designer range, says Acton, has particular appeal in the north-east of Johannesburg — so it was perfect for launching in Sharonlea.

This market, Acton says, wants attractive homes with the emphasis on living space. It wants open-plan areas allowing a spill-over from kitchen serving area to dining-room and to out-door entertainment areas.

He adds that buyers also prefer expansion rather than moving.

For many it's houses or bust



□ BEDROOM extensions at the Wild Coast Sun.

A FEW major contracts are keeping the bigger builders in Natal going — but there is little else sustaining the market. As in the other provinces, even small tenders are attracting numerous cut-price and often even loss-making bids.

Probably the two most eye-catching projects on the go, both in Durban and both nearing completion, are the Natal Playhouse, being built for the province by LTA, and the speciality retail centre, the Workshop, under way on the Centrum site. This is a joint venture between Murray & Roberts (M & R) Properties and Retail International, with finance from Santlam.

The South Coast, which was kept buoyant by the holiday accommodation sector for a while after the rest of the market started slowing down, is now quiet, except for R8.5m extensions to the Shelley Beach shopping centre and recently-announced extensions to the Wild Coast Sun.

The R25.8m contract at the hotel has been awarded to M & R Transkei, although the hotel will rely on Maritzburg and areas north have few cranes on their skylines.

Beating down prices

A few tenders are coming up this month. These include R10m extensions to the Natal Technikon, a 5m technical school in Phoenix and a housing scheme in Verulam.

Contractors are beating each other down to clinch public-sector work like schools and hospitals. They also realise that housing is the one growth area, and whether or not they've previously been involved in this market, they see they must now make a move.

In line with this, LTA-Cornat, in conjunction with an Indian businessman, is developing a 75-unit housing scheme at Verulam, comments LTA Building (Natal) commercial manager Charles Clarksson. The company has also been awarded a R15m contract for the construction of three hotels in the Coors Islands. "This is behind our position," Clarksson conceded.

Public sector work is lifeline for hungry Cape contractors

JANE STRACHAN

PUBLIC-SECTOR work appears to a large extent to be underpinning the Western Cape construction industry, particularly services and black township development work.

But contractors are still hungry enough, it seems, for tender prices to be unlikely to rise for at least three to six months.

A lot depends on how much work is released by the public sector. SA Transport Services has released four bridge contracts for the Khayelitsha railway line. One tender has closed, another closes today and two are coming up.

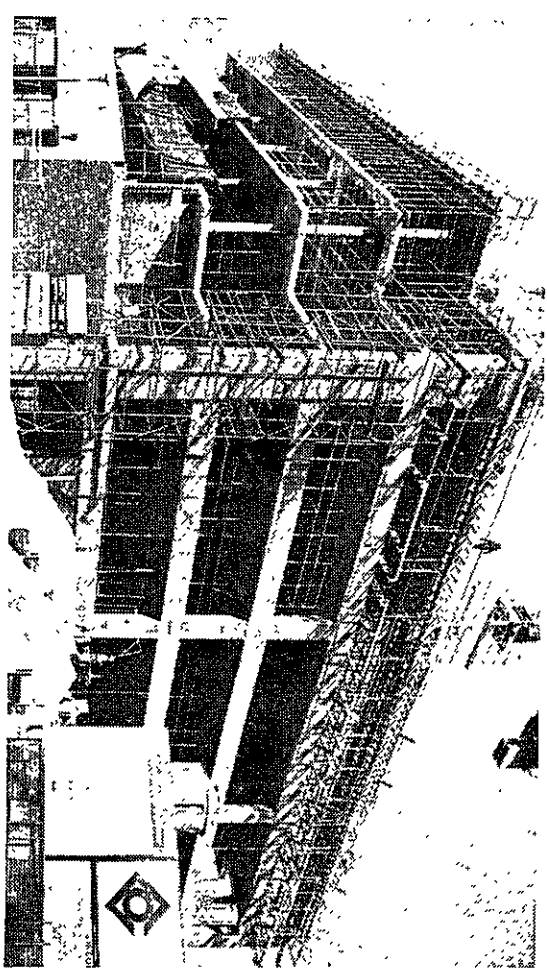
Stephen Jones, vice-president of the Cape Peninsula branch of the Western Cape branch of the Master Builders' Association (MBA), believes all builders are in a critical position.

There is not as much public work being put out now as there has been and those jobs which are coming up are being tendered for very competitively.

"This is part of the problem," he adds. "Prices are very, very low, which is bad for the industry as a whole."

Sub-contractors have just as much of a battle on their hands. As one roofing specialist pointed out, if the builders don't have work, neither do the sub-contractors.

Orcan Building (Cape) MD Roy Peckett agrees that everyone is working to extremely tight prices, although he believes Orcan to be as well placed as, if not better off than, its competitors.



□ THE new Norwich Union headquarters in Claremont, Cape Town.

Apart from small jobs, his company is working on the new Norwich Union headquarters in Claremont, on the Southern Life Computer building in Newlands and on the Mitchell's Plain medical clinic.

Contracts in Cape Town are generally smaller than projects in the Johannesburg area, he says — a good job in the Cape would have a R15m tag and contracts seldom exceed R20m.

Jobs coming up for tender include an R18m post office building in Milnerton, a R7.5m library for the University of the Western Cape and a R4.5m residential building at

Vikon domes shed new light on technology

ADVANCED technology in the construction and installation of domed skylights has been introduced by Murray & Roberts Industrial through its subsidiary Vikon Skylight.

Vikon director Moshe Konstantin says Megadome made its SA debut on the roof of Cape Town's new Otery shopping Centre.

Another installation is going on the roof of Tiger Oats new corporate headquarters in Sandton.

Megadome, says Konstantin, has an aluminum frame into which a wide range of glazing materials can be fitted. The two Otery domes vary in diameter between 8m and 6m.

The dome at Tiger Oats will be 15m. The key to Megadome's technical effectiveness, explains Konstantin, is the forming of all components into three-dimensional dome shapes, so assuring

Higher outlays and static rates squeeze plant hire

THE country is faced with a serious decline in the quality and quantity of construction machinery unless plant-hire companies increase rates to what are described as practical levels — or civil engineering contractors accept the responsibility for capital investment in their own machines.

So says Bob Frazer, director of construction for J I Case, a major construction equipment supplier.

"The past year has been the worst ever for the construction industry. Unless the plant-hire industry drastically increases its rates to the contractors there is no hope that they can upgrade their fleets," he adds.

Survival

Existing rates do not provide for replacement of old machines and new equipment is costing up to 65% more than the old.

He gives the example of the Case 580 TLB (tractor-loader-backhoe).

"This machine has taken 55% of the SA market. The trouble is the price is R87 000 compared with R45 000 in 1981. But hire rates are the same as they were in 1981. In some cases even lower. At this rate, how can local hire companies afford to buy more equipment?" he asks.

Maintenance of constant rates may have been due to a question of short-term survival but, Frazer reckons, it is not good for plant-hire companies, new equipment suppliers nor the country.

BUILDING AND CONSTRUCTION

A Business Day Survey

the optimum use of aluminum structural components and glazing materials. "In the two structures installed at Otery each dome comprises 16 glazed sections," he says.

The shape of the Megadome requires detailed structural analysis. Complex calculations are done by computer.

There are several engineering requirements. The structure must be sufficiently robust to withstand any wind loads, while allowing the glazing materials to withstand any stresses and also allowing for thermal expansion and contraction.

One unit can contain more than 200 junctions and the structure — which must be water-proof — has no sealant. The aluminum frame is available in a variety of finishes and glazing sections, which are either polycarbonate or acrylic materials, and can be clear or tinted.

"This must lead to a lowering of standards. Bad news for the industry." J I Case has faith, however, in the future.

"Firstly, plant-hire companies have no choice but to raise their rates significantly or commit business suicide. Secondly, the proposed multi-million-rand, low-cost housing programmes could give the industry a fillip."

The company has expressed its belief in the future by a massive expansion programme which has seen an increase in the number of its branches, from nine to 21 in the past year, and a further increase from six to 20 dealers in the same period.

J I Case has also built up a central parts store of more than 100 000 line items at Isando.

Imports

Plainly, in most industry observers' opinions, the problem outlined by Frazer stems from the combination of the collapse of the rand and intensity of the slump — the first driving up prices of equipment and the second holding down hire rates.

One implication is that any revival at all in the construction industry will send costs soaring as hire rates and costs with an imported goods component rise. Impact on the inflation rate will be severe. Another aspect to watch is the possibility that the sharp rise in the cost of imported equipment could promote

A3K makes it easier for Industrial Council

THE Transvaal Industrial Council for the building trade has invested in an A3K Burroughs mainframe computer to process its 90 000 records for the annual holiday pay-out.

The council's financial manager, Wynand de

medical aid contributions. The council was still calculating each member's bonus manually last year.

"Now we are able to provide three systems," he says. "The first enables the

bring us a magnetic tape or floppy disc holding the personal details of each of his employee's contributions.

for employers who do not have a computer — enables us to capture the

the second system — printed forms to the council for processing."

early easy for adapting to the council's needs.

The council first decided on computerisation 18 months ago and invested in a Burroughs B1990. Because of rapid expansion and an increase in the number of terminals from

the University of Cape Town. Office over-supply in Cape Town — about 120 000m² in the CBD — indicates there is unlikely to be much high-rise development in the city for the next four to five years. The industrial market is also over-supplied, with some brokers having more industrial space on their books than ever before.

One area of activity is housing. Site and service projects are under way in Khayelitsha and Crossroads, and the Blue Downs development, a major housing scheme, promises considerable infrastructural work.

associated civil work — the roads and services re-
hired in the provision of infrastructure.
This is considered by some to be one of the brightest
specks of the industry at the moment.

will update the 40-year-
old "stamp" system and
will also be used for other
purposes like monitoring

Home Talk.

Home loans are freely
available and bond rates
have been reduced
to new home owners.

ONLY 16% PA

The same rate applies to
existing borrowers
from Oct 1.
Which makes now a very
good time to buy,
build or alter your home.

AVAILABLE

People you can talk to.

No big talk. No small talk. Just straight talk.

GREG PHILLIPS BUNTON MÜNDEL & BLAKE 79585

Durable, low-maintenance turbo engine.

Turbo technology has come a long way. And today, the ADE 314C engine Toyota engineered into the 4-ton Dyna gives you all the power you need, together with in-built reliability and low maintenance. Toyota-guaranteed for 100 000 km or 1 year.

It delivers a full 65 kW and 270 N.m torque with an improved power to mass ratio for greater fuel efficiency.

Improved axle rating durability.

Across the Dyna range, the axle capacities have been up-rated for longer, trouble-free performance. The rear axle rating is the highest in its class, providing unequalled long-term durability.

Easy-shift gearing.

The Dyna gear change mechanism has been completely re-engineered; the linkage is short and direct for positive, easy gear changing. The five-on-the-floor gear shift is neat and slick.

Aerodynamic lux-cab with roof vent.

The new extra-wide Dyna cab is aerodynamic, modern, with improved ventilation — including a new roof vent. Low-dropping quarter windows provide greater visibility and safety and the spacious interior offers stretch-out comfort for three.

All in all, the Dyna range has the guts, payload capacity, durability and fuel efficiency to take on every medium trucking application with unequalled reliability and cost efficiency. Even the low-maintenance two litre petrol engine provides increased power and torque — plus greater fuel efficiency. Trust Toyota quality to pull its weight.

Comprehensive new Dyna range:

4 ton Super LWB turbo diesel; 4 ton LWB turbo diesel; 4 ton LWB diesel; 2.5 ton LWB diesel; 2.5 ton LWB petrol; and turbo diesel 28-seater bus.



TOYOTA
S.A. TOP
SELLER

800/91782/83/84/85

779096 L5-FCB

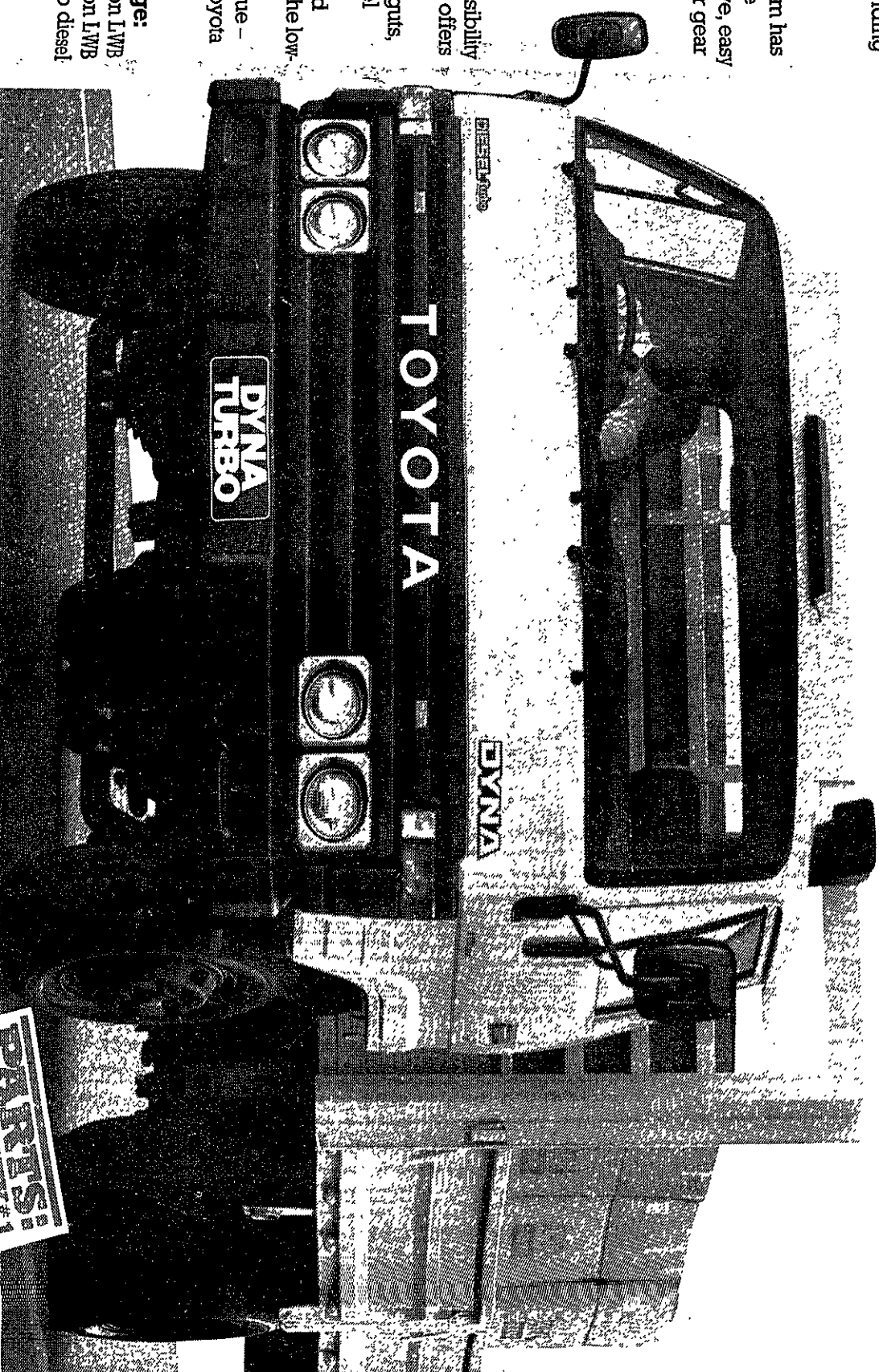
Everything keeps going right



TOYOTA

TRUST TOYOTA TO DELIVER TRIED AND TESTED TURBO POWER.

TURBO DYNA



LONG HOMES (PTY) LTD.

WE BUILD HOUSES IN CONJUNCTION WITH THE BUYER AND END UP WITH A HOME

OUR MOTTO IS

“THE QUALITY OF THE HOME IS REMEMBERED LONG AFTER THE PRICE IS FORGOTTEN”

We build mainly for the black community, and, at present, our output is in excess of 120 homes per month.

Most of our projects start from virgin soil. We install all infrastructure. i.e. Sewerage, Water, Electricity and Tarred Roads. In fact the total package from start to finish.

LONG HOMES (PTY) LTD.
Phone 52-7802/3
13A KAAPENBERG CENTRE
COMMISSIONER STREET
BOKSBURG
PO BOX 9349
CINDA PARK 1463

Housing standards change in SA slump



SCHLESSINGER

THE impossible at last seems to be happening — white South Africans are reducing their housing standards in the face of economic pressures. This observation by Schacht-Cullum MD Alan Schlessinger is based on the recent pattern of housing statistics. In the past, notes Schlessinger, public figures repeatedly exhorted white South Africans to accept less luxurious housing standards. But, while there may have been some drift in that direction in periods of economic recession, the trend was reversed as soon as the economy picked up. But this time round, circumstances appear to be different. Schlessinger perceives a “structural change” in the attitudes of first-time home buyers. There has been a sufficient change in expectations of housing standards to shift the norm away from the long-standing requirements for amenities of an extravagantly high minimum standard. The shift amounts to a socio-economic movement towards more modest housing, and industry sources say that exhortation could and would never have brought about such a change — only the sharp end of the worst drop in real living standards could have achieved this. The pertinent statistics make interesting

reading: the number of units purchased do not tell the story, which is to be found in the cost per unit.

From January to May this year, 899 units a month were sold compared with 490 a month from January 1985 to July 1985, and 836 units a month from July to December last year.

An increase of 70% for the number of housing units sold was achieved, therefore, between the first and second halves of 1985, and a further increase of nearly 6% between the second half of 1985 and the first half of 1986.

But there is a different trend for the average value per unit. In the first half of 1985, it was just under R66 000. But it dropped sharply in the second half of 1985 to R52 100 per unit — a fall of around 21%.

And in the first half of 1986, there was a further fall to R47 100 — another 10% drop. At a time when the inflation rate has been well over 15% per year, the fall in value per unit in real terms has been worse.

Schlessinger notes that these Witwatersrand figures are representative of the country. What may have influenced these dramatic changes has been the introduction of the government subsidy for bond interest for first-time home-owners on new houses of less than R40 000.

Schlessinger believes the availability of a subsidy for more modest accommodation has resulted in shifting housing expectations. He considers that the shift also applies to black housing.

Saligna fills market gap with laminates

SALIGNA PRODUCTS, a newcomer to the manufactured laminated products industry, is a rapidly-growing company based at Tzaneen. Saligna's Grant Rowe says the burgeoning small business is only two years old.

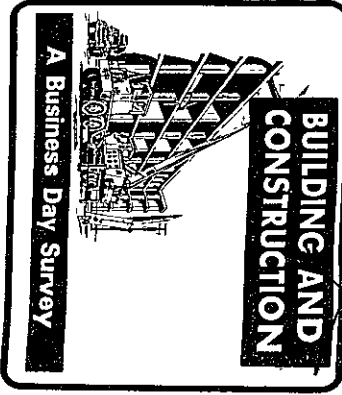
Its range, however, includes saligna and pine laminated beams; saligna tongue-and-groove flooring and ceiling; treated poles and bearers.

Forest Fencing, a recently-acquired company, manufactures, supplies and erects timber-panel fencing for the domestic market. The company has a 5 000m² factory at Nkawkawa, Northern Transvaal, and its key to its success is the eucalyptus — saligna grands.

It is taken in this case from a Duiwelskloof plantation which belongs to an associate company. Operating in a decentralised area means there is no difficulty in obtaining labour and about 200 blacks work at the factory

Rowe says saligna timber comes from trees between 15 and 20 years old.

Handwritten notes: "BUDGET 5/9/86" and "32" circled.



Giants take on huge contracts

LTA Building (Witwatersrand) is fulfilling two major contracts in central Johannesburg: the R78.5m Nedbank Group Centre and the Prudential block (for R25.4m) on the old Colosseum Theatre site.

In a joint venture, Murray & Roberts and Stocks & Stocks are undertaking the new R117m SA Reserve Bank building project in Church Street, Pretoria.

Concor Construction is involved in a variety of work on gold mines: eight single-storey hostel blocks for mineworkers at Gencor's Winkelhaak Mine, worth R2.4m; a contract for 32 homes for mine personnel (following Concor's construction of about 400 houses for mine personnel at Virginia, for Gencor and Anglo American); shaft offices for R4m at the new shaft at JCI's Doornkop Mine; and a newly-begun contract for three hostels and a kitchen for Kloof Gold Mine at the Leeuodoorn site.

Murray & Roberts Construction is building six engineering laboratory blocks at the Pretoria Technikon's new Kollegerand campus at Pretoria West.

The R16.5m contract is being carried out by Murray & Roberts Engineering (TVI & OFS). The project forms Phase 4 of the overall campus development. The six buildings have a combined total floor area of 25 000m².

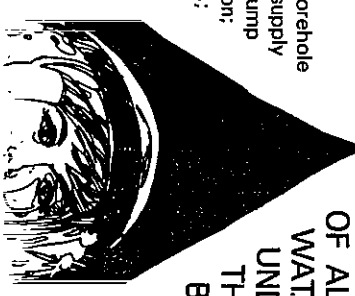
Borehole? ...

R1 000 to be won by one of the next 20 lucky customers.

BEWARE! Prevent your investment in a borehole changing into a "pig in a poke"!

offering you:

- Water-divining; • Borehole drilling; • Borehole supply tests (SABS) Water-pump design and installation;
- Irrigation systems; • All-embracing guarantees; • FREE supervision of your project;
- For a total service, phone



OF ALL THE WATERDRILLING UNDERTAKINGS THERE IS BUT ONE LOWE

**Housing authorities,
financial institutions, building societies, developers,
planners, contractors:**

Unfounded prejudices and ignorance are all that stand between South African families and affordable housing!

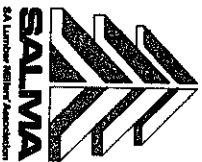
The new National Building Regulations promulgated during 1985, now authorise the building of timber frame houses anywhere in South Africa.

Furthermore, the approved timber frame building method complies with the SABS standards for structural design as well as for fire and insulation ratings. It is used in more than 90% of all houses in the USA, Canada, Scandinavia, Australia and is common in all other western countries.

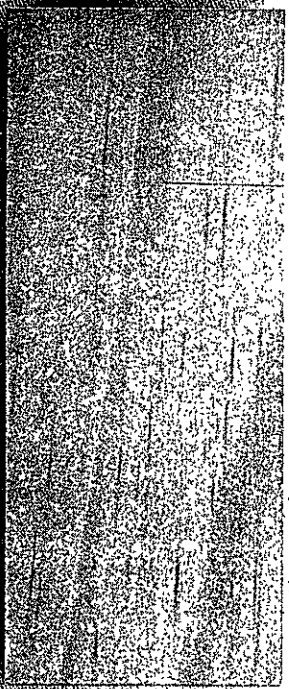
Using properly treated graded structural timber, the method is ideally suited for all types of housing, including the cheapest low cost variety. Manufactured housing kits are ideally suited and already available for self-help schemes. Cost is not the only advantage. With the tremendous backlog of housing, the speed of erection could play an important role to alleviate the problem. Design scope, alteration versatility and space savings are further advantages. The method can also be used to upgrade existing conventional dwellings at low cost.

The average life span (as specified by the building societies) of a timber frame house is the same as for other conventional houses. It provides an ideal long-term investment opportunity.

As businessmen, authorities and decision makers directly influencing and affecting housing in South Africa, especially in the light of the housing crisis, the time has come to reconsider the timber frame solution - in the national interest.



**The problem is man made,
the solution is natural . . .
timber frame building**



- For further information.
- Details of existing manufacturers and contractors.
- Training courses for builders, developed in co-operation with the National Timber Research Institute of the CSIR.
- Seminars for developers, architects, designers and building inspectors.

Contact: SALMA, Telephone (011) 974-1061
Private Bag X686, Isando, 1600.

Telephone

Company/Address

Position

Name

A235

The seasoned product has a pinkish colour normally associated with imported hardwoods like meranti.

The group continues to project growth of 10% a month.

Rowe notes the closing of a rival concern's laminated timber plant in Pretoria opened the door for Saligna. Rapid growth in turnover will be accompanied by geographical extensions of markets into Natal and the Pretoria area.

PG Wood a giant supplier for SA

OPERATING from two timber yards, one at Germiston and the other at Epping, PG Wood is one of SA's major suppliers of timber and board products.

Both yards are equipped with kilns for drying wood and machine shops to cut board and timber to size.

The company supplies all the major retail chains and builders, merchants, furniture manufacturers, shopfitters, interior decorators, kitchen manufacturers and hardware stores.

PG Wood provides a wide range of timbers. The exotic items, which are often not freely available, come from North and South America, the Far East, and West and Central Africa.

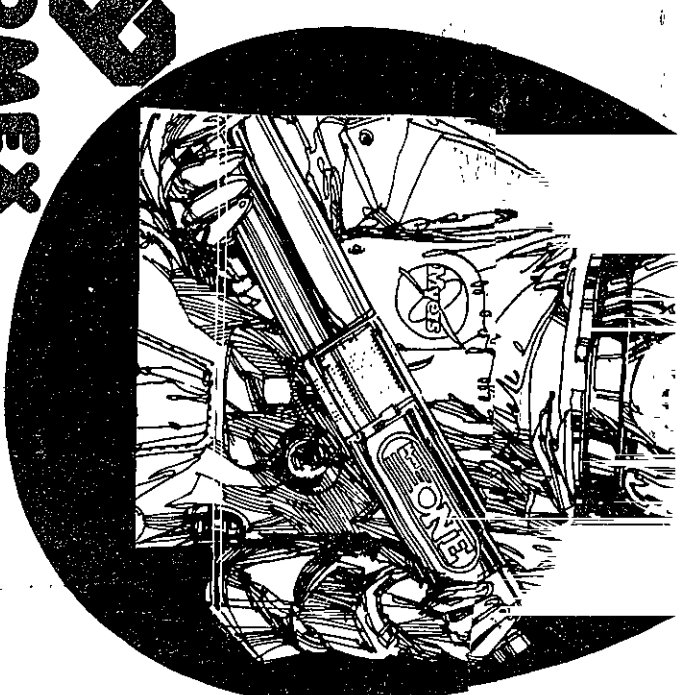
Constantly seeking new ideas to promote the use of timber and timber products, the company has been responsible for developing many innovative uses for wood.

The board-griturer's section offers a complete selection of chipboards, hardboards, plywoods, laminated pine shelving, flush-panelled doors, locally-made and imported exterior doors and decorative surfaces like formica.

PG Wood is also responsible for developing the Timber City concept - a chain of retail outlets which offers the smaller-trade customer and the DIY enthusiast timber products at discount prices.

LOMEX
1219 IRVING STREET
QUEENSWOOD 0186

(012) 73-4760
all hours

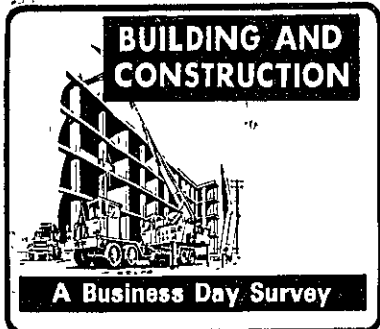


PG Wood
WE HELP BUILD WINNERS

**DISTRIBUTORS OF
A FULL RANGE
OF TIMBER AND
BOARD PRODUCTS**

BLOEMFONTEIN (051) 34-1281
CAPE TOWN (021) 54-2161 • GERMISTON (011) 825-1380
MOBENI (031) 42-5061
PIETERMARITZBURG (0331) 6-9331
PRETORIA (012) 79-6024 • WELKOM (0177) 5-2541

Bates Wells 9855 CITE



SFM puts up a new scaffolding system

NEWLY-FORMED SFM Scaffolding and Formwork Manufacturing is now producing a support and scaffold system which is interchangeable with the system most widely used in SA.

The System 48 is manufactured under licence to a UK company. SFM chief executive Don van Lier says the availability of a compatible system provides contractors with a choice of supply which they did not have before. Previously, if they bought one system, they were tied to it.

The new system, which is widely used overseas, is said to be easier to erect and stronger in sheer and tension than other products. Several leading contractors have introduced System 48 to augment existing stock, and a large order has been received for a government contract.

SFM is now equipped to design and manufacture scaffolding, support-work, standard and non-standard form-work, columns, column boxes, steel coffers and troughs.

□ □ □

THE 1986/87 edition of Merkel's Builders' Pricing & Management Manual is available from Mildenhall Publications at R150, excluding GST.

The comprehensive handbook was compiled by Ron Schloss of the Building Science Department at the University of the Witwatersrand.

□ For more information telephone (011) 789-2144, or write P O Box 1022, Johannesburg 2000.

□ □ □

SAMCATILES, part of the Italtile group, reports that demand for its local product is leaping ahead, because imported tiles are now so expensive.

Samcatiles says many South Africans are now demanding European-quality tiles — but at local prices — and the group's designers and stylists are adapting European looks for SA conditions.

There are now wide ranges of locally-manufactured tiles in varying sizes, shapes, colours and designs, suitable for both domestic and commercial use.

There are, for example, "monocottura" (once fired) tiles in the 250mm x 180mm size in varying colours. Its large size makes application easier as fewer tiles are needed per square metre.

The new granular tiles (250mm x 250mm) are hard-wearing and designed for offices, shops and other heavy traffic areas. The beige colour does not show dirt easily and can be combined with other colours for interesting decorative effects.

"Relief tiles" are 250mm x 250mm with a pattern, following the latest trend in textured tiles overseas. This type has been used effectively in many major projects, including Anglo's Santorini in Durban.

TWO well-known brickworks — Boksburg and Olifantsfontein — are now operating under the Cullinan name. These brickworks use the "open clamp kiln", which makes possible a greater variety of shapes and colours than the gas kiln method. Each brick is not necessarily uniform in shape and size, making for attractive variation.

Cullinan follows a policy of maintaining one price for all brick buyers, whether corporate, wholesale or individual.

A RANDOM selection of the latest services and products available in the building and construction industries is reflected in this shopwindow. Products range from SA-made tiles; a new hand-book; to a support and scaffolding system interchangeable with the one most widely used in SA.

Quality is controlled to match or even surpass SA Bureau of Standards (Sabs) standards. The range currently includes semi-face, stock and paver bricks. The range is constantly updated, but no brick style is discontinued, so eliminating the risk of erratic supply during the building period. The range of styles encompasses High Tech, Post Modern, and Suburban.

□ □ □

VITRO Building Products, a division of Vereeniging Refractories, has clay products including building bricks, pavers, split tiles for flooring and pipes. The main brick plant, Vitrobrick at Springs, produces bricks in a wide variety of finishes, including smooth, wire-cut and rustic.

Included in the Vitrobrick range are the FBS-classification "regency" pale gold, Roman red, and plum, each in two surface-texture types, as well as an Aesthetic face brick (FBA). The company also sells a wide range of brick pavers in natural colours.

□ □ □

HEINEMANN ELECTRIC is offering a new device, a domestic load-limiting system that automatically switches itself back on once the offending overload has been removed.

The capabilities of the device, called the "SA-AS", make it suitable for mass housing but also for any application where overload protection is required coupled with the convenience of "self-reinstatement".

The SA-AS was locally designed and developed with an eye to specific SA conditions with regard to climate, applications and installation skills. The thinking behind the project originated with Heinemann's involve-

ment with the electrification of Atlantis.

Heinemann's Terry Grills says the acceptance of the unit as a standard would eliminate the need to install expensive metering equipment. The consumer's tariff would simply be set at a fixed amount according to the current setting — five, 10, or 20 amps. The cost of the Kwh meter and its reading would be eliminated, says Grills.

Main features of the SA-AS are its silent operation, a pilot light indicating "on" or "off", and its compact size, in three different models. Standard current ratings are from 5 to 20 amps. Load capabilities are 20 amps maximum at 250 volt and 50 cycles, while nominal cut-off point is 105% of rating.

In typical overload situation (arising from a bar heater, for example) the unit interrupts the supply without tripping the main circuit breaker. The unit then goes into a "latching mode", but will re-set automatically once the total load is removed, after which normal use within the rating is again possible.

□ □ □

THE Dim-a-lux range is manufactured in SA by Lumex. It comprises five units: two touch and three rotary types, all complying with Sabs specifications and also conforming to Post Office noise-suppression regulations.

The moulding of the 240V 500 Watt units is impact- and wear-resistant, has a high electrical strength and will withstand temperatures up to 120°C. Solid state construction simplifies operation, makes maintenance unnecessary and eliminates wear, as there are no moving parts.

There is a built-in "spike" resistance to protect against electrical surges during thunderstorms, and a built-in memory which ensures that the light intensity when switched on is the same as when it was last switched off.

The unit is compact, and enclosed terminals make for easy wiring and maximum clearances between terminals and earth.

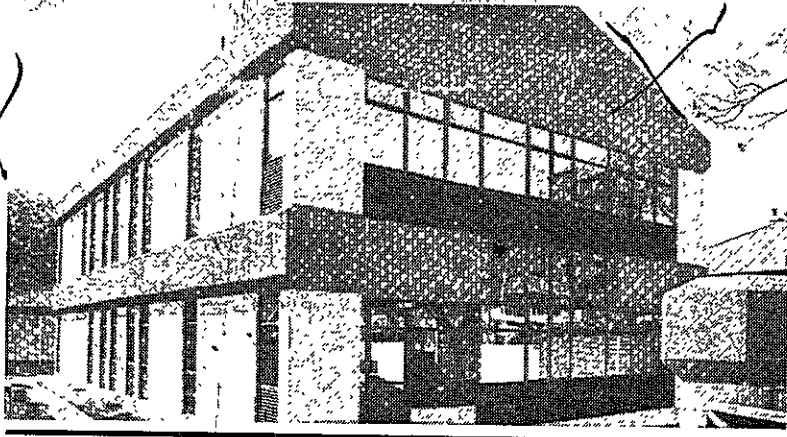
□ □ □

LUMEX'S Powerite outlet is used for uninterrupted power systems, and the product eliminates dependence on imports. MD Tom Tromp says the local product is an improvement on the imported item.

"Most imports are the British type 13 amp flat-pin plug with a matching switched socket outlet. They therefore cannot be plugged into a standard power supply if the need arises." The Lumex product is suitable for X-ray machines, computers and data-processing terminals.

Powerite switch socket outlets only accept Powerite-dedicated plugs, not conventional ones, but Powerite dedicated plugs will fit conventional outlets. Both the Powerite plug and outlet are conversions of existing Lumex products and can be supplied either in earthed or isolated earthed format.

A new embassy is born in Pretoria



□ GAMMA ZENITH, with architects Osmond Lange, have converted a dilapidated four-bedroom house in Church Street, Pretoria, into an elegant embassy building for the Ciskei Government. The exterior has been enhanced through the use of Gamma Zenith Granitico and Striato acrylic wall coatings. The new embassy (picture on left), contains offices for the ambassador and his staff, reception and entertainment areas and a security wing. To enhance the interior appearance, a number of high-volume floor-to-ceiling areas were created.

Diamond blade for Gold City motorway

A SPECIAL diamond blade for concrete highway maintenance has been launched by Norton Abrasives' construction products division.

The blade, 810mm in diameter, has been specially developed to meet the requirements of SA's first concrete-highway maintenance contract for a Johannesburg motorway.

The locally-manufactured blade has been fitted to an adapted clipper C375 concrete sawing machine to provide a cut depth of 280mm.

The machine was imported from the Norton overseas factory, but will be superseded by a local model currently being designed by the construction products division at Isando.

Machine adapted

Business manager of Norton's abrasive construction products division, Rod McLeman, says: "We adapted the conventional 37 HP clipper machine to take the locally-developed blade so that the contractors, Basil Read, could achieve the deeper cut required for repairs."

Norton is the only SA manufacturer of concrete and masonry saws and diamond and abrasive blades, with equipment able to cut deep enough into concrete for highway repair and maintenance.

The maintenance contract forms part of a R21m contract awarded to Basil Read for the upgrading of the highway from Modderfontein to Rivonia.

R11m plans passed

EAST LONDON — The city council passed 55 building plans, valued at an estimated R11 035 500, last month.

The total number of plans passed between January and August this year was 526, valued at R36 457 600.

This is 67 plans fewer than the total number passed for the same period last year — 593 valued at R40 001 000, according to statistics released by the city engineer's department.

This is a decrease in value of over R3 543 400.

— DDB

DD/9/86 (32)

Cheap Ciskei bricks threatening jobs

Dispatch Reporter
GRAHAMSTOWN — Some 500 local jobs are threatened according to local brick manufacturers who say their operations are no longer viable because cheap clay bricks from Ciskei are landed in Grahamstown at prices which undercut that of locally manufactured bricks.

According to a city councillor, Dr Brian la Trobe, the situation is desperate.

"Local manufacturers just can't compete with the decentralisation benefits accorded Ciskei."

Dr La Trobe, who runs a small clay brickworks employing about 60 workers, said he could only produce bricks at a cost price of R115 a thousand — to which he had to add general sales tax.

"Thus Ciskei, with the 60 per cent transport rebate, can undercut me by nearly R14 a thousand."

According to Dr La Trobe, the Decentralisation Board had confirmed Ciskei's decentralisation benefits would continue until August next year and could be extended.

The managing direc-

tor (East Cape) of Corobrik, Mr D. S. Osborn, said: "This is it. We shall have to close down. It's a matter of straight forward viability."

Dr La Trobe said he had approached the Minister of Trade and Industries, Dr Dawie de Villiers, and the Minister of Constitutional Development and Planning, Mr Chris Heunis. He intends going to Pretoria next week to see members of the Decentralisation Board.

"The Regional Development Advisory Committee's industrial committee is also working on it," he said.

New section of South Coast road is opened

12/18/86 Mercury
Pietermaritzburg Bureau

32
THE last section of the N2 on the upper South Coast, between Scottburgh and Umgababa, was opened to traffic yesterday.

The new 17,7 km stretch will mean motorists will no longer have to travel along the congested old coastal road through Scottburgh and Umkomaas.

One carriageway has been opened at this stage and the second is expected to be opened in stages during the first half of 1987.

The temporary links to the N2 freeway at Scottburgh and Umgababa are to be closed, and access to the coast will be via the interchanges at Park Rynie, Freeland Park and Umkomaas.

A roads department spokesman said access to Scottburgh from the south was from the Park Rynie interchange only. There are no exits for northbound traffic at the Freeland Park interchange north of Scottburgh.

The spokesman said the new route passed through difficult terrain with numerous deep valleys and steep hills. More than 5 000 000 cubic metres of earth had to be moved and 23 bridges and culverts built.

Bad year sees M & R lose its blue chip status

By Peter Farley

Construction giant Murray & Roberts (M & R) relinquished its blue chip status after an atrocious second half meant that the bottom line for the year to end-June was some R14,5 million in the red.

And, although management can point to the fact that it warned shareholders of the pending disaster at the end of May, few will have expected the group to have been effectively losing R1 million a week throughout the past six months.

The reversal of fortunes, after almost R1 million a week profit in the year-ago period, means that no final dividend is being paid and shareholders are left with a paltry 10c payout for the year — one sixth of their 1985 return.

In comment accompanying the figures, new chief executive Mr David Brink says that action has been taken to overcome the problems and "provided economic conditions show no further deterioration, we expect to restore the group to a profitable position."

However, at the halfway stage Mr Brink's predecessor had much the same comment to make and forecast earnings holding around the reduced levels of the first six months.

There is little doubt that it has been a tough period for the construction industry, but M & R's domestic problems — closely linked to a reduction in gross domestic fixed investment — have been compounded by severe setbacks in its forays offshore.

The nature of these foreign investments also meant that tax relief on losses sustained outside SA's borders

could not immediately be brought to the rescue of the beleaguered income statement.

Therefore, though post-interest operating profit slumped to R33,6 million from R86 million, the payment to the Receiver actually crept up to R36 million from R35,6 million.

The balance sheet has been assisted by the recent R74 million debenture issue, but the cost of servicing this in the second half of the year meant another R5 million off the bottom line.

The final analysis shows that, after all payments are taken into consideration, earnings sunk to a loss of 55c a share from a profit of 165c in the preceding 12 months.

The future prospects are, however, not as gloomy as the historic performance suggests. Internal rationalisation measures are already saving on fixed overheads, while there are signs that the economy is perking up.

In addition, the prospect of the firm's involvement in both the Lesotho highlands water project and the development at Mossel Bay should add substance to earnings further down the road. Pre-interest operating margins have, however, been virtually halved to 2,3 percent and, with competition still exceptionally tough, it is going to be difficult to restore these to the previous comfortable levels.

Nevertheless, the share price has picked up in recent weeks and at 750c is a lot steadier than the 575c low in early June, after warnings of hefty second-half losses. But it looks like being quite a while before it recovers to the peak of a shade over 1 500c, established earlier this year.

MURRAY & Roberts Holdings (M & R) has recorded an attributable loss of R14,47m in the year to June and passed the final dividend.

The year-end results are in line with the board's warnings in May that the group was heading for losses. At that stage it was suffering losses of about R35m, resulting mainly from losses sustained on foreign contracts, a decline in factory built accommodation and transport, delays in capital projects and the continued deterioration in the economy.

In addition, tax relief could not be obtained on these setbacks. Consequently tax almost wiped out the post-interest operating profit in the past year.

Directors say in the preliminary report that they expect to restore the group to a profitable position, provided economic conditions do not deteriorate further.

The R74m debenture issue in December 1985 helped reduce borrowings by R49,5m to R73,9m, or 21% of permanent capital. The group has reserve borrowing capacity of R222m (R181m).

Group turnover showed no real growth at R2,6bn (R2,5bn). Pre-interest

Tax hits results of constructor



BUSINESS
results

32

LIZ ROUSE

operating profits slumped to R60,6m (R114,1m). Interest charges were reduced to R22m (R28,1m) and should show further improvement in 1987.

The tax situation should also improve this year. Tax bit just over R36m out of an operating profit of R38,6m in the past year.

The non-operating loss was comparatively minor at R1,8m as a result of profits from properties sold in terms of the group's property disposal programme. Possible profits from corrective steps taken have not yet materialised. The May announcement said that

● To Page 2 →

Tax hits results and dividend

benefits could only arise in 1987.

Encouraging factors are that several of the group's operations achieved improved results, the massive drain resulting from foreign operations, which have been closed down, has been stemmed and the interest and tax situation should ease.

However, cost of servicing the compulsorily convertible debentures were

high at more than R5m.

M & R shareholders have to be content with the 10c interim dividend (a total of 60c was paid in 1985). The shares have pulled up from a low of 580c to 750c. There are better sectors in which to invest — unless a massive housing programme can get off the ground.

← ● From Page

BUSINESS
15/9/86

32

M & R records R14,47m loss

CM 11/2/85 15/9/86

32

From LIZ ROUSE

JOHANNESBURG. — Murray & Roberts Holdings (M & R) has recorded an attributable loss of R14,47m in the year to June and passed the final dividend.

The year-end results are in line with the board's warnings in May that the group was heading for losses.

At that stage it was suffering losses of about R35m, resulting mainly from losses sustained on foreign contracts, a decline in factory-built accommodation and transport, delays in capital projects and the continued deterioration in the economy.

No tax relief

In addition, tax relief could not be obtained on these setbacks. Tax almost wiped out the post-interest operating profit in the past year.

Directors say in the preliminary report that they expect to restore the group to a profitable position, provided economic conditions do not deteriorate further.

The R74m debenture issue in December helped reduce borrowings by R49,5m to R73,9m, or 21% of permanent capital. The group has reserve borrowing capacity of R222m (R181m).

Group turnover showed no real

growth at R2,6-bn (R2,5-bn). Pre-interest operating profits slumped to R60,6m (R114,1m). Interest charges were reduced to R22m (R28,1m) and should show further improvement in 1987.

The tax situation should also improve. Tax bit just over R36m out of an operating profit of R38,6m in the past year.

The non-operating loss was comparatively minor at R1,8m as a result of profits from properties sold in terms of the group's property disposal programme. Possible profits from corrective steps taken could only arise in 1987.

Servicing cost

Encouraging factors are that several of the group's operations achieved improved results; the massive drain resulting from foreign operations, which have been closed down, has been stemmed and the interest and tax situation should ease.

However, cost of servicing the compulsorily convertible debentures were high at more than R5m.

M & R shareholders have to be content with the 10c interim dividend (a total of 60c was paid in 1985). The shares have pulled up from a low of 580c to 750c.

08/17/9/86 (32) (1)

More Border brick jobs on line

Dispatch Reporter — An increasing number of brickmaking jobs in the Border area are under threat, according to manufacturers who claim their operations are no longer viable as Ciskei operators are still receiving decentralisation benefits.

A Stutterheim brick maker, Mr Brian James, said his family's business had been forced to relocate its industry in Umtata, resulting in some 250 labourers losing their jobs.

Mr James took over the running of the industry from his father in early 1970, with his main market originating from the Transkei area.

"With the opening of the Ciskei brick works, we lost out on Transkei deliveries as we did not enjoy any concessions.

"The result was that we had to relocate to the Umtata area at the beginning of this year," Mr James said.

The support his industry had since received from Transkeian individuals and larger building contractors had been encouraging.

"The outcome of our closure in Stutterheim was that approximately 250 employees lost their jobs. Many of these people had been with us upwards of 10 years.

"We foresee a long pull ahead of us now. Even though we are a

mere 29 km from Umtata, bricks manufactured in Ciskei are still landed more cheaply in Transkei and we've had to cut prices to survive.

"It could take us years before we fully recover our losses and the cost of relocating our industry," Mr James said.

It was reported recently that more than 500 jobs were under threat in Grahamstown, where Corobrick also faces a threat from Ciskei brickmakers.

South African brick makers say clay brick manufacturers are not entitled to decentralisation benefits because they are classed as "locality-based" industries. However, Ciskei brickmakers are being granted full Region D concessions.

These include:

- A transport rebate

of 60 per cent;

- Housing subsidies for key staff;
- Wage subsidies of R110 a month a job, tax free and payable quarterly; and
- Five per cent preference on government contracts.

A representative of the Ciskei People's Development Bank, which helps administer decentralisation benefits, said that 18 months ago the Decentralisation Board investigated the question of locality-bound industries.

Initially brickworks were classed as industries and were granted decentralisation benefits but a subsequent decision ruled that as the brick manufacturing industry was locality-bound it would no longer be allocated decentralisation benefits.

"But in terms of the incentive package allocated by the board, a two-year notice period had to be issued to all the industries involved," he explained.

All brick manufacturers in Ciskei have been issued with the notice and all will lose their decentralisation benefits by August next year.

"This cut-off date applied to all brick manufacturers in South Africa as well, the representative said.

"In the meantime, it is this interim period that is causing problems, where some brick manufacturers in Ciskei are still being accorded the concessions and are therefore able to produce bricks at a much lower cost than manufacturers whose concessions have already been stopped."

Scaling down

Murray & Roberts' days of empire building are over. From 1976 to 1985, the group's total assets climbed every year, rising from R195m in 1976 to R860m in 1985. However,

this year, when earnings fell for the first time since 1977, the total dividend dropped below 20c for the first time in 10 years, and the group turned in the first losses in its history, management decided the time had come to herd the group into a tighter formation.

Total assets were trimmed by R80m or 9%, and by increasing permanent capital, borrowings were cut back by almost 50%. Negotiations are continuing for further sales, and CE David Brink says there are bound to be significant amounts realised from disposals during the current year. He believes the worst of the retrenchments has passed. The group has restructured, reducing seven sub-groups to four operating groups, achieving large reductions in overheads. The operating groups are construction and engineering; suppliers and services; properties, and industrial.

After setbacks amounting to R35m suffered earlier this year in the international, factory-built accommodation and transport equipment interests, these businesses have been rationalised. The holding costs of resources for delayed capital projects have also been reduced.

The international operation, previously a separate division, is now classified as a construction investment. The overseas interests will be rationalised further, and they should not lose money again this year.

The problem in the factory-built accommodation business has been handled by moving those interests out of the CI group and into the housing division of the construction operating group where, Brink says, "the guys know a lot more about the market and how to handle it." Brink says that although the caravan market has taken a knock, M & R's caravan business is not a loss-maker.

The engineering and industrial operations have been slimmed down — Chel has been sold and it has been decided to close Heat Exchangers. Brink says the industrial operations will do a lot better this year. "We are seeing signs of recovery in certain areas — one of the areas that can really print money when volumes improve is the foundry business, and there are signs of better local demand and good export opportunities."

He says the suppliers and services division performed better than budgeted in the year to June, which is surprising, considering it is tied to the construction industry. "This division was nicely profitable, and it could pick up quite well this year as a lot of money is being spent on road maintenance, increasing demand for our bitumen, pre-mix and stone products."

Brink says the property division has maintained its reputation as a consistent profit producer, but as most of SA's major cities are over-built, he expects some negative growth in this business in the year ahead. He also expects negative growth of about 20% in the construction business, although areas such as housing could perform well if demand strengthens. He adds that sub-economic housing is, by nature, not a very profitable business, but M & R is being

selective in the contracts it goes for.

An important benefit of turning the loss-makers around in the current year will be a lower tax rate. M & R's R36m tax bill virtually wiped out the R38m operating profit (after interest) in the year to June, as the group was unable to obtain tax relief on the setbacks suffered earlier in the year. Brink says that once the loss-makers turn profitable, M & R will benefit before and after tax, so an important priority is to "fix the dogs."

Kerry Clarke

The upturn

With its figures for the end-June interim, Gencor affirmed its recovery and provided a handsome welcoming present to new chairman, Derek Keys. The 51,4% surge in attributable income was certainly towards the upper end of market forecasts. Since the results were released last Thursday, the share has gained another R3, to trade on Tuesday at R64,50, compared with the low of R26,50 exactly 12 months ago.

New accounting procedures have resulted in the restatement of certain comparative figures in the interim statement. Changes to the calculation of turnover were announced at year-end, and on restated figures the interim turnover rose by 8,3% to R2,47 billion. Figures are also restated in the breakdown of sectoral contributors.

Each income sector now only comprises investments of a strategic nature, while portfolio investments are under financial and services. Exploration expenditure, formerly lumped into the mining division concerned, is now also part of financial and services, hence this figure fell from R61,7m to R49,3m. Another cause of the decline in this figure, says Keys, was that there were some coups in the previous interim that were not repeated.

At present, much of the stock market interest is centred on gold, and this is where some houses have been scoring most heavily. Not so in Gencor's case. Although the gold and platinum contribution to attributable income jumped by R10m or 29,5% (and is likely to increase again on the rand gold prices), the overall figure was given greater boosts from base metals and minerals which jumped by R43,9m, from Sappi which saw a R21,9m turnaround, and from other commercial and industrial interests, whose losses were reduced by R11,8m and virtually eliminated at R200 000.

The last two cases emphasise why Gencor stood out late last year for its enormous recovery potential. Simply a return to profitability in the bruised industrial division, and the inflow profits that were virtually ensured from activities sensitive to the weak rand meant that there had to be powerful upside in Gencor's bottom line.

Because of its large size and considerable importance as a single income source for Gencor, Sappi has now been separated from

Boumat strengthens hand

IN a R724 000 deal, Boumat has strengthened its hand as a leading supplier of building materials through the acquisition of General Plumbing Supplies.

The purchase of General Plumbing, which has its headquarters in Elandsfontein and a branch in Newtown, was settled through the issue of 161 000 Boumat shares, priced at 450c a share.

Boumat also said it was buying out minorities' interests in two of its subsidiaries, Durity Alpha and

BRIAN ZLOTNICK

Durity Omega, for R600 000 by way of issuing 114 000 new Boumat shares at a price of 450c a share.

Executive chairman Irvine Brittan said: "These purchases will have no material effect on Boumat's earnings or asset value this financial year but we see General Plumbing as a valuable addition to our portfolio of bathroom-ware businesses in the medium term."

McCarthy is optimistic

Investment Staff

THE McCarthy group will show a marginal increase in earnings this year, says chairman Brian McCarthy in the annual report.

He bases his forecast on the emphasis the company has placed on used cars and parts marketing, together with further cost savings it is achieving.

However, he expects little change in the new-vehicle market and a 25% drop in national motorcycle sales.

McCarthy says in view of the state of the economy, together with the fluid political situation, the group is not actively seeking expansion opportunities in either its core business — motor retailing — or businesses of a diversified nature.

Talks on brick crisis in G'town

Are. Port
32
23/9/86

By DENISE BOUTALL
TOP-level discussions were held in Pretoria yesterday about Ciskei-made bricks being sold in Grahamstown at prices that could cripple the Grahamstown brick industry.

Nearly 500 jobs in Grahamstown are at stake as bricks made at Mount Coke in Ciskei with the back-up of highly advantageous decentralisation incentives, are sold in the city at prices the local industry — which does not have those incentives — cannot match.

Dr Brian la Trobe, who runs a brick factory employing 70 people, said

yesterday Competition and Decentralisation Board officials had discussed the issue.

No decision was taken.

He said there had been a slight upturn in the building industry in Grahamstown, but local manufacturers would lose out because of unfair competition by the Ciskei company.

The low-priced Ciskei bricks have already cost Corobrick's Grahamstown factory two contracts.

The managing director of Corobrick (Eastern Cape) in Port Elizabeth, Mr Dave Osborn, said the viability of the com-

pany's Grahamstown operation, where 400 people were employed, was at stake.

"It's a bitter pill when companies in the Republic have to compete with companies getting full decentralisation benefits in Ciskei.

"It's clearly a case of unfair competition.

"My main objection is that the Decentralisation Board has created this monster, and other industries have also been affected in this way.

"What is the point of decentralisation when all you are doing is destroying jobs in one place and

creating them in another?"

Corobrick's price for standard stock bricks in Grahamstown was R165,60 for 1 000 bricks.

The Ciskei company was delivering bricks in Grahamstown at R120 a thousand.

"If I had a subsidy I could meet that price.

"We're not asking for benefits to be taken away from that company — but that we also qualify for them."

Transport was a major component in the cost of stock bricks which gave the Ciskei company, with a 60% subsidy on transport, a decided edge.

Tombo

Another R253 million is needed for roads

Higher vehicle licence fees are recommended

24/9/85
32

By Stan Kennedy

Vehicle licence fees will go up if the Cabinet approves the recommendations of the Department of Transport's National Transport Policy Study (NTPS).

The department has calculated that to recover costs for the building and maintenance of roads, an additional R253 million will have to be collected each year from all road users through vehicle licences, as well as from the diesel fuel levy which currently goes to the Road Fund.

The particular recommendation says the competitive basis for infrastructure cost-recovery for rail and road should be equitable and that private road hauliers and other road users must contribute their relative share.

Transport policy, as presently implemented, is contrary to the widely stated principles of national economic policy which emphasises the beneficial role of competition, Mr A B Eksteen, director-general, Transport, and chairman of the National Transport Commission, said in Johannesburg today.

Speaking at the Outlook for Trucks conference, he said the current system imposed a significant cost on the economy, both in direct and indirect terms.

"It is estimated the direct cost to Government, the applicant and the objector in respect of applications for permits is more than R60 million a year.

"The indirect costs result primarily from the distortions introduced by the lack of effective competition.

"Distorted tariffs in all modes lead to an inefficient allocation of resources and more expensive and uneconomic transport for the consumer, in general."

Enforcement problem

He admitted enforcement of the current system had become a problem.

With existing manpower, it was difficult to police a permit once it was issued.

He said it was found in a 1983 survey that about 20 percent of the freight moving between Johannesburg and Durban was

"unauthorised" or appeared to contravene the Road Transportation Act of 1977.

One of the biggest problems was the interpretation of the wording of permits.

The abolition of the permit system is one of the recommendations in the White Paper on the NTPS.

He said efficiency gains in the form of lower transport costs and better service to users would be substantial.

He pointed out that the permit system and existing arrangements for international transport be retained until agreements had been signed between South Africa and affected countries.

Among other recommendations in the White Paper which had been approved by the National Transport Commission were that:

- Internal cross-subsidisation within SATS between services and different modes be eliminated.
- SATS be allowed to minimise internal cross-subsidisation within each of its services —

rail freight, rail passenger, road transport and harbours and pipelines.

● SATS be relieved of or compensated for the financial burden of providing uneconomic services.

● Uneconomic services to be paid for in an open and accountable way by whoever required the service.

● All modes of transport, including SATS, should be given greater freedom to follow market trends and to be more accommodating to market requirements.

Integrated package

Mr Eksteen said the recommendations formed an integrated package and should be implemented as soon as possible.

Legislation would be simplified and it had been suggested that some 15 transport-related Acts be consolidated into three proposed Acts — a Transport Act, a National Roads Act and a Road Traffic Act.

The Road Transportation Act of 1977 would be abolished.

Money supply control 'inhibits' growth

By Stan Kennedy

The policy of demand management of the money supply and the pressures on the current account, of the balance of payments are the two

main structural problems inhibiting South Africa's growth prospects.

This is the view of Mr Tony Twine of Econometrix. He told the Outlook for Trucks conference in

Johannesburg today that the monetary authorities would continue to attempt to control the rate of growth of the money supply by forcing adjustments to the short-term interest rate pattern.

In simple terms, this means that the Reserve Bank will influence interest rates downwards as long as it decides that monetary growth is not excessive," he said.

"It will push short-term interest rates upwards whenever it feels the money supply is growing too rapidly.

"Inevitably, this causes the real economy, of which vehicle sales is an important part, to follow suit with fairly violent upward and downward movements."

He said the three percent growth expected between mid-1986 and mid-

1987 would place such pressures on the current account of the balance of payments that the authorities would consider it necessary to start imposing a "cooling off" programme.

This would result in very low growth during the second half of next year.

The combination of rising interest rates in 1987 and the tailing off of real economic growth would mean that growth in cars and LCVs would not be sustained beyond the second quarter of next year.

In the first six months of this year car sales were 85 000, and this was expected to rise to 95 000 in the second half.

Mr Twine said the annual figure of 180 000 units would increase by about 10 percent to around 200 000 next year.

Sales of light commercial units this year were projected at 79 000 and to grow in proportion with car sales to 88 000 next year.

Medium commercial vehicles should bottom out by the end of the third quarter of 1986 and should improve rapidly from 4 700 units in 1986 to 5 000 in 1987. Heavy commercial units were also expected to increase from 7 000 this year to 8 000 in 1987 and would be the first positive growth in the market since 1981.

However, Mr Twine said that the threat of constraints to medium-term growth imposed by the burden on the current account of the balance of payments and adherence to a damaging monetary policy meant that market volumes could return to 1986 levels in 1988.

HOUSING SUBSIDIES

Shifting ceilings

Moves by home builders to have government increase its subsidy on housing for first-time buyers seem to have stalled. The builders are seeking an increase from R40 000 to R55 000.

Government, says National Association of Home Builders' (NAHB) executive director Johan Grotius, seems reluctant to make a decision.

Grotius believes that an official perception that the housing industry is experiencing a revival, thus obviating the need for a boost, is behind the lack of decision.

But he says statistics showing an increase in the number of dwellings built between the second quarter of last year and the first quarter of this year are misleading.

Home builders insist that any increase in numbers certainly did not show up on their bottom lines.

Grotius says that while more building plans for homes were passed and more houses completed, margins were perilously thin. The units involved, he adds, were generally smaller, which meant there was not a corresponding increase in the volume of work.

"There may be more units," he comments,

The NAHB move, however, is opposed by the SA Perm's Bob Tucker. He feels the subsidy should not be changed. If the limit is increased, he says, government's limited funds for such assistance will be spread among fewer people.

The current limit of R40 000 is proving of greatest benefit to owners at the lower end of the income scale — particularly blacks.

Perhaps understandably, the NAHB, which caters largely for the white market, sees things differently.

Grotius sees a gap developing in the supply of houses to cater for this sector of the market if adjustments are not made.

There are already complaints, he says, that a reasonable house cannot be afforded unless the buyer is in the service of the State or an organisation with a staff housing scheme.

He tells the *FM* that the average cost per unit of houses being built now is well down on the average cost a few years ago. A substantial proportion of the homes built today, he adds, are designed to be sold to first-time home owners who qualify for the assistance.

To qualify for the subsidy, which pays a

such properties. One result, he fears, is that societies will refuse to finance them.

"They are already getting tight on their evaluations," he says, "and it may be difficult to persuade them to finance those homes if they go much smaller than they are now."

Another problem he identifies is that because qualifying houses are so small, many potential owners are holding back in the hope that the limit will be raised to allow them to commission bigger homes.

"That attitude is affecting the industry. We cannot afford more delays caused by uncertainty," Grotius says. "We have already lost too much valuable time." ■

OFF THE MARKE

JH Isaacs may well have gained 20 new buildings for its management portfolio (*Property* September 12) but only four of these — from one owner — were won from Landmark which acquired the LK Jacobs (LKJ) portfolio some months ago.

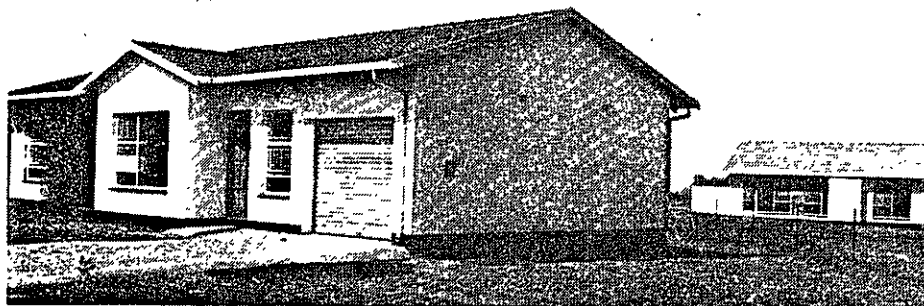
According to Landmark chairman Marke Markovitz, only 12 buildings were taken over from the LKJ portfolio in recent months. These, he says, were lost to JHI before he took over the LKJ management portfolio from the Bankorp group.

LKJ has lost a number of buildings to other management companies in recent years, and this must have been one of the factors which led to Bankorp's decision to rid itself of the portfolio.

Isaacs' Neil Callie concedes that certain management changes may have occurred before building owners became aware that Landmark was negotiating to take over the LKJ portfolio. But he claims that many of the approaches to JHI were on the owners' initiative during this period. Markovitz claims, however, that JHI canvassed owners.

The management of Cavendish Chambers, which JHI claimed as one of the buildings it had taken over, has not changed hands and remains with Landmark. This has been confirmed in a letter to the *FM* from one of the owners, Dr David Adler, who denies any change of management.

The acquisition of the LKJ management portfolio has significantly increased Landmark's property management portfolio, says Markovitz, and has set it on course to challenge the frontrunners in the property management game.



First-time homebuyers ... in need of a boost

"but we're not seeing an improvement in profitability. And building material suppliers tell me their sales aren't increasing either."

Activity in the industry dropped to such an extent over the last 18 months that about one in every four NAHB members went out of business, he says.

"Their absence from the scene should have benefited our remaining 500 members, but it didn't. Most of them have had to reduce their activities."

Grotius estimates that, in its present state, the home building industry can "easily cope" with an additional R500m worth of business. NAHB members, he says, have been pinning their hopes for a revival on government raising the limit on its first-time subsidy.

third of the interest for five years, applicants have to be first-time buyers and the cost of their homes, excluding land, must be less than R40 000.

Grotius says that, with costs escalating, developers are finding it increasingly difficult to design and build suitable homes for R40 000 or less.

"As costs increase, they will have to design smaller and smaller homes to stay within the R40 000 limit. As they do that, the cost per square metre must increase.

"Fixed costs remain the same. The cost of planning, of supervision and of installing a stove remains the same. They don't diminish because a house is smaller," he says.

With decreasing house sizes, Grotius sees problems with mortgage lenders, many of whom are unhappy with their security on

Globe Engineering expects sectors to remain depressed

26/9/86
132
GLOBE Engineering expects its operating sectors to remain depressed locally and internationally, says chairman David Royston.

He expects the company to operate profitably in the domestic marine market, while its industrial division will benefit from any increase in activity in the Western Cape.

The company will also continue to pursue aggressively its international marketing activities.

In this field the ship repair division had done well in the past year, especially in view of the state of international shipping and strategically better-sited overseas yards.

The continuing recession in world shipping and declining oil exploration had led to a number of overseas ship repair companies closing down. On the other hand, there had been an increase in oil tanker movements as a result of lower oil prices.

Royston said: "Regrettably, for political reasons, the local industry is only

Investment Staff

likely to benefit from this increased activity in casualty repairs. Labour and material costs continue to escalate significantly faster than inflation in other countries serving the international marine industry.

"Other inputs such as harbour services, power and communication costs are increasing at a disturbing rate. Unless the rate of increase is drastically curtailed, the price advantage enjoyed by the domestic marine repair industry, due to the low rand exchange rate, will be short-lived."

The directors report that during the year Globe bought a further 25 000 Grinaker Holdings shares for R96 000 and another 130 300 Claude Neon shares for R477 000.

It sold its interest in Kimberley Engineering Works and this resulted in a net profit of R126 000. Since the year-end, an additional 25 020 Claude Neon shares have been acquired for R80 000.

R65m D & H Services buy-out

CAPE TOWN 26/9/86 32

BY AUDREY D'ANGELO
Assistant Financial Editor

DARLING & HODGSON, (D & H), the troubled industrial holding company with extensive interests in the construction and engineering industries, has agreed to a management buy-out of its profitable services division for R65m.

The deal — believed to be the biggest management buy-out in SA history — is backed by Barclays Merchant Bank and Standard Merchant Bank and most of the payment will be in cash.

Housing scheme

The announcement follows the disclosure in Business Report yesterday that Cape-based entrepreneur Robert Hall has agreed to purchase a 50% interest in the luxury housing scheme on Woodbridge Island off Milnerton from its originator, Harry Fuchs, and says he will hold D & H to an agreement to fund the project.

This is expected to cost D & H about R60m, unless it decides instead to buy Fuchs out in order to continue keeping the scheme on ice.

But a senior executive of D & H said yesterday that the agreement to sell the services division to a consortium of six top management and Barclays and Standard Merchant Banks had been under discussion for about two months and had nothing to do with funding the Woodbridge Island scheme.

He said that Gencor, which wholly owns D & H, is determined to reduce the level of D & H's borrowing, which stood at R159m at the end of June.

The coal division, Trans-Natal Coal Corporation, was sold off earlier this year and this, with the sale of D & H Services and a rights offer to raise R40m, will raise a total of R135m to reduce the company's debts.

D & H ended the financial year to December with an attributable loss of R16,8m compared with a profit of R18,9m and the dividend was passed.

D & H Services is involved mainly in specialized transport and waste disposal.

It has the largest road tanker fleet in the country, of 350 vehicles, and its subsidiary, Waste Tech, is the largest waste disposal firm in the country.

Its MD, Phil Erasmus, said the management consortium which he heads would have the majority shareholding and full management control.

Operations

Now that a loss-making waste recycling firm had been closed down and the road transport business, which had made a loss for two years, had been turned round, all the division's operations were profitable.

He was confident it could achieve adequate growth without diversifying into other interests.

Erasmus said he would like to keep the name D & H Services, but D & H might require him to change it.

Other members of the consortium are Paul Norris (transport division), Geoff Wood (Waste-Tech), Peter de Beer (engineering and D & H Auto), Des Johannsen (Transport Natal) and Len Hall (financial).

32

W/E Post 27/9/86



Upsurge in the building of homes for blacks

Weekend Post Reporter

THERE has been an upsurge in the black building trade, caused by the demand for home ownership in two new Port Elizabeth townships.

Workmen are expected to complete homes at the rate of five a week at one of the townships, Kwadwesi, where many people can expect to be employed for the next few years. The housing projects are also boosting building material sales.

The Urban Foundation has 50 houses under construction in Kwadwesi. They are part of a contract for 800 dwellings, involving private developers as well as the foundation.

The homes are being built by contractors of the all-black East Cape Building and Allied Contractors' Association.

The first families are expected to move in next week.

The foundation's home building scheme in Zwide, originally reserved for employees

of a motor company, is progressing fast since a slowdown in 1984, caused by such factors as the unrest.

Workmen are trying to finish the contract by October and owners are also helping with the building of some houses as part of the foundation's "self-help" scheme.

The prices range from R15 000 for a two-bedroomed house to R25 000 for a three-bedroomed home.

The non-profit making Urban Villages Utility Company is building 865 houses in Kwadwesi, of which 60 are already under construction.

The company's general manager, Mr Rob White, said work had been "in full force" since about March this year, although there had been a delay in obtaining wooden door and window frames.

Workers were expected to complete five houses a week by October and the full contract had to be completed in about five years.

At
fr
Al
te
at

32 W/E Post 27/9/86

Upsurge in the building of homes for blacks

Weekend Post Reporter

THERE has been an upsurge in the black building trade, caused by the demand for home ownership in two new Port Elizabeth townships.

Workmen are expected to complete homes at the rate of five a week at one of the townships, Kwadwesi, where many people can expect to be employed for the next few years. The housing projects are also boosting building material sales.

The Urban Foundation has 50 houses under construction in Kwadwesi. They are part of a contract for 800 dwellings, involving private developers as well as the foundation.

The homes are being built by contractors of the all-black East Cape Building and Allied Contractors' Association.

The first families are expected to move in next week.

The foundation's home building scheme in Zwide, originally reserved for employees

of a motor company, is progressing fast since a slowdown in 1984, caused by such factors as the unrest.

Workmen are trying to finish the contract by October and owners are also helping with the building of some houses as part of the foundation's "self-help" scheme.

The prices range from R15 000 for a two-bedroomed house to R25 000 for a three-bedroomed home.

The non-profit making Urban Villages Utility Company is building 865 houses in Kwadwesi, of which 60 are already under construction.

The company's general manager, Mr Rob White, said work had been "in full force" since about March this year, although there had been a delay in obtaining wooden door and window frames.

Workers were expected to complete five houses a week by October and the full contract had to be completed in about five years.

W/ M & R 27/9/86
 Mining 32
 experience
 will come
 in handy

By DEREK TOMMEY

DAVE Brink, newly appointed chief executive of South Africa's biggest construction company, Murray and Roberts, is an example of the saying "the times bringeth forth the man."

It would be hard to find anyone as well qualified as he is to run M & R in present circumstances.

A fit, trim 49-year-old, he is a highly qualified mining engineer with an MSc from Wits and a business administration qualification from the London School of Economics. He also has had great experience since he was a young man in management and financial affairs.

At 27 he was section manager of Western Deep, responsible for No 3 shaft and its complement of 6 000 black miners and 1 000 white miners — and was regularly breaking production records.

His introduction to Murray and Roberts was in 1970, when at the age of 29 he was appointed manager of RUC, the mining contracting company formed by Union Corporation and M & R. As a result he found himself in charge of operations in Greece and Australia as well as South Africa.

In the next few years RUC took over a number of companies, becoming one of the mining construction groups.

In 1983 he was appointed chief executive of Murray and Roberts Industrial Corporation and in 1985 chief operations officer.



Dave Brink, chief executive of Murray and Roberts . . . highly qualified.

With M & R facing a major change in its objectives owing to the steep decline in civil engineering works, its mainstay in the past, it seems fairly obvious in view of the expected mining boom, that mining works will engage far more of its attention in the future.

It is fortunate therefore that the man at the helm is particularly proficient in these areas.

In an interview this week Mr Brink expressed his optimism about the company's prospects.

"We're planning to operate in a tough environment and we're not looking for external factors to come to our res-

cue," he said.

"We think we are now in good shape. Even if the economy carries on the way it has for the next two to three years we will make reasonable returns."

One source of profits would be the exploration boom going on at present.

"All of the mining houses want to drill deeper and deeper. Until about five years ago a 4 000 m hole was a deep one. Now the houses are wanting holes down to 5 000 and 6 000 m.

"There are only three companies in the country capable of doing that and we have one of them."

The company was sinking four shafts and was still extremely active in the erection of surface installations for the mines.

Mr Brink shares the view that there will be a decline in the amount of civil engineering work in the next few years.

"Fundamentally, the infrastructure in South Africa is good and it is in place, and we are not going to see the demand for civil engineering we saw in the 1960s and 1970s."

One result of the downturn in business was that M & R's balance sheet was "stronger than ever."

Bloodbath for the big builders

28/9/86

SUN MGS

32

DARLING & Hodgson this week disclosed losses of R78-million in the 18 months to June, providing more evidence of a slaughter in the construction industry which is expected to go on for another year.

D&H's operating loss in the six months to June was R11,6 million, but there were also extraordinary losses of R38,4-million. Last year D&H showed an operating loss of R16,8-million and extraordinary losses of R11,1-million.

More evidence of crisis in construction:

- Last week Murray & Roberts announced a loss of R14,5-million after a profit of R43,2-million in 1985 and R62-million in 1984.

- LTA lost R18,6-million in the year to March and wrote off extraordinary items of R28,5-million, bringing losses to R46,8-million.

M&R and LTA sustained large losses in Australia, but both are struggling in a domestic market where many contracts are taken on at less than cost.

- The combined valuation of Murray & Roberts, Darling & Hodgson and LTA on a strongly rising stock exchange has plunged by R438-million in a year.

- In the past four years, 45 000 con-

Business Times Reporters

struction workers have been laid off and many small and medium companies have gone to the wall.

- Gross domestic fixed investment, the economic indicator that most directly affects construction, has fallen in real terms from R17,8-billion to R15-billion in a year and is expected to drop to R13-billion this year.

Rights issues

The Government and its agencies, such as Eskom, SA Transport Services and the Post Office, have slashed spending on infrastructure. But regardless of criticism, the State has continued to spend on consumption, largely on public-service salaries.

Provinces, municipalities and Government departments, such as water affairs have grabbed a bigger share of available work, putting even tighter screws on the private sector.

Cape Town Municipality is considering privatisation of some of its services and the private sector hopes it will start a trend. The only other hopes are: go-ahead for the Mossel Bay gas and Lesotho Highlands water projects, more road work and the black housing and township improvement drive.

Even if the economy has turned the corner at the retail level, construction sources warn it could take another 18

months before building and civil engineering benefit.

To reduce debt, D&H sold its services division for R65-million and its coal operations for R30-million. It is making a R40-million rights issue to top up depleted cash reserves. Both LTA and M&R have made large rights issues.

Kees Lagaay, executive director of the SA Federation of Civil Engineering Contractors, reports that employment in the industry plummeted from 125 000 five years ago to 85 000 by the middle of this year — a 32% drop.

Mr Lagaay says, "The industry has had a terrible time. The only way insolvencies have been kept down is by wholesale disposal of plant and machinery. Many small contractors have faded off the scene.

He warns that when demand picks up, contractors will be forced to replace plant and machinery at hugely inflated prices.

A return to 1981 investment levels is a long way off. Sats and Eskom, the biggest spenders on construction, have no plans for major capital investment.

The gold-mining industry is providing work for shaft sinkers, but not much work for above-ground contractors.

Mr Lagaay says the only ray of light appears to be in lighter engineering for township development and electrification and building.

Divisional council warns Border road system on verge of collapse

Severe cuts in expenditure responsible for rapid deterioration of roads

Dispatch Reporter

EAST LONDON — The Divisional Council of Kaffraria has submitted an urgent memorandum to the Cape Provincial Administration stating that if present severe cuts in its road expenditure continue, the entire road system would collapse.

The council's principal roads inspector, Mr E. Roberts, said the council, owing to a number of reasons, found itself in a position where the condition of its proclaimed roads was deteriorating rapidly. In addition, because of the poor condition of its plant and loss of staff, improvements were almost impossible.

"This unenviable position is due solely to the severe cuts in the council's road expenditure each year. These cuts affect the whole organisation. Less money means less plant rental and less indirect funds.

"These accounts are overspent, so council has to raise the rate and reduce staff and, unfortunately, use less plant. Due to the lack of sufficient funds, it has become a vicious circle, with council slowly but surely losing ground," Mr Roberts said.

If the present trend continued, the whole road system would inevitably collapse. Already a number of roads, including main roads, were impassable during wet weather and complaints about motorists sliding and sticking on the roads have been received.

Mr Roberts said the Divisional Council had, over the past five years, strictly adhered to the request from the provincial authorities, where a limited percentage had been requested.

"This has always meant pruning the original estimate submitted by the roads department, so as to meet this request. The exception being the 1986-1987 estimate, where a realistic estimate was submitted and promptly cut by over 40 per cent," he said.

A list prepared by Mr Roberts of council's estimates as compared with the approved estimates for the past six years, indicated the severe cuts in expenditure experienced by council's roads department.

During 1981 council's estimate was reduced by 15,18 per cent, in 1982 by 22,67 per cent, for 1983-1984 by eight per cent, 1984-1985 by 23,82 per cent, 1985-1986 by 28,37 per cent, and most recently for 1986-1987 by 40,12 per cent.

Mr Roberts said it was significant to note that, including Ciskei estimates, the approved estimate had increased by 65 per cent over seven years.

The average annual inflation rate over this time had been at least 15 per cent or a total of 105 per cent.

"This council, therefore, in actual fact now has to manage with 40 per cent less funds under far more difficult conditions. This is, of course, an impossible task and even to the casual observer it can be seen in the deterioration of the road surfaces," Mr Roberts said.

Various serious problems now required immediate attention. These were:

- Bitumen surface road shoulders which were almost non-existent.
- A number of bitumen roads needed complete reconstruction. These portions of road were extremely dangerous. An amount of R225 000 was placed on the 1986-1987 estimates but was rejected by the provincial authorities.
- Hundreds of kilometres of road surfaces were threadbare and numerous sections became slippery and dangerous during wet weather.
- Guard rails were rusting away and falling apart and no funds were available for this work.
- Road signs, which were of the best, had now deteriorated and were in very poor condition.
- Road fences in many areas, due to the close proximity of the sea, had rusted away beyond a state of repair.
- Drainage work was lacking in many areas.

● Flood damage from floods late in 1985, when over 900 mm of rain fell, had been extensive. Damaged culverts and bridges were repaired with funds made available by the provincial authorities. This damage was, however, only the tip of the iceberg, as road drains had been blocked, pipe culverts blocked and damaged, and large areas of road denuded of all gravel.

● Line-painting on most of the bitumen surface roads was in poor condition and deteriorating rapidly.

● A large number of bridge and culvert approaches were damaged in the floods but not sufficiently for claims against flood damages. These needed urgent remedial work but this was impossible with council's slashed budget.

In addition, council's approved expenditure on capital works for the 1986-1987 financial year was R700 000. In 1975 it was R648 395 and in 1976 it was R560 000.

"These figures speak for themselves. Costs have risen by about 500 per cent during this period. An almost impossible situation has now arisen," Mr Roberts said.

Over the past few years, up to the 1985-1986 financial year, over-expenditure had taken place and construction staff and machinery had had to be moved to maintenance works, which in turn were not able to accommodate them.

Work had thus almost come to a standstill and staff had now been drastically reduced on construction.

Mr Roberts said that council's plant and machinery position had now reached a very serious and alarming situation as well.

With old and almost obsolete machinery breaking down regularly, down-time was high and repair costs astronomical. It had also forced council to maintain a large workshop staff.

"The council finds itself in this very distressing position because of the limits placed upon it for many years in respect of plant purchases.

"As can be expected, the back-log has now caught up with this council and a very real and serious problem exists," Mr Roberts added.

"It is again the case of the vicious circle in that plant cannot be used because of the cuts in roads funds, resulting in a lack of funds in the plant account. This in turn prevents council from repairing or properly maintaining the old machinery. Raising the plant rental, which is already high, only means less constructive work on the already poor roads," he said.

Of the council's total complement of eight crawlers and bulldozers, the newest unit was nine years old, with a number of the machines in need of urgent repair.

Of the council's total of eight bucket loaders, only one was less than 10 years old, with all the machines in poor condition with constant failures causing disruption of work.

Further, only four of the council's graders were under five years old, but with the majority being 15 years old and older.

"Numerous other plant items are old, dating back to the 1960s, while other plant items, such as light delivery vans and tip-trucks, have very high kilometre readings. More than half of the council's tip-trucks are over five years old and many of these units are no longer economical to run," Mr Roberts said.

The situation with plant purchases was just as bad, with the value of items not approved by provincial authorities over the past three years totalling a staggering R944 400, he added.

The council's staff complement was also slowly but surely being reduced in size. With the exception of black drivers and operators, council's black staff had been reduced from over 900 in 1975-76 to under 400 at present.

This had created an unemployment problem in the areas from where the council drew its black labour. The reduction in labourer staff had resulted in road reserves becoming overgrown and also the deterioration in the once exceptionally high standard of drainage systems.

The council's position where white staff was concerned was not much better, Mr Roberts added.

From a total of 78 white staff in 1980, it had dropped to a total of 48 this year, representing a reduction in white staff of around 50 per cent.

"In considering all the figures quoted it must be borne in mind that this council maintains the majority of the Ciskei roads, in addition to all its proclaimed roads.

"In addition to the 535 kilometres of main roads and the 1 224 kilometres of divisional roads, council maintains and constructs a further 1 225 kilometres of minor roads, as far as available funds permit," Mr Roberts said.

"It is further pointed out that approximately 150 kilometres of road in the five black areas previously administered by Ciskei have been handed back to the Divisional Council area.

"Work has already commenced in these badly neglected areas. This is going to add further burdens to the council's already stretched resources in respect of finances, machinery and personnel," Mr Roberts added.

Rogers slams province on cut budget

Dispatch Reporter

EAST LONDON — The position of the Divisional Council of Kaffraria's roads department after severe cuts in expenditure was a disgrace on the part of the provincial authorities and showed a lack of co-ordination regarding regional development of an acknowledged priority area.

This was the view of the New Republic Party MP for King William's Town, Mr Pat Rogers, who said the council's vital infrastructural role was being undermined.

The council was not able to manage its maintenance or extend its infrastructure to allow for further development under the present situation.

Mr Rogers said this raised several questions. First, what were the motives behind the severe cuts in council's expenditure?

Second, are all divisional councils shorn with one and the same comb?



MR ROGERS

"Are the provincial authorities serious, as they have previously claimed, about developing the area falling under the Divisional Council of Kaffraria? Or is it a definite element on their part to phase out divisional councils in favour of the proposed regional councils?"

Mr Rogers said the situation was very "suspicious" considering the divisional council already supplied services in the rural areas that would be supplied by the regional councils.

The memorandum prepared by Mr Boet Roberts of the Divisional Council of Kaffraria's roads department, to be submitted to the provincial authorities, was an important and vital "revelation."

"It is an utter scandal that the council has been put in this position," Mr Rogers said.

He was concerned the government was not able to make a reality of its statement that the area was regarded as a priority development area.

It was essential the area be recognised as one with agriculture and tourism as its main resources. It was also vital these resources were maximised.

"We need to get the economics of the area working. In turn this will create jobs, security and development in sufficient quantity to cope with the large underprivileged and unemployed population in the area," Mr Rogers said.

MICK COLLINS

ROAD contracts constituted a significant 65% of the R102m new civil engineering contracts awarded last month.

Roads top list of new contracts

The August awards brings the total value of new work recorded so far this year to R940m.

Figures released by the SA Federation of Civil Engineering Contractors (SAFCEC) show that this total is up slightly on the R885m for the same period last year.

However, if an inflation rate of even 15% is taken into account, the flow of new work in real terms has continued to drop over the past few years, it says.

At this stage of 1986 there is a gap of 25% to 30% below the contracts awarded during the first eight months of 1984 and nearly 10% below that of 1985.

The most significant contract awarded was the R32.4m, 13.2km road-building contract between Vaalkrans and Alexandria on the N3.

The Natal and Free State provincial administrations both awarded substantial road contracts.

Construction industry is going from bad to worse

Pretoria Bureau

29/9/86 5111 32

The construction industry slump continues, with 30 percent less work available in April than there was 12 months earlier. This decline was shown in the latest figures released by the Central Statistical Service.

According to these statistics the total value of work on hand for residential buildings dropped by 30,6 percent between April 1985 and April this year.

For other buildings and other constructions there was a drop of 21,9 percent and 13,2 percent respectively over the 12 month period.

The total value of construction work for residential buildings in April this year was R230 666 000 compared to R246 411 000 in January and R332 261 000 in April 1985.

Other buildings totalled R1 379 million in April 1985. This figure dropped to R1 077 million 12 months later.

Other constructions and works totalled R1 328 million in April last year. In April 1986 the figure was down to R1 152 million.

M&R chief looks for restored profit

32 BUS DAY 11/10/86

MURRAY & Roberts should be restored to a profitable position and dividends resumed in the current financial year, says chairman W H de la Harpe Beck in his annual review.

Beck expresses the board's deep concern that shareholders were not warned earlier about sharp setbacks.

Directors will be in a position to be more definite in projecting results for the year in its March 1987 statement.

Beck's forecast of a recovery assumes that economic conditions do not deteriorate further. The group has taken steps to cash in of some of its holdings, certain properties and the sale of its food interests, announced today. The R73,8m debenture issue has strengthened the balance sheet, reducing gearing to 21% (40%).

Beck says the board was deeply concerned at the fact that earnings projections made in its annual report and repeated in November 1985 were revised downwards in two successive announcements.

This must have given rise to misgivings in shareholders' minds as to why the board was not aware of the announced problem areas at an earlier date, he says.

Problem areas identified in subsequent announcements were international operations, delays in capital projects and factory-built mobile accommodation and transport equipment, as well as further

LIZ ROUSE

economic deterioration.

Beck says international pressures and criticisms to which South Africa was subjected created problems in international operations. This meant delays in receiving financial information and that remedial actions could not be initiated and implemented as soon and as effectively as would be the case with local activities.

Action now taken, including mergers and disposal of major portions of the group's international interests to overseas investors, was designed to prevent further losses of the nature and quantity in past years.

Belief that certain projects, including the Mossel Bay project, would be given the go-ahead resulted in building up a large technical resource in the engineering division.

Beck says the major costs and losses involved in these setbacks are, as a result of action taken, of a non-recurring nature. Placed in perspective, the major portion of M & R's business is healthy. Other sectors produced an operating profit of R95,6m before this was reduced by the setback sectors to R60,6m.

M & R sank into an attributable loss of R14,5m in the year to June from a profit of R43,2m in 1985. Net cash flow was reduced to R24m from R84,4m.

Concor Give us these jobs

Investment Staff
DESPITE government's official privatisation policy, the construction units of government departments are still buying plant and continuing with other long-term measures, says Concor chairman F Aab in his chairman's report.

"At least a portion of this workload should be placed with the construction industry, which is suffering from the biggest ever over-capacity, and therefore should be able to complete far more work with their present resources than is presently the case," he says.

Aab says at the end of a "most disappointing year" most of Concor's activities are still operating profitably.

Concor's order book was reasonable in volume terms at the beginning of the new financial year. But Aab says this work was generally at low margins and it is difficult to get replacement work.

Building industry still struggling

By Frank Jeans

Another bleak picture of the struggling building industry is painted by Rand Merchant Bank economist, Mr Rudolf Gouws, who believes that its recovery lies in meeting the needs of the low-income groups which is "the only growth point in our Third World social structure".

He pointed out that 70 000 builders or 40 per cent of the country's full-time building workforce had lost their jobs in the recession and company profits had been squeezed as never before.

"The average contract prices for all types of buildings showed a meagre increase of nine per cent for the first quarter of this year against a consumer price index of more than 19 per cent — in real terms a loss of 10 per cent.

"More telling is the long-term comparison. Between the boom year 1980 and the first quarter of this year, the industry's average CPI rose by 73 per cent. In contrast, the general price index, as measured by the CPI, rose 116 per cent over the same period."

With labour costs rising by a similar percentage and building materials soaring by 127 per cent, the economist sees the situation as being a "classic example of deteriorating terms of trade" when the industry buys materials at a higher price than it can re-sell.

In the first quarter of this year, contract prices for new houses was 1,9 per cent below the level of a year ago, while the CPI rose by 19,2 per cent above its level of the previous year — again, representing a true drop of 21 per cent.

"During the previous boom in home building, contract prices for homes ran well ahead of the inflation rate," he says.

"In the fourth quarter of 1980, these prices were a full 33,3 per cent higher than for the four quarters before, against a rise of only 14,7 per cent in the general price level," said Mr Gouws.

"The future lies in low-cost housing developments — built preferably on a labour-intensive basis which should soak up part of the unemployment problem."

R50m plans for water scheme

11/10/86
BUSDAY
32

THE design phase for the massive Lesotho Highlands Water Scheme will cost \$50m and will be covered by a soft loan to Lesotho from the International Development Association (IDA).

The World Bank has yet to decide if it will require SA guarantees for the R4bn construction phase of the project.

The initial design phase would cost \$50m, World Bank loan officer Edward Munthali told *Business Day* from Washington yesterday.

"But this amount is covered by a soft loan from the IDA, requiring no guarantee."

If the scheme is to get off the ground timeously, work worth R400m will have to start early next year on the SA side of the border, the SA Federation of Civil Engineering Contractors (SAFCEC) said

ALAN SENDZUL
and MICK COLLINS

yesterday.

SAFCEC executive director Kees La-gaay said road infrastructure and bridging in the area would have to be improved greatly before the R4bn project could go ahead.

"This is pretty vital. We know there has been nothing signed officially between the two countries as yet, but the State President's remarks are very encouraging."

SA would be among the parties contributing to the cost of the three-year design of the scheme.

Although the project has been cleared by the SA Cabinet, the water treaty con-

● To Page 2

Construction firms jubilant

11/10/86
BUSDAY

taining terms of the project has not been signed.

Before any concrete steps are taken, the Trans Caledon Tunnel Authorities — the SA public corporation which will act as the vehicle to raise SA's needs — must be made an official body.

Similarly, from the Lesotho side, a public corporation called the Highlands

Development Authority needs to be established.

Once the treaty has been signed, a notice would then have to appear in the *Government Gazette* reflecting amendments to the Water Act.

● From Page 1

Builders will 'have to share'

Property Editor

PRETORIA—The belief that the housing problem in South Africa would provide an answer for the long-term survival of the building industry was a myth that should be dispelled, says Mr Neil Fraser, vice-president of the Building Industries Federation of South Africa (Bifsa).

Speaking at the organisation's annual congress here yesterday, Mr Fraser said low-cost housing and homes for the low-income groups was a specialised business, well catered for by large companies and one-man businesses.

'There has to be an adequate and constant source of funding, and third, the over-riding problem of affordability must be adapted to cater for the needs of the people,' he told delegates.

'Finally, as the organised building industry, we must realise we will have to share the housing market with the informal sector and that sector, through self-help and by direct involvement in the housing process, is going to have a large market share.

'It is time to stop pussy-footing around with our attitude to the informal

sectors, to stop passing the ball aimlessly between the Master Builders' Associations and the federation.

Mr Fraser, a divisional director of construction giant Murray & Roberts, also criticised members of the building industry for missing an opportunity in 1983 to be recognised as a far-sighted and caring employer when it debated the establishment of a building industry housing scheme.

Leaders

'We rejected the proposal because of the small-mindedness and insularity of only one or two people,' he said.

'That decision not only cost employees in the building industry between 7 000 and 10 000 houses, but it cost us as a federation the opportunity of experiencing at a practical level, the problems of administering and providing housing for low-income workers.

'This in turn, has cost us

the right to be acknowledged alongside other organisations who have become leaders in this field.

'Had we had the fruits of our investment from that time to demonstrate our commitment and sincerity to Government, I have no doubt that we would today not only be consulted, but would also be considered as part of the private sector who could be entrusted with the investment and deployment of the private sector housing trust.'

'Mr Fraser said the organised building industry was not consulted nor included in any policy-making deliberations concerning housing, in spite of its enormous amount of expertise and experience.

He said if peace was to be achieved, pressure should be put on the Government for rapid change from what is being done to what they, themselves, held out to be their policy.

32

21/11/86
29/10/86

Building sources predict upswing

BUS DAY
3/10/88

Erratic changes are signal of revival

32

THE erratic changes in the value of passed and completed building plans are typical of the early phases of an economic upswing, say industry sources.

These changes are expected until more confidence returns, when a sustained upward movement will begin.

The value of building plans for dwelling houses increased by 20.1% in July, compared with the same period last year.

This is higher than June's 17.4%, but lower than the average increase of 23.1% recorded for the first seven months of 1986.

Figures released by the intelligence and research unit of the Federated Chamber of Industries show a decline of 36.9% in the value of building plans passed for other buildings — excluding dwelling houses.

MICK COLLINS

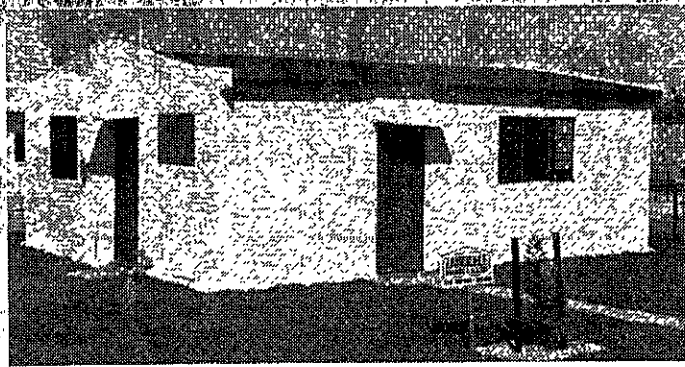
This brings down the total of all passed building plans by 21.9% in July, which is a larger decline than June's 10.4% and April's 7.5%.

It is also larger than the 14.9% average decline recorded for the first seven months of the year.

The value of completed houses declined by 6% in July, which was down from June's 1.7% increase but a smaller decline than May's 16.6%.

It is also smaller than the average decline of 7.5% recorded for the first seven months of the year.

The value of all other buildings completed increased by 3.5% in July, bringing the value of all buildings completed to an increase of 0.1% for July and an average of 2.0% for the seven-month period.



One of the houses at the Cape-Easy Homes Show, an exhibition of 45 houses costing less than R9 000 in the Cape.

Builders respond to 'low-cost' challenge

4/4/80
Some 32

By Winnie Graham.

The exhibition of 45 low-cost houses at Belhar, near Stellenbosch, has shown just how innovative builders can be when challenged to find ways and means of building comfortable homes for less than R9 000.

The Easy Homes Show, initially intended as an informal exhibition of houses suitable for self-help and low-cost developments, attracted national attention when it opened this week.

The Cape Divisional Council had earlier set aside 40 stands at Belhar and invited builders to show what they could do.

Small builders and major construction companies erected houses using materials as diverse as cardboard shuttering, foam walling, inter-locking blocks, cement 'sausages', pre-made panel systems, asbestos-cement cladding, moulded silica

resin panels, portal frames, lightweight concrete and glass re-inforced cement.

Some houses were erected in a few hours, others in a few days.

All were required to be suitable for self-help schemes, resistant to local weather conditions and suitable for extensions and upgrading as the owner's means improved.

They had to have at least two bedrooms, a living room, kitchen with sink, bathroom with toilet and electricity.

Speaking at a low-cost housing seminar in Cape Town before the opening of the show, Mr Martin Harris said: "It should be as easy to buy a R15 000 house with land and all fees as it is to buy a car". He called for one-stop house buying and an end to the system where purchasers had to trek across the city merely to obtain a signature.

Warnings on cut-throat tactics in construction

By Frank Jeans

Even though Escom's power station projects will pump billions into the construction industry, fierce competition in tendering is likely to keep margins under pressure.

An indication of the continuing cut-throat pricing to come might well lie in the remarks of Escom's senior general manager, Ian McFae, who said that one of the main reasons to go ahead with the construction of five power stations, was the fact that existing contracts are being financed at highly favourable interest rates.

And while competitiveness in a stable market can only be welcome, one construction industry leader has no doubt that under present conditions the below-cost, free-for-all to get work is a "recipe for disaster".

Mr Geoff Knudsen, executive chairman of Murray & Roberts Construction and Engineering, talks straight when it comes to the "suicidal tactics" in which many contractors indulge today.

"There are too many contractors still chasing turnover and are donating shareholders' assets in projects," he says.

"In short, it is not the lowest tender that counts in the end but the best man.

"Pricing as the only criteria is crazy, and only gives rise to uneasy relationships at site level."

Emphasising that rationalisation to get a bit leaner and still achieve good market share is more important than getting caught up in long-term contracts

at low prices, Mr Knudsen says he believes this attitude commits the best resources in people, cash and plant to a risk factor.

In the event of an upturn during a low-price contract period, increasing wage demands and material costs can only spell a downfall for many construction companies.

It should be remembered, too, that an initial low price does not guarantee that a client will get a corresponding low price on completion.

"Three years down the path there will be the effect of inflation, penalty clauses etc," says Mr Knudsen.

"The final price of the job can only be determined when it is handed over."

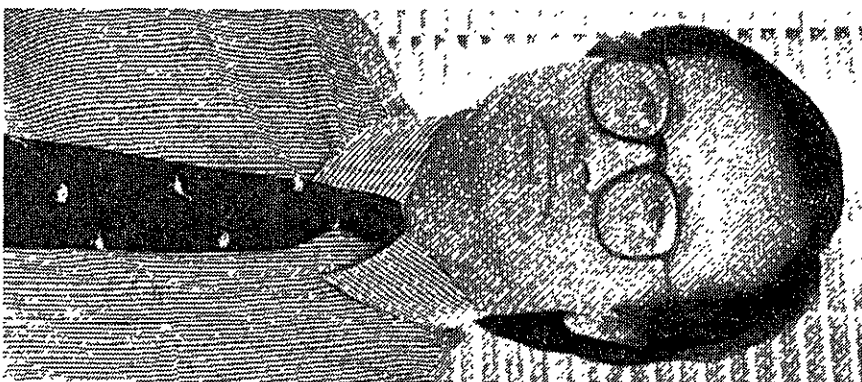
Certainly it can be argued that choosing the lowest tender for the job is an outdated concept and that the contractor who comes in at, say, four percent higher but is better equipped could save the client about 20 percent at the end of the job.

Mr Knudsen's company recently embarked on a streamlining strategy and a company punning "which considered earnings and the protection of assets the essence of survival.

He believes that the "volume-driven construction industry" needs a change in the surety, or upfront money set-up.

"Surety at 10 percent of contract price is too low here, compared with 20 and 50 percent elsewhere in the world," he says.

"Increased surety would not strap the balance sheet and would limit the amount of work — and in turn would bring down



Geoff Knudsen

the level of turnover."

While the M&R executive is a champion of the competitiveness of the market system he also sees the need for greater preference for the local industry for the big jobs, particularly in the present slump.

He also questions the practice of awarding a number of major contracts to non-South African

construction companies.

Mr Brian Holmes, managing director of Wynberg group, Wilson Bayly Holmes (WBH), endorses much of these points, and says he believes that until the slack is taken up the cut-throat conditions will remain.

WBH, which had the lowest tender for the civil works at the Majuba power station when it was "put on ice" two years ago, will be bidding again. But Mr Holmes is well aware of extreme care needed in pricing such a long-term project.

"It will be put together during an inflationary period, and if there is an upturn in market which we expect within a year to 18 months, one could have a serious problem on one's hands if one doesn't come in at a realistic price amid fierce tendering conditions in the market," he says.

Mr Holmes sees a particularly bright area in an otherwise sluggish industry these days — road and infrastructure work in townships. "Tenders of about R3 million are going in at a rate of about two a week, and this is certainly helping to alleviate pressure for those who want to operate in those areas," he says.

It seems, then, that the construction industry, even with the throughput of a lot of long-term work from the Escom connection, is fast approaching the crossroads, and that amid the clamour for work at any cost the well-managed groups which attach more importance to strength of site establishment and on-going work methodology than on price criteria will survive.

LTA Comiat sinks R100m into putting up 2 600 homes

THE key to achieving affordability in the low-cost housing sector is large volume construction and development, says LTA Comiat GM Peter Daniels.

LTA Comiat is a private sector entrepreneurial organisation answering part of the housing problem with the construction of about 2 600 homes across the country — a housing development of more than R100m.

The company conducted a pilot scheme of 250 houses in Lenasia and established that there was a market for what Daniels calls the "higher income" group.

The outcome was the R100m scheme ranging from Lenasia (Indian), through Ennerdale (coloured), Thabong outside Welkom (black), Tongaat near Durban (Indian) and Maokeng near Kroonstad (black) at prices from R35 000 to R55 000.

"But we expect to go to lower-priced dwellings, to the building of a well-constructed shell on a serviced plot at about R20 000," he says.

Bridging finance for the project was provided by the Standard Bank, backed with guarantees provided separately by LTA Ltd and Comiat. The project is continuous and based on land bought from government or freehold land.

Daniels believes there are three major requirements for answering the housing backlog: faster allocation of land by government, increasing willingness by building societies to lend money on "shell" housing and a change in buyer perception.

"The government is now talking about making large areas available for low-to-middle-income housing and, if this comes about, it will greatly reduce the cost of serviced land.

"We are able to finance, design and

construct infrastructure and housing in large volumes," he added.

"But there is still a critical shortage of affordable end-user finance for buyers in the low-income sector because of the high specifications imposed by building societies and the low investment value perceived by the societies of housing in this market."

With large volume construction and development, Daniels maintains construction savings can be significant, and major savings can be made on the design, administration and financing side by producing about 100 units a month on each project.

"Main problem," he says, "is the mass of bureaucratic delays that have to be overcome."

"Although at top level, government officials are committed to cutting away the red tape involved in housing development, these commitments are foiled virtually daily by clerks and officials who insist on archaic procedures and standards."

LTA Comiat's objective is to provide housing for the middle-income sector in increasing volumes, and to keep prices low and repayments affordable, Daniels says.

"The bulk of the current market that we are looking at is for first-time buyers with employer subsidies either in the form of Government G0709 subsidies or through private corporation subsidies. These buyers are eligible for housing loans of R50 000 to R60 000."

LTA Comiat sells as it builds. Since starting its R100m project at the beginning of last year, about 500 homes have been completed — 40 in Natal, 150 in the Free State and 300 in the Transvaal. All but a dozen have been sold.

1 1986

LTA given R18m job

32
1986
NORMAN SHEPHERD

LTA has been awarded an R18m contract to build the Rand Water Board's new headquarters near Glenvista, south of Johannesburg.

A board spokesman said the head office was being relocated so that the central engineering and administrative complex would be closer to the board's main operations.

Construction is to begin mid-October.

The building, near the Klipriviersberg nature reserve, will be a three-floor block providing 17 000m² of office space.

The architects are Stauch Vorster Sack Crowhurst, the quantity surveyors Farrow, Laing and Partners, the consulting engineers Ove Arup and the electrical consultants Charles Pein & Partners.

Alphe Bussday

Shack living a 'growing reality'



Informal settlements are the only option for thousands of blacks, says COLIN APPLETON of the Urban Foundation. He urges SA to start planning for the "growing reality" of this type of housing springing up around its cities.

THERE is no simple solution to SA's housing problem, which means as many options as possible must be created. These range from "informal housing" such as shack dwellings to R100 000 homes.

APPLETON

Colin Appleton, national housing policy Director of the Urban Foundation, firmly believes that informal settlements are a "growing reality".

"We must expect to see more and more of these settlements growing around our cities," he told *Business Day*. "We must plan for this because it is primary to the circumstances. This type of settlement is the only option for thousands upon thousands of blacks who are either unemployed and looking for work or who are in the low-income bracket."

"It is not so much the standard of the building, but the standard of the services supplied that is the crucial issue. Health, access and densities are all controlled by the level and type of services and land tenure that is offered.

"Let people put up whatever struc-

ture they can afford in suitable areas located in relation to work opportunities, and then install at least low-level facilities at the outset plus all the necessary public facilities so that people can up-grade their homes over a period of time."

Appleton emphasised the need to provide financial mechanisms to enable people to borrow small sums of money against minimum security.

"The individual shack dweller will need to buy lengths of timber, sheets of corrugated iron, bricks and so on, but the current financial mechanisms have no provision for this.

"The country — the private sector and government — must look at this situation quickly otherwise there will be no opportunity for these people to up-grade their housing."

Referring to the fact that around

45% of the total Durban population now lives in shacks, Appleton criticised individuals who worked out financial statistics based on housing starting at R20 000 and going much higher.

"This sort of exercise gives you a nonsense figure. Furthermore it prevents shatters because they do not match up to the standards we expect to see."

Conceding that this has been government's attitude in the past, he made the point that it was "obvious government is rethinking this one".

He pointed to the government project at Khayalitsha where 5 000 "core" houses have been provided using cement blocks or panels.

Space preference

The householder can then expand the house using materials drawn from a central store.

Mr Appleton said each core house measured about 29 sq m, so there was need for expansion.

"There is no argument among the people in terms of choice between space and aesthetics," he said. "Space will win every time."

There were two reasons for the space preference, he said. First, the family as a unit functioned much better. Second, the additional space could be used to generate income

from lodgers.

Appleton emphasised that development of informal settlements was not unique to SA. It had happened and continued to happen throughout the Third World.

"Experience in other countries confirms SA's experience and destruction of such settlements leads only to the relocation of the problem and not to its solution.

"Just as people found ways — despite the influx control laws — to remain illegally in the urban areas, people will find places to erect shacks despite the 'slums' and 'squating' acts."

"What is required is to seek ways of directing and harnessing the ability of the poor to help themselves in such a way that they can best be assimilated into the urban fabric, and to provide for upgrading over a period of time."

Appleton said

Although upgrading of existing informal settlements had been undertaken in many other countries, it had not yet been tried on any scale in SA.

"This despite the fact that it has been estimated that a total 125-million people live in informal settlements around Durban and many thousands live in other well-known settlements such as Crossroads."

Appleton listed key elements and

Call for overview of urbanisation

URBANISATION and housing development in the TBVC countries and self-governing states should be seen as part of the Southern African whole, says Dr Simon Brand, CE and chairman of the Board of the Development Bank of Southern Africa.

Brand told the Institute for Housing in SA's Johannesburg seminar that there could be no dispute about the important role that the metropolitan areas would have to play in further urbanisation in SA. But it would be a "serious oversimplification" to overlook urbanisation and housing development in other areas such as the TBVC countries and the self-governing states.

He said: "The ideal remains that the housing process in these areas should be seen as part of the urbanisation, land development and housing processes in SA as a whole and that it should therefore benefit from the interest in these processes generated recently, with the private sector in particular."

The SA government and the Development Bank were well aware of problems facing investment in

affecting such rights.

"It will also require the governments of the TBVC countries and the self-governing states to refrain from actions that confirm — or even strengthen — the reservations that private investors entertain, and to positively pursue financial and economic policies that will convincingly demonstrate their commitment to support of private initiatives."

Brand said an appropriate process of land and housing development was as necessary in the TBVC countries and the self-governing states as it was in the rest of SA as an integral part of the urbanisation process.

In supporting housing development in the TBVC countries and the self-governing states, the Development Bank had encouraged governments to concentrate their efforts on areas with a sound economic base which would enable residents to make a substantial "own contribution" to their own housing needs.

Brand said: "The Bank has further concentrated its financial support on lean financing for the development of

advantages in an upgrading programme:

- Maximum conservation of time and money already invested by people in their own housing in informal settlements.
- Capitalising on the existence of co-operative communities, facilitating rental assistance in the development process.
- Reinforcing the initiative of individuals by assisting them to improve on their spontaneous efforts.

Affordable

An intrinsic commitment not to put people in a position in which they are unable to afford their housing. An upgrading programme contains the potential to reach the lowest income groups without neglecting this commitment.

Although the process is slow and the final results take many years to achieve, the necessary process of providing minimum shelter is not delayed. Moreover, the total number of people sheltered is never reduced because people are not deprived of the shelter they have provided for themselves.

Appleton added: "It is in the light of these advantages that the concept of in-situ up-grade has been explored as a natural extension of the self-help approach as it has already been applied."

Economist gives his criteria for lower-income accommodation

THE concept of low-cost housing differs from person to person and is considered by all the people interviewed in this survey to be relative and desirable only in terms of attitudes, perceptions, aspirations and — most importantly — affordability.

National Building Research Institute economist Tóne de Vos poses the rhetorical question: "What is the cost of a low-cost house?"

More importantly, what should it be?

And he proposes the following criteria for the structure:

- The living areas of the house must be large enough to provide privacy to the household.
- The finishes and amenities must be limited to those which are absolutely necessary.
- The house must have basic cooking and ablution facilities plus storage space for food.
- It must satisfy health and safety requirements, and provide space for rest and relaxation.
- The occupants must be protected adequately from the elements; and
- The house must be capable of expansion as the need arises.

De Vos concedes readily that many low-income families will live in houses of a lesser standard than the "low-cost" house he described in a paper to an SA Institute of Building seminar in August, but his definition is of considerable interest to SA communities wherever they may live.

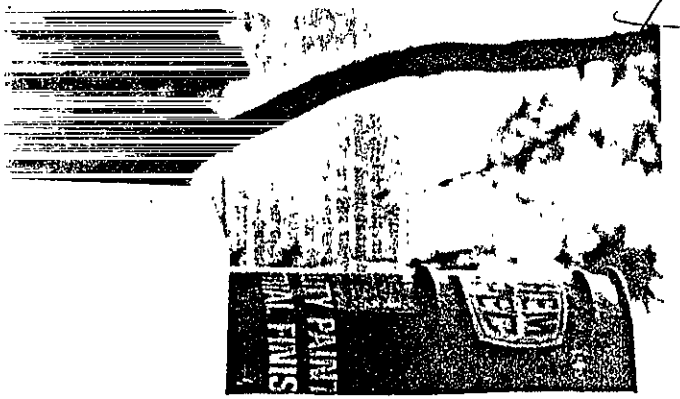
"A low-cost house is defined as a 55m²-shut home containing three living rooms, a kitchen and a bathroom, no cupboards in the bedrooms, and only basic and essential storage space in the kitchen.

"Only splash-back tiles are provided in the bathroom and above the kitchen sink. Ceilings are relatively maintenance-free. Electricity, hot and cold water, and waterborne sewerage are included.

"This house, when produced conventionally by the building industry, would cost between R15 000-R20 000 in 1986, including the cost of land (200m²-300m²) and basic but adequate infrastructure services.

"The township would have street lighting and stormwater drainage. Only the bus routes would be provided with permanent surfacing.

He adds that his arguments can be adjusted readily by readers who prefer to make other assumptions with regard to a "national low-cost house."



SA's housing problem, which means as many options as possible must be created. These range from "informal housing" such as shack dwellings to R100 000 homes.

Colin Appleton, national housing policy Director of the Urban Foundation, firmly believes that informal settlements are a "growing reality".

"We must expect to see more and more of these settlements growing around our cities," he told *Business Day*. "We must plan for this because it is primary to the circumstances. This type of settlement is the only option for thousands upon thousands of blacks who are either unemployed and looking for work or who are in the low-income bracket.

"It is not so much the standard of the building, but the standard of the services supplied that is the crucial issue. Health, access and densities are all controlled by the level and type of services and land tenure that is offered.

"Let people put up whatever struc-



□ APPLETON

the only option for thousands of blacks, says COLIN APPLETON of the Urban Foundation. He urges SA to start planning for the "growing reality" of this type of housing springing up around its cities.

ture they can afford in suitable areas located in relation to work opportunities, and then install at least low-level facilities at the outset plus all the necessary public facilities so that people can up-grade their homes over a period of time."

Appleton emphasised the need to provide financial mechanisms to enable people to borrow small sums of money against minimum security.

"The individual shack dweller will need to buy lengths of timber, sheets of corrugated iron, bricks and so on, but the current financial mechanisms have no provision for this.

"The country — the private sector and government — must look at this situation quickly otherwise there will be no opportunity for these people to up-grade their housing."

Referring to the fact that around

financial statistics based on housing starting at R20 000 and going much higher.

"This sort of exercise gives you a nonsense figure. Furthermore it presumes we are going to destroy a lot of existing shelters because they do not match up to the standards we expect to see."

Conceding that this has been government's attitude in the past, he made the point that it was "obvious government is rethinking this one".

He pointed to the government project at Khayelitsha where 5 000 "core" houses have been provided using cement blocks or panels.

Space preference

The householder can then expand the house using materials drawn from a central store.

Mr Appleton said each core house measured about 29 sq m, so there was need for expansion.

"There is no argument among the people in terms of choice between space and aesthetics," he said. "Space will win every time."

There were two reasons for the space preference, he said. First, the family as a unit functioned much better. Second, the additional space could be used to generate income

unique to SA. It had continued to happen in the Third World.

"Experience in other firms SA's experience said. "The demolition of such settlements and relocation of the people is its solution.

"Just as people found spite the influx control remain illegally in the people will find places to despite the 'slums' Acts.

"What is required is to directing and harnessing of the poor to help them a way that they can be fed into the urban fabric time," Appleton said.

Although upgrading formal settlements had taken in many other not yet been tried on

"This despite the fact been estimated that people live in informal around Durban and live in other well-known such as Crossroads."

Appleton listed key

Call for overview of urbanisation

URBANISATION and housing development in the TBVC countries and self-governing states should be seen as part of the Southern African whole, says Dr Simon Brand, CE and chairman of the board of the Development Bank of Southern Africa.

Brand told the Institute for Housing in SA's Johannesburg seminar that there could be no dispute about the important role that the metropolitan areas would have to play in further urbanisation in SA. But it would be a "serious oversimplification" to overlook urbanisation and housing development in other areas such as the TBVC countries and the self-governing states.

He said: "The ideal remains that the housing process in these areas should be seen as part of the urbanisation, land development and housing processes in SA as a whole and that it should therefore benefit from the interest in these processes generated recently, with the private sector in particular."

The SA government and the Development Bank were well aware of problems facing private sector investment in these areas, including private investors' assessment of the political and other risks which have inhibited investment in these areas.

Brand said: "With this in mind government recently undertook to guarantee against political risks investments made by building societies in the self-governing states.

"This move may, to some extent, neutralise this risk factor, but the guarantee does not apply to the TBVC countries.

"While government guarantees against political risk can play a role — especially if further refined and extended to cover the TBVC countries — the real solution lies in the cultivation, by the governments of these areas, of confidence with private investors in the safety of their investment there.

"This can only be achieved by following through on declarations with actual legislation that resolves issues surrounding rights to land and the condition

affecting such rights.

"It will also require the governments of the TBVC countries and the self-governing states to refrain from actions that confirm — or even strengthen — the reservations that private investors entertain, and to positively pursue financial and economic policies that will convincingly demonstrate their commitment to support of private initiative."

Brand said an appropriate process of land and housing development was as necessary in the TBVC countries and the self-governing states as it was in the rest of SA as "an integral part" of the urbanisation process.

In supporting housing development in the TBVC countries and the self-governing states, the Development Bank had encouraged governments to concentrate their efforts on areas with a sound economic base which would enable residents to make a substantial "own contribution" to their own housing needs.

Brand said: "The Bank has further concentrated its financial support on loan financing for the development of housing infrastructure, especially for the middle to lower income groups.

"The condition is that affordable standards be applied and that charging at economic rates for these services must be aimed at — even if it may take some time to get there from the historically heavily subsidised basis."

Brand said the TBVC countries' independent powers to devise their own policies on land development and housing, plus the recent arrangements to delegate authority on these matters to the governments of the self-governing states, provided "considerable scope" for experimentation and innovation.

He said: "The involvement of the private sector in land and housing development in these areas is therefore not only essential on account of the financial contribution it can make, but also for the contribution that the private interests can — and should — make to this process of experimentation and innovation."



Blacks need a greater subsidy for homes than other SA communities

ACCORDING to statistics drawn from the National Building Research Institute (NBRI), 64% of the black community cannot afford a low-cost dwelling without some form of subsidy.

This compares with more than 50% of coloureds, approximately 30% of Asians and 5% of whites.

The one-third interest rate State subsidy, which first-time home-owners receive, allows 94% of all white households to acquire low-cost dwellings.

Population	Monthly Income	Increase 1984/85
Whites	R2 043	11.4%
Coloureds	R 671	7.5%
Asians	R1 071	-
Blacks	R 352	28.9%

whereas the civil service subsidy allows 96% to do so.

The corresponding percentages for coloureds are approximately 53% and 61% for Asians 78% and 85%, and for Africans 24% and 33% respectively.

It is calculated that a figure of

at least R8 000m is needed to eradicate the 1985 backlog which is 11 times that of the R10m which government has made available for low-cost housing.

Of the R8 000m that would have to be made available, the respective households would be unable to make any interest or capital redemption payments unless they were to receive interest-rate subsidies — or their incomes would have to be increased.

Slow sales of black houses may pick up

IN 1983, government started selling off approximately 350 000 black housing units to tenants at extremely low prices.

Yet, so far, only 44 000 have been bought and of that figure, more than half were bought on the West Rand.

But the slow sales, despite the rock-bottom prices, are likely to accelerate in future as a result of changing government policy and the changing attitudes and perceptions in the black community.

The selling prices of these

homes (each of which includes a site of between 200m² and 300m²) vary between R800 and R8 000 with discounts of up to 40% available in certain circumstances.

This means that some of the houses sell for as little as R480, excluding administration and transfer costs of around R300.

The discounts apply as long as the selling price is not less than the original cost, and also provided the house is bought before the deadline — some time in 1987.

Great chance to create jobs

PROVIDING the necessary land and finance for massive urbanisation is seen as the greatest opportunity this country has ever had by Department of Manpower Training specialist John Knoetze.

He told a recent Institute for Housing of Southern Africa seminar it was an opportunity to "create hundreds of thousands of jobs for all races, harness the natural resources of the country more realistically, accelerate the education and training programmes and upgrade the quality of life of the underprivileged."

Knoetze said government and the private sector had to form a partnership because neither could meet the challenge alone.

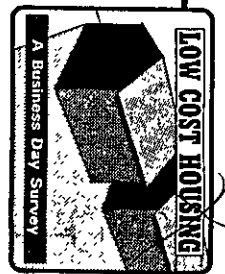
He said: "The basis of the proposed partnership is that government funds will in future, of necessity, increasingly have to be used to acquire land (or to assist private developers or prospective homeowners to acquire such land) and to provide essential services, which cannot effectively be provided on a large scale by individuals or the private sector, and to provide only the bare essentials — preferably serviced sites with shell or core housing."

We must accept that land so far made available for urban black housing is completely inadequate and presents a bottleneck which will increasingly aggravate socio-economic and political problems unless addressed realistically — and promptly."

His solutions to the problems were: Effective Planning — that not only meant the physical planning by town planners and

Sale of houses in Black urban areas: RSA — MAY 1986*

Region	Total number of houses for sale	Houses sold in May	Total sales to date	Total % sold
Eastern Transvaal	4 123	18	380	9.2%
Western Transvaal	6 415	6	812	12.6%
Central Transvaal	24 833	48	1 428	5.8%
Northern Transvaal	1 653	1	1	0.06%
Eastern Cape	11 537	59	2 238	19.3%
Western Cape	100 566	676	28 513	28.3%
Orange-Free State	34 046	88	1 735	5.0%
Western Natal	20 041	87	804	4.0%
Eastern Natal	10 788	80	1 834	17.0%
Northern Natal	25 916	22	1 334	5.1%
Orange-Free State	17 040	44	2 111	12.4%
Total	346 840	1 070	43 748	12.6%



Stocks sets out to break records

THE R4m Alandale/Rabie Ridge project recently awarded to Stocks Housing is set to break all records in the history of mass housing con-

architects but also political and socio-economic planning.

Knoetze said: "I cannot be emphasised too strongly that whatever we do or plan we must ensure that the people concerned are fully involved all along."

"It is not only morally, economically and politically right that they should be so involved, but it is a fact that they are able and willing to play a meaningful part in providing their own homes if given the opportunity to do so. If we acknowledge and apply this policy, it will have enormous economic, social and political benefits for all racial groups in this country."

Meaningful communication — which was not merely distributing pamphlets and advertising through the media, as the bulk of the audience being aimed at had little access to or understanding of the media used.

Knoetze said: "Competent and dedicated people must be used by employers and by central and local government to convey these important messages to these people. Among his other solutions was the maximum exploitation of all available land and essential services in the established towns and cities."

Knoetze said this meant the simplification of sub-division of large sites and realistic introduction of high-rise dwelling units in places like Orlando East.

All vacant dwelling sites should be made available for building "without red tape or strings attached", plus the effective use of

expensive sewerage services and electrical reticulation.

He said: "If that is done properly in Soweto — and I believe serious efforts are being made to achieve that goal — this could make available accommodation for 230 000 additional people without expenditure on major improvements to essential services."

The upgrading of existing housing stock was another example of "exploitation" and a classic case was the 100 000 matshoos four-roomed dwellings in Soweto which could provide accommodation for another 200 000 people if one small bedroom was added to each dwelling.

Knoetze said: "During the past six years about 7 000 such dwellings have been upgraded in Soweto alone and on an economic basis. The cost was about R40m without government subsidy but with the help of financial institutions, employers and the 'sweet equity' contribution from the tenants."

As well, this would create thousands of jobs in the informal sector, particularly in the building trade and building-material manufacturing industries.

Knoetze said: "By rigorously tackling the mass housing shortage problem to attack modernize the urbanisation process, we will get a magnificent opportunity to provide work for tens of thousands of people for years to come."

essentials — preferably serviced sites with shell or core housing.
 "We must accept that land so far made available for urban black housing is completely inadequate and presents a bottleneck which will increasingly aggravate socio-economic and political problems unless addressed realistically — and promptly."
 His solutions to the problems were:
Effective Planning — that not only meant the physical planning by town planners and

these important messages to these people." Among his other solutions was the maximum exploitation of all available land and essential services in the established towns and cities.
 Knoetze said this meant the simplification of sub-division of large sites and realistic introduction of highrise dwelling units in places like Orlando East.
 All vacant dwelling sites should be made available for building "without red tape or strings attached", plus the effective use of

financial institutions, employers and the 'sweat equity' contribution from the owners."
 As well, this would create thousands of jobs in the informal sector, particularly in the building trade and building-material manufacturing industries.
 Knoetze said: "By vigorously tackling the mass housing shortage problem to accommodate the urbanisation process, we will get a magnificent opportunity to provide work for tens of thousands of people for years to come."

Stocks sets out to break records

THE R14m Alandale/Rable Ridge project recently awarded to Stocks Housing is set to break all records in the history of mass housing construction for coloureds, the company says.

The total project for 500 units had a set period of 5½ months for completion, and the Stocks Housing team, headed by MD Mike Fullard and consisting of 2 000 people, have been on site for 2½ months and have completed 500 structures.

Fullard says the Stocks team is probably one of the biggest and most effective for a mass housing scheme and is laying 200 000 bricks and pouring 200m³ of concrete daily. To date, more than 7-million bricks have been laid and about 500 000 roof tiles.

He says: "The project is unique in every way as no one house is the same."

"Four different designs are used with each unit having different permutations. Eight different finishes of face bricks are used, seven different types and shades of roof



□ HENNIE OLIVIER, left, and Stocks Housing MD, MIKE FULLARD, examine Rable Ridge plans. Behind is the first part of the project.

tiles, with no less than 36 paint colour variations. Each house has its own garden walling with the total walling measuring well over 30km."

Once completed, the project will go down in history as "the mass housing development of the future." "The modern look and finish of each unit is so unique that it could

be placed anywhere in the northern suburbs of Johannesburg and not be out of place."

The units consist of two bedrooms, kitchen, bathroom, lounge, dining area, garage opening, and outer garden walling.

Owners and tenants will take up occupation of the first 500 houses in December.

Reef builds up to ghetto headache

NOW that influx control is no longer government policy, the explosion of low-cost housing ghettos could pose mind-boggling problems for environmental planners.

And while much has been said about protecting the coastal environment, the problem will be felt more keenly on the Reef, where more blacks will settle than around the coastal centres, says chairman of the SA Property Owners' Association (Sapoa) housing committee James Croswell.

He comments on a report-back from a recent conservation conference in Namibia. Dr Alan Heydorn, advisor to the SA Council for Environmental Affairs, said there that urban influx to coastal areas would create vast pressure on the environment, especially on the Cape Peninsula and the Cape Flats — where the need to house an additional 750 000 people during the next decade would make it an ecological crisis zone.

But Croswell, one of SA's leading civil engineers, believes that real environmental pressure will be felt inland, since blacks are more likely to move to existing urban areas around the Reef.

Major low-income housing developments will become dominant in inland areas close to industrial centres. Obviously, certain pockets will develop around Port Elizabeth, but only if the car industry emerges from its doldrums, Croswell says.

Government is trying to protect the coastal environment by imposing a ban on property development within 500m of the high-tide coastline.

Croswell says: "Although Sapoa welcomes government's concern over the preservation of the coastal ecology, it hopes that the new Act will not become an added excuse for extra red-tape to deter or ensnare urgently required low-cost housing developments."

"A permit for development should be issued, subject to the compliance of conditions set down by the Environmental Impact Assessment body."

"The majority of township developments along the coast are small-scale, as they are aimed primarily at the upper-middle income group planning to retire along the coast."

Ecologists are concerned that the Kuils River carries far more water (recycled sewage from the Cape Flats) than it was evolved to do.

Croswell believes, however, that this problem will be short-lived: "As water becomes an increasingly rare commodity, it will be recycled for human use rather than left to become an effluent washed away by rivers towards the sea."

"In drought-stricken SA, excess effluent which now swells rivers will stop being a problem."

Uncertainty about R750m injection

UNCERTAINTY has been expressed about the *modus operandi* of the recent R750m injection into housing by J H D Grotius, executive director of the National Association of Home Builders.

Grotius complained at the lack of communication between government, the new Housing Trust and the industry, despite pronouncements that there had been thorough consultation with the private sector.

He said: "The industry's reaction to the announcement must therefore be seen against the background of its perceptions based on limited information of what the objectives to be achieved by the scheme are or should be."

"To date, and in spite of repeated requests in this regard, no consultation whatsoever has taken place with the organised home building industry."

He said the industry sees the scheme as:

- An urgent first step to eliminate the housing backlog;
 - Creating job opportunities;
 - Acting as a stimulus to the economy.
- Grotius said: "Speedy and effective action remains absolutely essential in respect of all three aspects."

Welcome aspects

"For obvious reasons, it remains imperative that the housing shortage should be eliminated within a socio-politically acceptable time scale and with a predetermined target date."

Although mindful of the fact that details were lacking, Grotius said there were aspects on which the home building industry would take a stance by way of active support for the scheme as well as by way of expressing concerns and reservations.

He said the allocation of R40m as the "foundation" for the housing trust and R350m for the creation of further infrastructure was totally acceptable.

And he welcomed the fact that government had said the R400m made available to the trust would not be a one-off payment.

If the trust were to succeed in trebling the state's contribution to R1,2bn as speculated, and the additional funds were acquired at market-related rates, the trust's assistance to the needy would, on average, amount to 67% of the full costs.

He said: "Although such a reduction can bring about considerable relief to lessen the cost pressures on home owners, it is totally inadequate for the lower income groups."

Grotius made an urgent appeal to financial institutions to contribute to the trust and not to insist on market-related rates but "rather to see it as a contribution to the solution of one of SA's vexing problems".

New roof insulator costs only R4/m²

A NEW system of roof insulation — without the need for a ceiling — has been developed for the low-cost housing market by APT (Acoustical Fibreglass Insulation) at a competitive price of R4/m². The product, called Fibretone, is a ceiling tile in board form which can be handled easily and fitted by one person, depending on the roof structure.

Says GM (acoustical division) Peter Holtor: "There are different ways of fitting the boards and we'll work in conjunction with individual builders to ensure the right system is used for that particular roof structure.

It's a top-quality product because we don't believe that low cost means inferior standards. The comfort of the family living in the building must be considered, which is why we set out to provide an insulation product at as low a price as possible.

As a DIY product, the boards can be fitted one room at a time or as the household can afford it, and there's a further cost benefit in not having to fit a ceiling.

Structural timber takes off

STRUCTURAL timber is taking off, as price increases of other building materials have soared, making wood the most reasonable method of home construction.

Figures from analysis done by researchers JHA Consultants in Pretoria, show the annual growth for materials used on average, per year, in the building industry was 13,7% in the years 1975 to 1986.

Timber frames are used in 90% of the houses built in the USA, Canada and Scandinavian countries.

By 11,4%, according to SA Lumber Millers Association executive director Andries Swart. "Prices of structural timber compared with the CPI since 1984 have remained well below the CPI."

"The October 1988 CPI figure was 170, and structural timber on the same scale was 155."

"We normally only have one price increase a year."

Timber frames are used in 90% of the houses built in the USA, Canada and Scandinavian countries.

Builders should change tack

THE construction industry is still in the doldrums with little hope of emerging from its present problems — unless it completely changes its *modus operandi*.

Right now, fewer, smaller and cheaper homes are being built while the commercial, industrial and retail sectors are hardly moving ahead.

If construction companies will accept, however, that the future lies in low-cost housing developments — and there is a shortage of 1-million such homes in SA, while there are 35 000 empty high-cost units on the market, then they will emerge from the industry's doldrums intact, says SA Property Owners' Association (SAPOA) housing committee chairman James Crosswell.

He feels that if the private sector does become more involved in low-cost housing developments, it would alleviate housing shortages/squatter problems.

Current unemployment problems — especially if labour-intensive construction methods were to be adopted, rather than mechanised methods, the depression in which the building industry finds itself, and socio-political tensions between the accommodated and the homeless, Economist Govus underlines the less appealing picture of the building industry, if it is allowed to stagnate as a result of complacency and waiting for the big contracts to come rolling in.

Squatter problems

come involved. However, if the private sector is tardy in attacking the social monster of housing shortage, then we shall witness even greater uncontrolled squatter camps mushrooming around the metropolitan areas — as is the case in other Third World countries," says Crosswell, a leading civil engineering consultant to township developments.

Our Third World social structure," says Govus. "Already 70 000 people or 40% of SA's full-time active building workforce have lost their jobs in the current slump.

"Profits in the industry have been squeezed as never before, judging by the average contract prices for all types of buildings, which only showed an increase of 8% for the first quarter of 1986, measured against a consumer price index (CPI) of over 19%. In real terms, this means a loss of 10%.

"More telling is the long-term comparison. Between boom-year 1980 and the first quarter of 1986, the industry's average contract price index rose by 73%. By contrast, the general price index as measured by the CPI rose by 115% over the same period — a loss of 43%," he says.

"Labour costs rose by a similar percentage, while building and construction materials rose even more steeply — by 127%.

"This is a classic case of deteriorating terms of trade, when the industry buys materials at a higher price than it can re-sell.

"Another indicator of the building industry's plight, and a barometer of the broader impoverishment of our society, is the decline in the contract prices of new dwelling houses," says Govus.

In the first quarter of 1986, this index was 13% below the level of a year ago, while the CPI rose by 19,2% above its level, the previous year. Again, this means a true drop of over 21%.

"By contrast, during the previous boom in house-building, contract prices for new houses ran well ahead of the inflation rate. In the fourth quarter of 1980, these prices were a full 33,3% higher than for the four quarters before, against a rise of only 14,7% in the general price level."

The statistics reflect that in fact smaller, cheaper houses are being built and that the contractors' margins have been cut to the bone.

Crosswell repeats: "The future lies in low-cost housing developments — built preferably on a labour-intensive basis (which should soak up part of the unemployment problem).

and Govus estimates that foreign sure by building societies, while still insignificant in relation to their total assets, have increased five-fold in 12 months, while prices of existing houses have fallen by 25% in 18 months.

32 Business 6/10/88

LOW COST HOUSING
A BUSINESS DAY SURVEY
1 000 homes around SA

IN only three years, Time Housing has built more than 1 000 homes around SA.

Part of the Time Holdings group, the company is backed by a Merchant Bank which has a large stake in the group. Time Housing concentrates on affordable housing.

SA's Time Housing MD, Mike Graham, who operates over a wide area of SA, which includes the PWV area, Port Elizabeth, East London, Durban, KwaZulu, the Transkei and Ciskei.

"We are currently working closely with Sasol, the Coca-Cola Corporation and Satorn to provide more housing for their employees."

"Time Housing offers companies a complete service from land acquisition, installation of services, house design, sales, bond procurement, as well as all the administration required in providing homes."

The company is concentrating on the black market. Recent projects include a 700-house development at Umata, and servicing and construction recently started in Soweto.

WIN HOME, FUTURE.

JCI poised to take on township development

MINING house JCI is poised to become SA's largest township developer in terms of residential stands in the PWV area.

General manager of JCI's property division, Ian McInnes, says that so far, 10 townships have been sanctioned for sale, and their general plans approved by the Surveyor General.

"It is not surprising though, that they are at the lower end of the market. So

Chab-Tank 4/10/86 (32)

Bifsa faces difficult year

JOHANNESBURG. — The building industry has suffered a torrid year with a shortage of work, growing unemployment and a general lack of investment in new construction projects, according to Lou Davis, executive director of the Building Industries Federation of SA (Bifsa).

He points out that the federation's 1986 annual congress, widely regarded as the highlight of the calendar for the organized building industry, will have to face the many thorny issues which currently prevail in the industry.

More than 350 delegates are expected to attend the congress which will be held in Pretoria from October 27 to 31.

The keynote address will be delivered by Dr Steph Naude, chairman of the Competition Board, and will cover the board's role in promoting effective competition in SA.

Dr Simon Brand, CE officer of the Development Bank of Southern Africa will deliver the opening address. Other speakers at the congress include:

- Dr Ben Vosloo, MD of the Small Business Development Corporation, who will discuss the aims and objectives of the SBDC in SA.

- S F van Zyl, chief director of State Purchases, who will speak on the tendering process in the public sector.

- D N Fraser, divisional director of Murray & Roberts, who will examine solutions for the nation's lower income housing problems.

- J N Hamman, deputy director of Federated Insurance, speaking on 50 years of insurance in the building industry.

- Dr F P Jacobz, chairman of the Economic Affairs Committee of the President's Council, who will talk on temporary removal of restrictions on economic activities. — Sapa

Demand leads to relaxed standards

THE desperate need for housing among unemployed and low-income families has led to a relaxing of construction standards.

The National Building Research Institute (NBRI) has produced a booklet on building with clay blocks. And the SA Permanent Building Society has recently approved seven basic construction methods.

The NBRI conducted a series of experiments in building low-cost homes using natural resources such as clay, adobe blocks, straw and chicken wire.

The simple structure uses a basic 13m² concrete floor and

adobe block walls 200mm thick. One of the innovations produced from the experiments is a chicken-wire and gypsum-board ceiling suspended from under the corrugated-iron roof. Straw bales are laid on the chicken-wire for insulation.

Tests showed the structure had better insulation — warm in winter and cool in summer — than a conventional house built with bricks, tiled roof and normal ceiling as well as a 40mm layer of glass fibre.

Perm MD Bob Tucker maintains building societies will have to be far more flexible with regard to construction standards.

Leading the way in low-cost housing loans, the Perm's approved construction methods include the "Zenzele" method — appropriately, the Xhosa word for self-help.

Zenzele is a structure comprising gumpole uprights, wire-weld mesh and a clay infill, traditionally referred to as a wattle and daub construction.

The other methods are:

□ Greyling Housing, referred to as "Sakke en Sand", which uses a gumpole superstructure with long "sausages" of plastic sacking material filled with a sand and cement mixture, with one placed on top of the other to

form the external and internal walls;

□ Cemtech, a concrete brick construction which is delivered on site in kit form;

□ Beva Construction, which consists of aerated concrete panels and is approved for double-storey units;

□ Bestbou Construction, which uses laminated wooden panels;

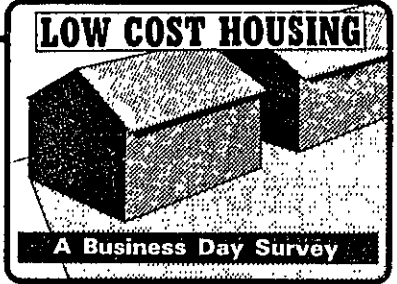
□ Bettencourt Construction, which uses concrete beams as upright structural installations; and

□ Ecohomes, which consist of a prefabricated concrete panel, using interlocking panels to secure the walling.

PSUS/DP/1
6/10/86 32

6/10/86. Bus & Day

Double boon from Transkei project



32

TRANSKEI has grudgingly admitted that one way of solving its low-cost housing shortage is to employ labour-based construction methods.

It is also in this area that potential growth lies for unskilled labour.

At first Transkei did not warmly espouse the idea of using Third World (labour-based) methods to solve its problems.

But, while mechanisation techniques might build low-cost housing faster, it does not address unemployment.

Labour-based construction methods solve both problems: it provides housing and employs manpower.

Recently the Transkei budgeted R6m for upgrading an entire town, Ilinge, that had begun life as a resettlement centre 20 years ago.

The Ilinge plan was instituted largely because of a R5m development loan from the Development Bank of SA, which also proposed to give the town an additional 3 000 units to supplement its existing 1 500 houses.

The chairman of the SA Property Owners' Association (Sapoa) housing committee, James Crosswell, has put together Transkei's largest and most ambitious labour-based construction programme.

It is probably also SA's biggest experiment during a depression: it provides for 500

man-years of labour (using 300 men at peak periods).

This in a town where only 400 men have formal employment — that is, only 33% of the official population of 12 000 (although it is believed the real population figure is nearer 20 000.)

Ilinge so far has only a gravel road, a few water pipes, some pit latrines, unnamed streets, no electricity and no public telephone.

The average household income is R78 a month, over a range of from R15 to R300.

The lower 40% earns an average R38/month and only 28% of the economically active are formally employed.

About 70% of houses have only one or two rooms.

Crosswell, who is also one of SA's leading civil-engineering consultants specialising in township development, believes SA's future lies in labour-based industries that introduce blacks to wage-earning skills as well as the benefits of the free-market system.

Crosswell explains: "We are introducing unskilled black labour to the free-enterprise system by sub-contracting to small local groups.

"The R6m will be divided among 200 local contractors to whom we are now teaching the concept of open tender, time sheets and

productivity, besides the basic skills.

"Many have never been exposed to the free-market ethos or to the value of marketable skills.

"However, we are willing to invest in human resources because we believe that for a peaceful and prosperous future, we need to feed as many mouths as we can."

On this basis, through the open-tender system, workers will earn R5 a day.

"Sub-contractors" will consist of enterprising local men supervising their families.

"The new era of African construction lies in low-cost housing for the masses.

"The future wealth of the building industry hinges on the speed of its adaptability to the concept of Third World labour-based programmes.

"Opting out with sophisticated machinery is easy, but will not guarantee us future tranquillity in an otherwise hungry Third World environment.

The greatest immediate problem to overcome is to train and manage many small low-skilled teams, as opposed to pressing a button on heavy machinery.

"New types of project management programmes must be evolved to encourage the optimum — though not maximum — number of workers."

Mayor urges speedy action

The black viewpoint on the housing shortage issue was outlined firmly at a recent seminar in Johannesburg by Dayton mayor Tom Boya.

He urged that site-and-service schemes be pursued more vigorously and in more areas.

He told delegates from government, local government and the private sector: "The basic problem is affordability and these site-and-service schemes provide an answer."

The seminar, conducted by the Institute of Housing of Southern Africa, involved delegates from all over SA and a broad spread of speakers, including Constitutional Development and Planning Minister Chris Heunis.

Boya, who was the only black speaker, repeatedly urged speed of action in finding and implementing answers to the housing problem.

Harmed relationship

"Affordable housing will have to be provided urgently," he told delegates. "This dragging in developing has caused the relationship between blacks and whites irreparable harm."

"Any further delay in the handling of the urban-housing need will increase the unrest."

He said 90% of urban blacks belong to the sub-economic group.

Therefore, to build conventional housing for these people is impractical, since they simply cannot afford to pay the rent and service charges, despite the high subsidies," he said.

"We are in the process of learning a costly lesson in New Crossroads."

He stressed that the acquisition of large tracts of land and the subsequent provision of adequate and affordable housing, by means of a practical public and private-sector partnership, would have to be given first priority. If we want to improve the quality of life in urban areas of blacks who have been regarded as temporary in the white areas for too long.

Boya maintained that, in the PWV area alone, 65 000ha would have to be found urgently, and whites had to accept the fact that land was needed desperately for the creation of many new sites to cater for the increase of 10-million to 15-million people by the year 2000.

Referring to the controversial proposed Norwelo township, Boya said: "The protest and objections from owners in the area north-west of Sandton to the recommendation in the guide plan to the establishment of a black city are indicative of attitudes which need to change."

Housing, he said, fulfilled a development role, and housing policy should contribute to a broader policy of human development.

"However, the real problem, for which nobody has offered a solution yet, is still with us. It is accommodation for those blacks with hardly any income who cannot afford to provide their own housing," he said.

And he urged the delegates and the organisations they represent to adopt these people as a duty to mankind.

"If there were ever an opportunity where we could hold hands, this is it."

Unemployment

One of the greatest problems in financing the lower-income group was the risk factor of repayment created by present economic circumstances, the high rate of unemployment, and building societies reluctance to finance core or shell housing.

Boya said building societies and other financial institutions should be encouraged to look at financing people with an income of about R350 a month.

He suggested that if government were prepared to take the first risk in lending money by investing collateral security with building societies, building societies might be prepared to participate and thus speed up the provision of low-cost housing.

He said the collateral could be released for reinvestment as soon as the value of the house escalated and its standard met the approval of the building society. This would mean a quick turnover of money.

Call on planners to give people what they want

MUCH greater emphasis must be placed on consumer attitudes to low-cost housing, and standards acceptable to buyers as well as authorities, says Development Bank of SA manager (urban development) Johan Kruger.

"The views of housing administrators and professionals as to what people like or do not like are invariably based on the individual's own subjective views — his attitudes and not those of the people to be housed," he said.

"Seldom is there objective testing of consumer attitudes.

"It is important that this should be done to assist the potential homeowner to obtain a real perspective of the end product and to test the value-for-money aspect of the end product."

Kruger emphasised that those who allocated funds, and designed houses and infrastructure should adhere to the aspirations of the recipient community.

He added: "Housing design, technology and finance experts should devise innovative, appropriate and accessible construction and financing methods which not only suit the individual's requirements but also the ability of the local community to pay."

Kruger strongly favours establishment of an appropriate institution for the whole of Southern Africa — a

Housing experts should devise innovative and acceptable construction and financing methods that suit individuals and communities. JOHAN KRUGER of the Development Bank.

can administer themselves.

"Too often government and local authorities want their towns to be attractive places — physical evidence of national achievements and aspirations.

"All too often quality is equated with a limited range of standards for building and infrastructure, and supporting by-laws from developed economies are adopted with few amendments."

He added: "These development models are unattainable, unenforceable and inappropriate. A new approach is needed which is more closely related to the lifestyle and aspirations of the people, taking cognisance of income and other resources available as well as the capital absorption ability of the local economy."

Speakers by the University of Natal Centre for Applied Social Science in three Durban low-cost suburbs had shown low scoring of prestige values and quality of housing as opposed to the overriding importance of comfort factors (size, privacy and the need for basic amenities). Opportunity factors such as access to services, facilities, transport and jobs were also rated high.

"The attitude of low-cost households towards housing differs widely within towns, since cultural, ethnic and socio-economic differences exist," Kruger said.

Minray to put up 453 homes

ISAHELL-BASED Minray International has contracted to build 453 houses in Bloemfontein's black township of Mangungu.

The show house, for what will be one of the largest private housing developments for blacks in the Free State, was officially opened in July.

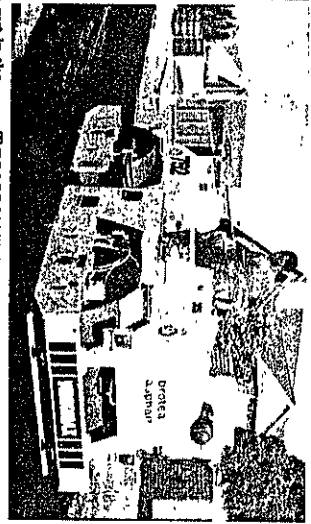
Spokesman David Shary said the company was committed to providing houses to suit most needs and income brackets in the black community.

Minray International has already built 200 houses in the R80m Pretoria North housing project in Soweto. A further 90 houses are scheduled for Botshabelo and 40 more for Lenasia.

Construction of the showhouse at Mangungu, which marks Phase I of the overall development, was carried out by Murray & Roberts (OFS) for the Minray developers.

The project has been financed by loans from the National Housing Commission and the infrastructure established by a Bloemfontein-based utility company, Botswana, which received financial assistance from the Urban Foundation.

Building is no sweat for the Case 580G



□ "SWEAT EQUITY," where individuals put in the work to house themselves is one thing, but high-tech is another side of the coin as seen in this picture of a Case 580G Tractor/Loader/Backhoe (TLB) in action at the Mercedes housing development.

The Case 580G holds more than 50% of SA's TLB market, and is used extensively in creating the infrastructure for housing development.

Sweat equity will obviously prove to be essential in providing the answers to SA's housing problems," says Case sales director Bob Fraser.

□ ROADROLLERS such as the Vitromax 752 (pictured above) may be used on a greater scale in future on new housing schemes that are in the pipeline.

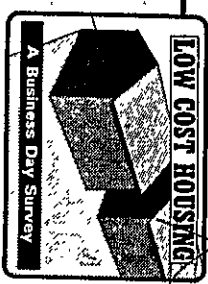
Says Vitromax sales manager, Les Williams: "You can build your own home but you can't build a road to take the pounding of a bus route without heavy equipment.

"We have the equipment and the back-up. All we need is the green light to go ahead with construction contracts."

Kahn speaks on housing committee

Bus Day 6/10/86

1986 (52)



□ "SWEAT EQUITY," where individuals put in the work to house themselves is one thing, but high-tech is another side of the coin as seen in this picture of a Case 580G Tractor/Loader/Backhoe (TLB) in action at the Ennerdale housing development.

The Case 580G holds more than 50% of SA's TLB market, and is used extensively in creating the infrastructures for housing development.

"Sweat equity will obviously prove to be essential in providing the answers to SA's housing problems," says Case sales director Bob Frazer.

□ ROADROLLERS such as the Vibromax 752 (pictured above) may be used on a greater scale in the future on new housing schemes that are in the line.

Says Vibromax sales manager, Les ... "You can build your own home but you can't road to take the pounding of a bus route heavy equipment.

"We have the equipment and the back-up. ... need is the green light to go ahead with construction contracts."

Kahn speaks on housing committee

ALTHOUGH it is still too early to expect anything positive from the "Task Force" committee heading the planning of the private sector's involvement in the Trust Fund housing programme, some indications were given by committee member and SA Breweries MD Meyer Kahn.

The committee and its members are obviously reluctant to commit themselves on developments at this early stage, but two elements emerged from talks with Kahn.

They are emphasis on the creation of employment through low-cost housing; and reliance on the existing infrastructure of the country's building societies, life insurance offices, the Urban Foundation, the SA Development Bank and regional councils.

Kahn said: "Our fundamental objective is the creation of employment and, obviously, to provide more low-cost housing.

"It is a non-racial project, and it will help everybody in the country.

"Because of the desperate need to create employment, we are working on the basis of a very large help content, or 'sweat equity', by the ultimate of the home."

Kahn emphasised the R400m provided by government was regarded as seed capital, and the balance of the funds required, "which we expect to be available", would be provided by the private sector.

He said: "It is a private sector initiative and determined to use the existing infrastructure available in the country.

"We are not about to create a new bureaucracy to administer this, and are currently working on the details of the actual scheme. We anticipate that it will be implemented on a significant scale early next year."

Cheap and cheerful coatings launched

WALL coatings company Gamma Zenith has anticipated the low-cost housing problem and the related need for products to enhance structures.

The company has come up with a range of cementitious plaster products which, says MD A Calcaterra, puts the group "in a strong position to play a major role in the upgrading of black residential areas because the product is a high quality decorative plaster which is maintenance-free, long-lasting and simple to apply."

Plastering and painting are done in a single operation.

Says Calcaterra: "It has body-through colour and it can be applied directly to hollow bricks, brickwork, precast and off-shutter concrete and other building surfaces."

The product had been "thoroughly tried and tested" on the European and other markets such as the Middle and Far East and in West Africa.

The product does not require skilled labour, and application can be performed easily using trowel, roller or spray.

Using the machine application saves money, according to Calcaterra, who adds that three workers can apply around 150m² of the plaster in a day. Builders in Europe using the application had found their plastering costs were comparable to those 15 years ago.

Hard-hit building industry faces yet more gloom — Bifsa

SMK
32
8/10/86

By Frank Jeans

After another year of deep depression, the building industry is heading for still further gloom in the form of spiralling costs, shut-downs and higher wage demands.

In a candid review of the industry over the past year, Mr Lou Davis, executive director of the Building Industries Federation (Bifsa), predicts a building materials cost rise during 1987 of 20 percent, with the public "unfortunately being obliged to foot the bill".

Looking back on the effects of the slump which has seen 75 000 jobs lost, Mr Davis admits there had been a miscalculation in forecasts of a building recovery and that the "wheels were off". Those who have survived so far still face a lot of "blood sweat and tears".

"With a backlog of housing, a build-up of institutional liquidity and a continuing drive to provide an acceptable infrastructure, the industry seemed set for the greatest upturn ever," he says in the

Bifsa annual report.

"Our forecast was wrong.

"Like many other economic forecasters, we underestimated the adverse effects of various factors, particularly the political one."

While the building industry has, as a matter of policy, avoided political philosophy or debate, it has little doubt now that internal political stability is "the lynchpin without which the wheels would surely come off — and they have!"

Low ebb

"The building industry is at such a low ebb, even the mildest form of stimulation will drive the cost price of construction through the roof as scarce labour and run-down material production resources enjoy the scarcity of value of great demand serviced by limited resources."

The report reveals that house building activity declined by 13,8 percent during the year and

indications suggest this sector will remain sluggish for the rest of the year.

However, there is likely to be a moderate revival in activity resulting from an expected positive growth rate of four percent during 1987.

Referring to the cost of labour, Mr Davis says: "Wage increases have, on average, been only 12,5 percent during 1985, which reflects the lowest annual rise since 1980.

"Total labour costs are projected to rise by eight percent during the rest of this year and by about 12 percent next year."

Amid this bleak scenario, then, building industry leaders will have much to talk over when they meet for their annual congress in Pretoria at the end of this month and might well ponder Mr Davis's other point that "Bifsa is now forced to make its projections on the insubstantial base of the business mood".

Finance Staff

Sasol predicting

ing to profitability of our younger fertilizer and ex-

CAPL TINTS

Wednesday, October 8 1986

32

Bifsa report tells of 'blood, sweat, tears'

By MICK COLLINS

he
o-
n-
he
er-
he
is
ve
ng
ns
by
it-
he
ct
as
N
y

JOHANNESBURG. — A bleak future awaits the building industry after a disastrous 1985 which contributed to the loss of 75 000 jobs and saw the closure of support plants and factories.

And the industry promises only "blood, sweat and tears" for the few who are lucky enough to be left to shoulder the burden of investor distrust and apathy.

This outlook was painted yesterday by Building Industries Federation of SA (Bifsa) executive director Lou Davis in a hard-hitting annual report.

"The industry is fearful for its future with an almost total dearth of capital goods investment and the constant threat of punitive sanctions designed to strangle foreign capital inflow.

"The bullish forecasts of economists have failed to stimulate a revitalization of business opportunity with the consequent senseless depletion of labour and material resources."

The sector has experienced a recession worse than that of 1932 which also saw the erosion of education and training facilities.

The industry expects a moderate revival in activity resulting from an expected growth rate of 4% during 1987 but warns that any attempt at accurate

economic forecasting must be regarded as speculation.

"Inflation is still unacceptably high and the rand is likely to remain weak. The vacuum resulting from the brain drain will bring intensified pressure for salary increases."

This means that cost factors will prevent inflation from declining and it is likely to maintain an average rate of 17,5% during 1987.

"The irony is that with the industry at such a very low ebb, the mildest form of economic stimulation is going to drive the cost price of construction through the roof."

He says this will be due to scarce labour and run-down material production resources enjoying the scarcity of the value of demand.

Davis says all previous attempts at forecasting were wiped out by one factor — political instability.

He says the recession intensified sharply during 1985 and all components of gross domestic expenditure recorded negative growth rates.

Referring to the housing market, Davis says the ability of individuals to own their own homes was severely restricted during 1985.

"Real disposable income has shown negative growth and, even though the mortgage rate declined, an average mid-1986 rate of 16% was still high compared to previous decades."

J. Fenton Director

27 666

18 217

9 269

Building industry faces bleak future after disastrous 1985

A BLEAK future awaits the building industry following a disastrous 1985 which contributed to the loss of 75 000 jobs and saw the closure of support plants and factories.

Add the industry promises only "blood, sweat and tears" for the few who are lucky enough to be left to shoulder the burden of investor distrust and apathy.

This dismal outlook was painted yesterday by Building Industries Federation of SA (Bifsa) executive director Lou Da-

vis in a hard-hitting annual report.

He said: "The industry is fearful for its future with an almost total dearth of capital goods investment and the constant threat of punitive sanctions designed to strangle foreign capital inflow."

"The bullish forecasts of economists have failed to stimulate a revitalisation of business opportunity with the consequent senseless depletion of labour and material resources."

The sector has experienced a recession

WICK COLLINS

worse than that of 1982 which also saw the erosion of education and training facilities.

Said Davis: "Roughly 75 000 jobs have been lost since the height of the previous boom. It would appear that our economy has resisted all manner of fiscal and monetary stimulus to change the prevailing negativism of economic indica-

"Fixed investment is a dirty word, the gold price is as predictable as the drought and the rand wallows in the slough of undervalued indifference."

The industry expects a moderate revival in activity resulting from an expected growth rate of 4% during 1987, but warns any attempt at accurate economic forecasting must be regarded as speculation.

Davis says: "Inflation is still unacceptably high and the rand is likely to re-

main weak. The vacuum resulting from the brain drain will bring intensifi pressure for salary increases."

This means cost factors will prevent inflation from declining and it's likely to maintain an average rate of 17.5% during 1987.

Davis adds: "The irony is that with inflation at such a very low ebb, the most ideal form of economic stimulation is going to drive the cost price of construction through the roof."

PROPERTY

8/10/86
BUS DAY

32

Low-cost housing needs spawn innovative design

THE huge potential for growth within the low-cost housing market has spawned a new generation of innovative private sector building systems.

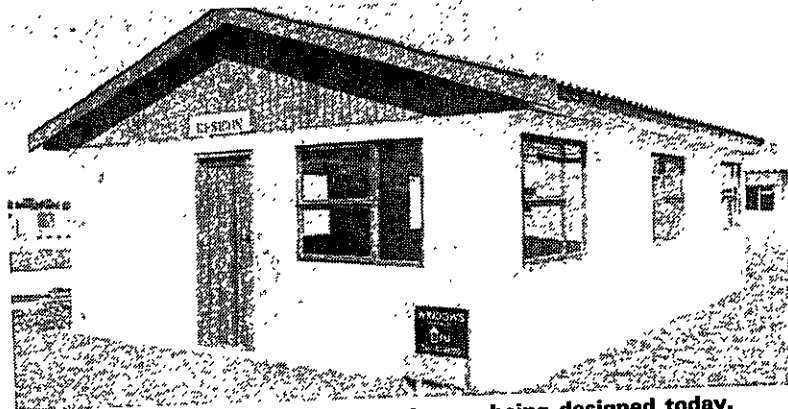
Not just the construction methods are changing — the materials being used are even more novel: cardboard boxes as shutters, cement-filled sausage-like bags, timber frames, welded steel frames, fibreglass panels and polyurethane foam, which, in spite of controversy sparked off by the involvement of this material in the Kinross disaster, the German manufacturers claim presents no health hazard.

These systems are currently on display at the Easy Homes show at Belhar, near Cape Town. The Divisional Council of the Cape challenged the homes industry, from small business entrepreneurs to national construction companies, to come up with houses costing no more than R9 000.

All houses had to be suitable for incremental extensions and upgrading and had to have electricity, at least two bedrooms, a living room, kitchen with sink and bathroom with toilet.

While the exhibition has attracted considerable interest, and has given the home building and buying sector a good look at what is available, it has underscored the need for further governmental involvement at the lowest levels.

Most price tags on the show homes were in the R8 000 to R9 000 range and many exhibitors said that below this amount it would not be economically viable for the type of systems they produced.



□ ONE of the low-cost timber homes being designed today.

"It's not that we're not willing," said one manufacturer. "It's just that to sell the type of homes we're developing for R2 000 or R3 000 there wouldn't be much in it for us."

Observers pointed out that although there were houses being built around the country at considerably less than the show prices, not much attention was being given by the private sector to this area of the market.

The systems on show would probably qualify for building society home loans in terms of today's more relaxed attitude towards alternative building methods, but conventional finance is not likely to be an option for people who have to look below this market.

The SA Perm is one of the building societies to have created its own new standards of acceptability. The home must have solid walling structure, acceptable foundations, safe roofing structures, access to water on site

and acceptable sewerage system.

Government has made it clear that the very poor would have to accept that they must make a contribution to the provision of their own housing, even if not in cash form.

"One over-riding principle is that the state can only help people to help themselves," said Patrick McEnery, director-general of the Department of Local Government, Housing and Agriculture in the House of Representatives, at last week's affordable housing seminar at Goodwood in the Cape.

He suggested the idea of the very poor being given a one-off subsidy on land, infrastructure and possibly some rudimentary housing.

The private sector could handle financing for people earning more than R600/month, he said, with the understanding the state provided direct subsidisation — for first-time buyers — to the tune of 33,3%, in order to keep payments within means.

Bifsa: blood, sweat, tears await building industry

DD 9/10/86
32

JOHANNESBURG — Following a dismal 1985, the building industry holds only "blood, sweat and tears" for the few who are fortunate enough to be left to carry the burden of investor distrust and apathy, says the executive director of the Building Industries Federation (Bifsa), Mr Lou Davis, in the annual report.

Mr Davis sees a bleak future after a year in which 75 000 lost their jobs and many support plants and factories were shut down.

"The industry is fearful for its future with an almost total dearth of capital goods investment and the constant threat of punitive sanctions designed to stran-

gle foreign capital inflow.

"The bullish forecasts of economists have failed to stimulate a revitalisation of business opportunity with a consequent, senseless depletion of labour and material resources."

The current recession is described as worse than that of 1932, which

also brought the erosion of education and training facilities.

"Roughly 75 000 jobs have been lost since the height of the previous boom. It would appear that our economy has resisted all manner of fiscal and monetary stimulus to change the prevailing negativism of economic endeavour.

"Fixed investment is a dirty word, the gold price is as predictable as the drought and the rand wallows in the slough of undervalued indifference, Mr Davis says."

Although the industry expects a modest revival next year resulting from an expected growth rate of 4 per cent for the year, the report adds that any attempt at accurate economic forecasting must be regarded as speculative.

"Inflation is still unacceptably high and the rand is likely to remain weak. The vacuum resulting from the brain drain will bring intensified pressure for salary increases," Mr Davis says.

Thus cost factors will prevent inflation from declining and it is likely to average 17,5 per cent in 1987.

"The irony is that with the industry at such a very low ebb, the mildest form of economic stimulation is going to drive the cost price of construction through the roof, he says." — Sapa

Aggravating the problem, banks had to meet liquid asset requirements by mid-September (creating demand for assets and exerting downward pressure on rates).

October is seasonally a liquid month. Liquidity should stay relatively easy — although banks are moaning — (see *Money Market*) despite large tax payments in November (which take money out of the system and reduce liquidity), and in December a large amount of notes in circulation because of the holidays (this also, in effect, takes money out of the system) and interest and dividend payments.

Since August it has already “mopped up” R500m in special Treasury tax bills — another important reason for this was to hint to the market that rates had dropped too sharply. This is a remarkable change from the same time last year, when the Bank was entering into repurchase agreements (a total R2 billion in August, September and October) to ease liquidity.

Hill Samuel's Jurie Bester believes the Bank will have to take R2 billion out of the market by February if it does not want a sharp drop in rates and wants the market to “stay in the Bank” — a shortage forcing borrowing from the Bank ensures the Bank a

hold over short-term rates.

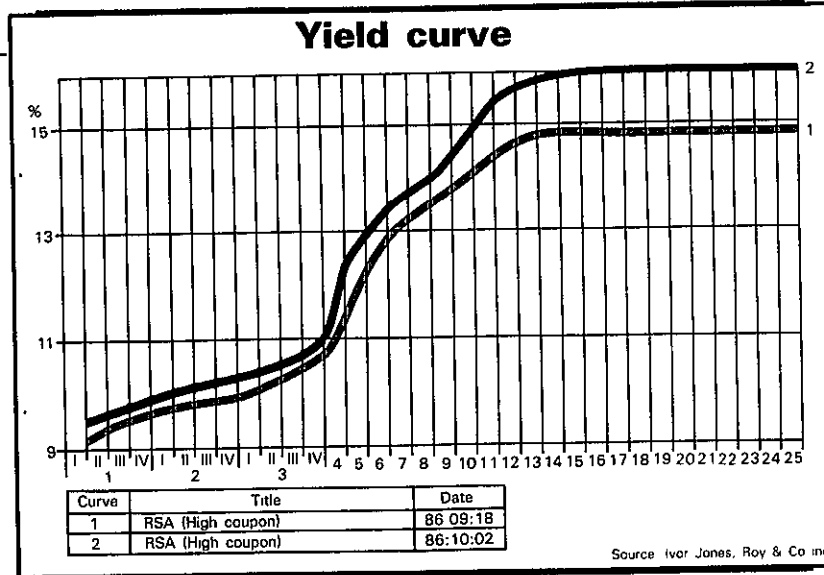
Forecasting the direction of longer rates is far more difficult. Torr is not the only one finding it “too volatile to predict long-term rates.” Rees notes the opposing forces influencing the market — low short-term rates and inflationary expectations.

The Bank does not have as much influence in the capital market as in the money market (although it operates in the 1994-1995 area). So it helps little to anticipate its intentions and strategy to forecast the direction of long rates, which move rather on expectations, particularly on inflation and politics. In the circumstances, they are not surprisingly proving to be volatile.

This is starkly demonstrated by the rapid and unexpected recent rise in long-term

and that the upward (longer) trend in long rates has begun. This is a remarkable about-turn; only a few weeks ago, writing on the great gilt bull run, the *FM* found conventional wisdom was that the party had not ended. Jacobs is the first to admit he is “baffled.”

With hindsight, it is now said that there was little justification for long rates to have fallen under 14%: a correction was inevitable. More fundamentally, the political situation and inflationary expectations are major headaches. With inflation over 18%, it makes little sense to commit funds for 20 years at 15%. This is why Dunn sees long rates at 20%, although others disagree. He adds that any increase in credit demand cannot be accommodated by foreign credit. “This will push up rates.”



rates, which increased almost two percentage points to nearly 16% in just over a week. Bester says he has “never seen such a wild swing.” This followed an almost as spectacular bull run that saw rates fall almost four percentage points to under 14% from mid-June to mid-September as yields rocketed. Rates have subsequently fallen back by 50 points in “a correction of the over-reaction to the correction.”

It is now popularly believed that rates will not go as low as 14% again

HUDACO

Revving it up

Hudaco Industries MD Bruce McInnes says he left his post as a personal assistant to Liberty Life chairman Donald Gordon in 1980 because he wanted his own “patch.” A place where he could receive the bouquets if his decisions were right — and the brickbats if they were wrong.

Since McInnes engineered a R20m management buyout of Hudaco in 1984 and listed the group in November last year, leaving directors with 29% of the equity, the bouquets have outnumbered the brickbats. The market's high

1981 R1 236 000

1982 R1 116 000

1983 R1 481 000

1984 R1 357 000

1985 R3 992 000

1986 R7 780 000

Bruce McInnes has engineered Hudaco into a personal success story. Investors who came in for the ride have not been disappointed, either.

rating of the Hudaco share is certainly the most gratifying bouquet of all — the tribute of the system. The share price has appreciated to 2.8 times issue price, and investors have pushed it to a lower dividend yield than such engineering heavyweights as Edward L Bateman, Haggie, and Dorbyl.

Fuelling the enthusiasm has been a flow of successful results. Profits trebled in the year to November 1985; earnings more than doubled in the six months ended May 1986; and

predictions are for at least a 60% rise in earnings for the year to November 1986. When McInnes became MD of the group in 1981, only one division — Deutz Diesel-power — was profitable.

The group has been reaping substantial gains from the restructuring and rationalisation embarked on by McInnes and his management team. Identifying the group as essentially a procurement and distribution operation, McInnes aimed to improve the efficiency of these functions. Specialist wholesaling operations were established, with increasing attention paid to sophisticated buying policies.

Both the wholesale and retail operations became profit centres. Pricing policies of retail operations were revamped and sales to competitors halted — one branch manager who failed to comply was fired.

Increased efficiency of the buying and selling operations saw debtors and stock levels tightened and

Powering on
Attributable profit

ESTIMATED

322 FWM MAIL 10/10/86

MURRAY & ROBERTS

Turning the tide

Activities: Industrial holding company with subsidiary and associated companies operating in construction, engineering, supplies and services, manufacturing, project management and property.

Control: Anchusa holds 42,9% of the equity. **Chairman:** W F de la H Beck; **managing director:** D Brink.

Capital structure: 26,4m ords of 50c. 7,4m comp conv debentures of R10. **Market capitalisation:** R191,4m.

Share market: Price: 725c. Yields: 1,4% on dividend. 12-month high, 1 525c; low, 575c. **Trading volume last quarter,** 852 000 shares.

Financial: Year to June 30

	'83	'84	'85	'86
Debt:				
Short-term (Rm) ..	29,4	8,4	58,4	25,5
Long-term (Rm) ...	82,9	59,2	65	48,4
Debt:equity ratio	0,51	0,34	0,54	0,29
Shareholders' interest	0,35	0,35	0,32	0,42
Int & leasing cover .	3,4	4,3	2,2	1,7
Debt cover	0,97	1,7	0,7	0,6

Performance:

	'83	'84	'85	'86
Return on cap (%) ..	16,1	17,4	13,2	7,8
Turnover (Rm)	2 020	2 282	2 549	2 645
Pre-int profit (Rm) ..	104,0	129,7	114,1	60,6
Pre-int margin (%) ..	5,2	5,7	4,4	2,3
Taxed profit (Rm)	58,2	74,3	50,3	2,6
Earnings (c)	201	243	165	(31)
Dividends (c)	66	77	60	10
Net worth (c)	795	877	933	845

In the past year, the blue-chip status which Murray & Roberts (M & R) had attained in decades of profitable trading was muddled by a creeping tide of red ink, and dismayed shareholders saw the share price slide from R15,25 to R5,75 in the space of seven months.

The group has been criticised for not predicting their downturn earlier — at least before raising R73,8m by way of a compulsorily convertible debenture issue, which reduced the debt:equity ratio to 0,29. Without the issue, debt:equity would be 0,38. M & R chairman Bill de la Harpe Beck explains in the annual review why the board was not aware earlier of the problems that led to losses in the international operations, factory-built mobile accommodation and transport equipment operations, and in the engineering sub-group where resources had been built up in anticipation of capital projects.

Beck contends that problems associated with a South African company operating abroad meant delays in receiving financial information, while remedial action could not be initiated and implemented as quickly, or as effectively, as with local activities. He adds that losses taken there were substantial — market estimates put losses at about R14m. However, mergers and disposals of major portions of the international interests



M & R's Brink . . . fixing the dogs and looking for profits

to overseas investors have taken place, which are expected to prevent further losses.

Technical resources built up to handle capital projects such as Mossel Bay proved an expensive holding cost when the go-ahead on projects was delayed. Expensive personnel had been recruited in readiness for the project. Beck says this technical resource has been reduced to more modest proportions, although it is still capable of handling projects such as the Mossel Bay gas project.

The extent and rapidity of the downturn in the economy as a whole, and particularly in the areas of mobile accommodation and

transportation equipment, took the group by surprise. Moves it had taken to consolidate production at Ladysmith at the end of 1985 caused major disruption and manufacturing problems, which led to substantial financial losses.

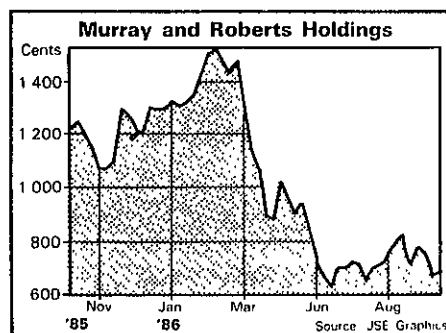
Beck says action taken to rectify losses in these three areas means they will be non-recurring, while the extensive restructuring undertaken in the group adds confidence to management's prediction of profits in the current year. The group is realising fair sums of money from disposals — among those since year-end are Chel, Heat Exchangers and Bromor Foods. The four operating groups now include construction and engineering, suppliers and services, industrial and properties.

Construction improves

The construction and engineering group is looking to improve its performance this year, despite predicting negative real turnover growth for the industry in the year ahead, a further tightening in trading conditions and poor margins. The suppliers and services group sees little change in existing depressed conditions, and hence little change in earnings for the year, although MD David Brink said on release of preliminary results that if more money is spent on road maintenance this year, this division could pick up well. He also said the industrial group should do a lot better this year, especially if the foundry business improves. However, the property group is expected to make a reduced contribution to group profits.

Some analysts believe the group could earn about 100c a share before tax, but the tax rate will play an important role in determining the bottom line. Last year, tax was at a rate higher than the normal South African rate; this resulted from the incidence of expenditure not deductible for tax purposes and the incidence of losses in certain wholly owned subsidiaries which cannot be offset against profit in non wholly-owned subsidiaries. The group now has losses of some R38m carried forward for offset against future taxable income. Should certain loss-makers be turned around in the current year, the tax rate can be substantially reduced.

If the group can "fix the dogs," which Brink says is a priority, earnings of about 60c look possible. Confidence in the share has taken a knock, and most investors will probably remain nervous until there is proof that the group is in improving health. Should interims show the medicine is taking effect, the share price will start moving back towards levels last seen a year ago.



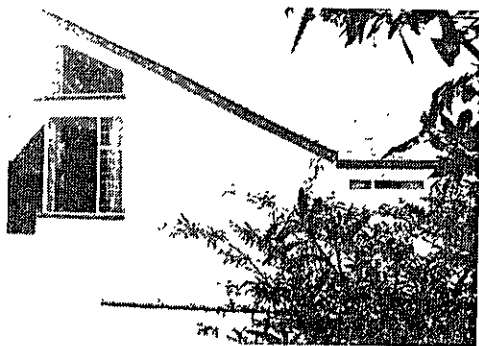
Kerry Clarke

prospects

the R40 000-R60 000 bracket and most blacks in the R30 000-R50 000 range," says Beyers.

Johan Grotius, executive director of the National Association of Home Builders, has also noticed the improvement in the market and says there has been an increase in inquiries for upmarket houses.

"Home builders haven't had as many inquiries for years," he says. "This indicates that there's more confidence in the housing



starting to move again

market now."

Pretoria-based Norman Nel, immediate past president of the institute, says Pretoria "is unique. It always does better than the rest of the country because so many people here get housing subsidies or 100% loans."

Pat Acutt, MD of Acutts Estate Agency and chairman of the Durban and Natal coastal branch of the institute, also detects more confidence in the market. Last month, members of his branch reported a 10% in-

crease in sales.

"Houses which stood about 120 days on agents' books are selling in a week now," he says.

Aida Geffen, chairman of Aida Estates, says her operation sold 15% more units nationwide in the first eight months of this year than during the same period last year. But

she warns sellers against being misled into thinking they can increase asking prices.

Says Geffen: "They won't get those prices in six months, not even in a year. It took three years for prices to drift down to their present levels. They didn't just drop and they won't just rise again."

FIN MAIL 10/10/86

BLACK HOUSING

Better mousetraps

The call to cut building standards to help meet national housing needs has been made often enough over the past few years to have become monotonous.

But while just about everyone agrees that First World standards cannot continue to apply in Third World situations, there has been precious little action.

The Cape Divisional Council (CDC) is not among the guilty. It has put together a fascinating self-help housing exhibition at Belhar, on the outskirts of Cape Town, which could well become a blueprint for the country.

A total of 45 different homes make up the exhibition, which carries a range of innovative low-cost homes priced from R750 to around R9 000.

The show runs until October 12.

The less expensive homes are little more than emergency shelters, but within the mid to top ranges there are choices which offer real solutions.

The organisers have been especially pleased with the calibre of the exhibitors, some of whom have now entered a field they have long shunned. The fact that the white home-building market has been all but dead, no doubt has a lot to do with it.

Eight of the homes utilise the timber-frame format, which is used for most house construction in both the US and Australia. Others range from concrete block to easily assembled concrete tilt-up panels.

However, as the Urban Foundation's Ben van der Ross pointed out at the seminar which preceded the exhibition, house prices are only one element in need of reform. High land costs, caused mainly by Group Areas Act restrictions, also need attention.

Innovative as the houses are, Van der Ross

warned, however, that they should be monitored since lower-income families could hardly afford to experiment with designs that did not work. The vital thing, he said, was that the materials used should not mark the neighbourhood as undesirable.

Another major problem facing the black community is finance. As speaker Martin

Harris pointed out, the money should be as easily available to blacks wanting houses as to blacks buying motor cars.

A suggestion by property economist, Peter Penny, that SA should be looking at a US-style "Ginnie Mae" system, also seems to be gaining ground. The system allows developers to raise finance on the strength of government-guaranteed negotiable instruments.

No doubt certain of the concepts on show will be rejected as unsuitable for SA's conditions. However, as one delegate pointed out, the country can no longer afford to start debating the issue all over again.

The show has already created a good deal of interest in the building sector and about 10 000 viewers turned up last weekend.

320 FWM MAIL 10/10/86

MURRAY & ROBERTS

Turning the tide

Activities: Industrial holding company with subsidiary and associated companies operating in construction, engineering, supplies and services, manufacturing, project management and property.

Control: Anchusa holds 42,9% of the equity.

Chairman: W F de la H Beck; managing director: D Brink.

Capital structure: 26,4m ords of 50c. 7,4m comp conv debentures of R10. Market capitalisation: R191,4m.

Share market: Price: 725c. Yields: 1,4% on dividend. 12-month high, 1 525c; low, 575c. Trading volume last quarter, 852 000 shares.

Financial: Year to June 30

	'83	'84	'85	'86
Debt:				
Short-term (Rm) ..	29,4	8,4	58,4	25,6
Long-term (Rm) ...	62,9	59,2	65	48,4
Debt:equity ratio	0,51	0,34	0,54	0,29
Shareholders' interest	0,35	0,35	0,32	0,42
Int & leasing cover .	3,4	4,3	2,2	1,7
Debt cover	0,97	1,7	0,7	0,6
Performance:				
Return on cap (%) ..	16,1	17,4	13,2	7,8
Turnover (Rm)	2 020	2 282	2 549	2 645
Pre-int profit (Rm) ...	104,0	129,7	114,1	60,6
Pre-int margin (%) ..	5,2	5,7	4,4	2,3
Taxed profit (Rm)	58,2	74,3	50,3	2,6
Earnings (c)	201	243	165	(31)
Dividends (c)	66	77	60	10
Net worth (c)	795	877	933	845

In the past year, the blue-chip status which Murray & Roberts (M & R) had attained in decades of profitable trading was muddled by a creeping tide of red ink, and dismayed shareholders saw the share price slide from R15,25 to R5,75 in the space of seven months.

The group has been criticised for not predicting their downturn earlier — at least before raising R73,8m by way of a compulsorily convertible debenture issue, which reduced the debt:equity ratio to 0,29. Without the issue, debt:equity would be 0,38. M & R chairman Bill de la Harpe Beck explains in the annual review why the board was not aware earlier of the problems that led to losses in the international operations, factory-built mobile accommodation and transport equipment operations, and in the engineering sub-group where resources had been built up in anticipation of capital projects.

Beck contends that problems associated with a South African company operating abroad meant delays in receiving financial information, while remedial action could not be initiated and implemented as quickly, or as effectively, as with local activities. He adds that losses taken there were substantial — market estimates put losses at about R14m. However, mergers and disposals of major portions of the international interests

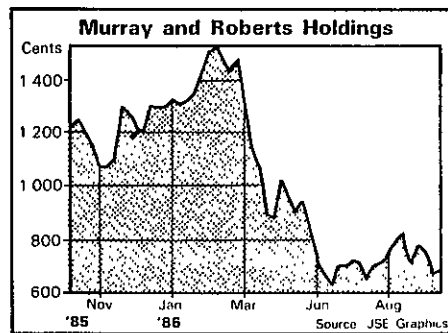


M & R's Brink . . . fixing the dogs and looking for profits

to overseas investors have taken place, which are expected to prevent further losses.

Technical resources built up to handle capital projects such as Mossel Bay proved an expensive holding cost when the go-ahead on projects was delayed. Expensive personnel had been recruited in readiness for the project. Beck says this technical resource has been reduced to more modest proportions, although it is still capable of handling projects such as the Mossel Bay gas project.

The extent and rapidity of the downturn in the economy as a whole, and particularly in the areas of mobile accommodation and



transportation equipment, took the group by surprise. Moves it had taken to consolidate production at Ladysmith at the end of 1985 caused major disruption and manufacturing problems, which led to substantial financial losses.

Beck says action taken to rectify losses in these three areas means they will be non-recurring, while the extensive restructuring undertaken in the group adds confidence to management's prediction of profits in the current year. The group is realising fair sums of money from disposals — among those since year-end are Chel, Heat Exchangers and Bromor Foods. The four operating groups now include construction and engineering, supplies and services, industrial and properties.

Construction improves

The construction and engineering group is looking to improve its performance this year, despite predicting negative real turnover growth for the industry in the year ahead, a further tightening in trading conditions and poor margins. The suppliers and services group sees little change in existing depressed conditions, and hence little change in earnings for the year, although MD David Brink said on release of preliminary results that if more money is spent on road maintenance this year, this division could pick up well. He also said the industrial group should do a lot better this year, especially if the foundry business improves. However, the property group is expected to make a reduced contribution to group profits.

Some analysts believe the group could earn about 100c a share before tax, but the tax rate will play an important role in determining the bottom line. Last year, tax was at a rate higher than the normal South African rate; this resulted from the incidence of expenditure not deductible for tax purposes and the incidence of losses in certain wholly owned subsidiaries which cannot be offset against profit in non wholly-owned subsidiaries. The group now has losses of some R38m carried forward for offset against future taxable income. Should certain loss-makers be turned around in the current year, the tax rate can be substantially reduced.

If the group can "fix the dogs," which Brink says is a priority, earnings of about 60c look possible. Confidence in the share has taken a knock, and most investors will probably remain nervous until there is proof that the group is in improving health. Should interims show the medicine is taking effect, the share price will start moving back towards levels last seen a year ago.

Kerry Clarke

Meteoric rise in costs of building materials

Colin Vineall Property Editor

A DRAMATIC picture of how building materials costs have soared over a 12-year-period is disclosed in the Building Industries Federation (S A) annual report which was released this week.

In a table giving the cost of selected materials, the report shows that since 1973, all products have been severely affected by such factors as inflation and the fuel price hikes.

The tables give latest average wholesale prices as being for 1985 — materials costs have continued to rise this year by varying amounts.

The full table is printed on Page 2.

Samples of the costs include the following:

STEEL — Downpipes (76mm) cost 53 cents a metre in 1973, R2,77 in 1985. Galvanised corrugated sheets cost R158,60 a ton in 1973 — by 1985 they were R929,88. Door jambs have risen from R5,60 each to R33,96 over the same period.

BRICKS — smooth face (blue) were R47 a 1 000 in 1973, broke the R100 barrier in 1981 and by 1985 were R179. Stock bricks (plasters) were R19 a 1 000 in 1973; the 1985 price is given as R99,66.

TIMBER — S A Pine, dried and sawn (76 x 229mm) was quoted at R72,30m³ in 1973. In 1985 it was R404,15. Shelving (305 x 25mm) rose from R2,29m² to R12,58m².

AGGREGATES — concrete sand from R2,26m³ to R11,86m³; crushed stone (19mm) from R2,65m³ to R12,71m³.

CEMENT — Portland, 50kg pocket from 85 cents to R4,18.

PAINT — PVA exterior from R4,55 for five litres to R14,71.

The Bifsa report also gives the current estimated costs of building in rands per square metre:

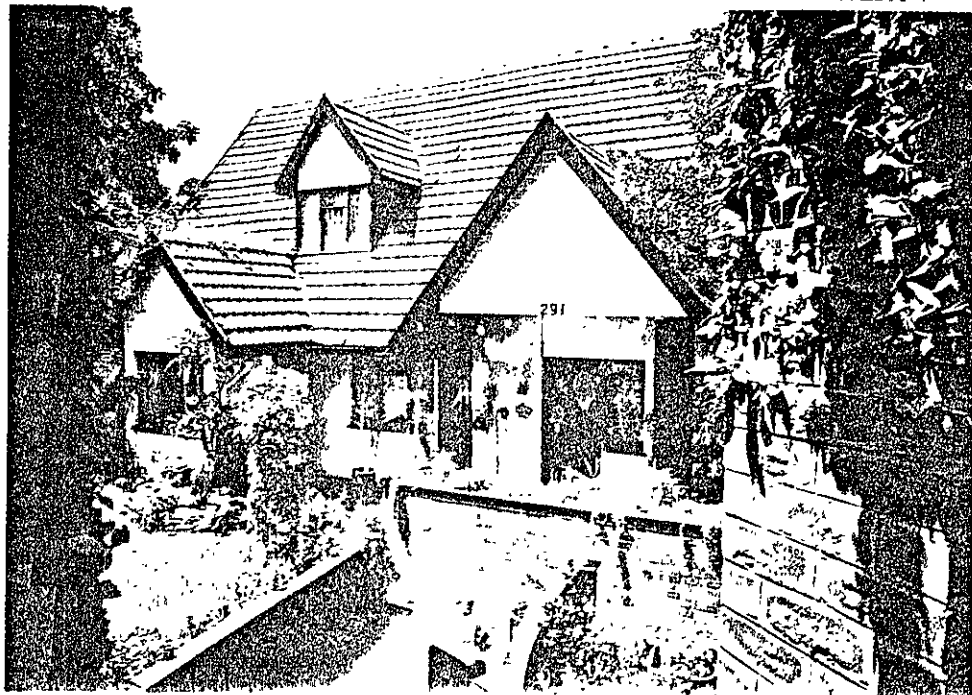
A dwelling averages R506m²; prestige townhouses R850m²; simple high-rise block R560m²; simple low-rise R480m²; minimum standard duplex R530m²; luxury standard duplex R950m².

It says an additional bedroom measuring 7,0 x 4,0 x 2,8m will cost approximately R12 199; an extra bathroom 3,0 x 3,0 x 2,8m will be priced at about R12 554.

The price of building dwellings in Durban dropped in the last half of 1985 and in the first quarter of 1986, according to the contract price index printed in the report.

Given 1982 prices at 100, prices in Durban rose to a peak of 147,7 in the first quarter of 1985 before dropping in three successive measured periods.

Tudor-style beauty for R210 000



A handsome Tudor-style house in Queen Elizabeth Avenue, Glenwood, is our front page house this week. The 20-year-old home's grace is matched by superb gardens as the present owner is a competition-standard grower. In fact, they are moving to Kloof to seek more space than the present 1 000m² on which the house stands. The new owners will obtain two shade houses as well as a pool with double changerooms in the garden. There are also two waterfalls. Inside, the house has five bedrooms, main *en suite*, two bathrooms, cloakroom, two lounges, kitchen with breakfast bar, dining-room and study. Erika Rivalland and Lynton Wood of Isaacs Geshen will be holding a showhouse tomorrow afternoon. Asking price is R210 000.

Another home, in Botanic Gardens Road, Durban, is featured on Page 4.

27 DP 15/10/86

R100 000 claimed for govt delays

Dispatch Reporter
EAST LONDON — The government seems set to be saddled with a R100 000 claim from a construction company building a Buffalo Flats housing scheme because it sustained losses through delays in the laying of services, which were blamed on delays in tender approvals.

The construction company, LTA Housing Limited, has informed the architects supervising the construction of the claim as a result of work being carried out by A. B. Construction, which was laying services.

The architects informed the city engineer's department that the claim was justified but that the amount was overstated.

The architects said the delays in completion of the services contract stemmed largely from the time lag in the acceptance of the tender and could not be ascribed to any actions of the consulting engineer's, the city engineer's department or the contractors involved.

At yesterday's monthly meeting of the Coloured Management Committee (CMC), the deputy city engineer, Mr B. Bradford, said it was an indication of what delays could cause.

He had tried to tell the government officials in Cape Town what could happen. He said it had taken three months to get a tender approved and urged the committee to take up the matter at their national association meetings.

The municipality's assistant financial manager, Mr B. Olsson, said the loss due to the claim should not be borne by the city council and the matter should be taken up with the government department.

Mr Bradford said the department should also be informed that the claim money should be kept separate from the actual cost of the houses. It should not be passed on to the prospective buyers or tenants.

In the minutes of yesterday's meeting, the engineer's department outlined how the delay had occurred.

It had been reported to the action committee and the CMC towards the end of last year that, because of the increased sales of paired erven for home builders in extension 4 and the desire to retain the whole of extension 6 fronting onto Boeing Road, it would be necessary to provide further residential erven by rezoning and subdivision of other erven and open spaces and that this would cause delays and require additional funds of R400 000 to extend the roads and services.

Both committees resolved that application be made to the Department of Local Government, Housing and Agriculture in the House of Delegates for approval and allocation of funds.

Approval for the additional 238 houses (60 as an addition to the contract for 300 houses and 178 by new tender) was received on October 4 last year after intensive but successful efforts to obtain all the additional houses as an extension to the existing contract to save time.

At the end of November the only tender from LTA, was accepted by both the action committee and the CMC.

Authority from the department was received in February this year and the site was handed over to the contractor on February 10. The value of the contract was R2.3 million.

A firm was requested to proceed with the detailed design of the roadworks and services on January 8 and a telex from the department on February 6, authorising acceptance of the tender for the 178 houses, was taken to include approval of the proposals for the services.

Tenders for these were then invited on February 7 and a tender from A. B. Construction was approved. The documents were sent to the department on March 12 and a telex of the council's resolution was sent on March 18.

A letter from the department was received on March 10 (three months after the application) authorising the extension of the contract for the construction of a link road. By then the contractor had already left the site and was no longer interested.

The department also authorised departmental construction of the services for the 178 houses, providing a schedule of quantities was first submitted to and approved by the department.

As tenders had already been received and considered by the CMC and the documents were posted to the department before the letter reached the engineer's department, it was thought best to allow the successful contractors to carry out the work although it was not known then how long the department would take to authorise acceptance of the tender.

The department financially authorised acceptance of the tender on May 1 1986 — seven weeks after submission of the documents. The site was handed over to the contractor on May 16 1986 — 13½ weeks after the housing contract began.

To minimise the disruption expected, the contract for services started after the construction of the houses and a programme for both contracts was carefully drawn up and agreed on by both contractors, the architects and the consulting engineers.

A. B. Construction is now approximately three weeks behind schedule, being hampered by houses under construction, and has applied for an extension of time. The details of its application are being checked.

The report said it was apparent the council's handling of matters had been expeditious throughout but that the delay had occurred notwithstanding.

It was agreed that a copy of the report be sent to the department.

DV (32)

16/10/86

Building projects worth R9,4m passed

Dispatch Reporter

EAST LONDON — The city council passed a total of 83 projects, at an estimated cost of R9 421 800, last month.

The total number of plans passed from January to September this year was 609, at an estimated cost of R45 879 400.

This exceeds the total number of plans for the same period last year (593) by 16, valued at an estimated R4 001 000, according to statistics released by the City Engineer's department.

The cost of planned development this year exceeds that of the same period last year by R5 878 400, but part of this figure can be attributed to the effects of inflation.

The most expensive project is the Berea Gardens flat project to be built in Jarvis Road at an estimated cost of R4 500 000.

Other expensive projects include a warehouse, to be built by H. M. Russell (Pty) Ltd in Dyer Street at an estimated cost of R600 000, and four warehouses to be built by E. V. Krull in Magnolia Street at an estimated cost of R787 000.

Building plans estimated at R4 552 236 were passed by the Umtata City Engineer's Department in August.

This figure is slightly higher than the total figure passed for the month of July which was R4 541 544.

The Transkei Government Department of Works and Energy made the largest plan for the month which included 66 dwellings, flats complex, on Md-lambila Street in the suburb of Northcrest at an estimated cost of R3,8 million.

Other plans included offices, alterations, a fuel tank, outbuildings and additions.

e
e
e
t-
d-
u-
d-
n-
r
i-
e
ie
s.
ul
ip
ld
rt
ne

ent and
prospec-
ns were
pws:
eived in
ed on a
ates of
scribed
ollowing
plicants
ximately
arest 100
bation of
all ap-
es plus
ordinary
750 000
es of the
ocated in
ard to the
ns in (b)
ect of the
yard from
he rights
ublic. The
ribed and
ng basis:
nts out of
nts out of

Vaal studies cost R15m

DIANNA GAMES

18/10/86 32
17/10/86
THE Department of Water Affairs had spent more than R15m in the past five years on studies of the water supply to the Vaal River.

And the supply of water to Johannesburg for the next century was beset with intricate problems, the department's T van Robbroeck said yesterday at a conference on Johannesburg: The Second Century.

He said water sources would, eventually, have to be sought still further afield than the proposed Lesotho Highlands and Tugela-Vaal projects.

Other possibilities which might have to be looked at were the rivers of Transkei, southern Natal and Lesotho. Importation of water from the Okavango Swamps and the Zambezi River were seen as feasible.

He said resistance was already being encountered from inhabitants of donor catchments. The KwaZulu Cabinet had protested against the extension of the Tugela-Vaal works, and a development plan would have to be drawn up to show there was enough to share even after KwaZulu's needs had been met.

He said reasonable claims had to be made by any donor state, which would restrict the amount of export water available. And the high capital cost of such schemes would have a major impact on the tariffs for raw water delivered to SA's metropolitan areas.

Van Robbroeck said return flows, consisting of effluent from sewage works and industrial-effluent-treatment plants, contributed significantly to the PWV's available water resources.

While these were returned to the river of origin only after purification, treatment would need to become increasingly sophisticated, he said.

Antoni SA James & Co. (Proprietary) Limited
(SECRETARIES)

17 October 1986

Building industry 'bleeding to death'

28/10/86
Eve Post

Post Correspondent
JOHANNESBURG — The building industry was bleeding to death, the Building Industries Federation (Bifsa) president, Mr Bobby Zylstra, said yesterday.

He told a Bifsa congress in Pretoria that 75 000 jobs had been lost within the industry and another 25 000 were at risk. As an industry dependent on outside demand, it could do little to stimulate its own job opportunities.

Many building contractors had either closed down or gone bankrupt and those remaining could plan ahead for only a few months.

"Our industry is bleed-

ing to death and I see only blood, sweat and tears lying ahead for the building industry in 1987. More companies will close down and more people will be unemployed."

He said high tax rates and lack of Government cash aid had resigned the industry to a siege mentality.

"We must all play the survival game as there is not much else we can do."

Mr Zylstra was critical of a recent statement by the Reserve Bank Governor, Dr Gerhard de Kock, that the private sector was not showing greater signs of recovery.

"Speaking purely in the theoretical concept of Re-

serve Bank statistics, I can understand and respect his opinion. However, the Government has been unsuccessful in convincing the country, and the businessman in particular, that there is reason to have confidence in the future. Thus the sluggish reaction from the private sector."

He also accused the Government of political posturing at the expense of the country and economy.

It was too busy arguing about dangers rather than solutions. He said the Government and black leaders must abandon pre-conditions and sit round the negotiating table.

Building industry 'bleeding to death'

DAVID FURLONGER

THE building industry was "bleeding to death", Building Industries Federation (Bifsa) president Bobby Zylstra warned yesterday.



• ZYLSTRA

He told Bifsa's annual congress in Pretoria that 75 000 jobs had been lost within the industry and another 25 000 were at risk. As an industry dependent on outside demand, it could do little to stimulate its own job opportunities.

Many building contractors had either closed down or gone bankrupt, and those remaining could plan ahead no more than a few months at a time.

Zylstra said: "Our industry is bleeding to death and I see only blood, sweat and tears lying ahead for the building industry in 1987. More companies will be closing down and more people will be unemployed."

High tax rates and lack of government cash aid had resigned the industry to a siege mentality. He said: "We must all play the survival game as there is not much else we can do."

He was critical of a recent statement by Reserve Bank Governor Gerhard de Kock expressing surprise that the private sector was not showing greater signs of recovery.

Zylstra said: "Speaking purely in the theoretical concept of Reserve Bank statistics, I can understand and respect his opinion. However, government has been most unsuccessful in convincing the country, and the businessman in particular, that there is reason to have confidence in the future. Thus the sluggish reaction from the private sector."

He also accused government of political posturing at the expense of the country and economy. It was too busy arguing about the dangers rather than solutions. He said government and black leaders must abandon pre-conditions and sit round the negotiating table.

Zylstra said: "I appeal once more to government and black leaders to throw away their posturing and to come together in an open-minded way."

Ore mille
Average
Tin meta
Tin meta
Estimated
Capital ex
Distributa
Includes

Although
low value
if the rand
position.

20th Octo

Power is in few hands

Business Day Reporter

CONCENTRATION of economic power in the hands of a few major corporations was inevitable, Competition Board chairman Steph Naude said yesterday.

But, he told the Bifsa congress that controls must exist to ensure such concentration did not get out of hand.

He said: "You must accept a level of economic power concentration, particularly in a small market like this."

In maintaining a competitive market, "you must be able to deal with this concentration and you must have the power to deal with greater concentration in the form of takeovers and mergers".

SBDC offers assistance

SMALL builders have been singled out for assistance by the Small Business Development Corporation (SBDC).

SBDC MD Ben Vosloo told the Bifsa congress yesterday the corporation wanted to stimulate housing development by offering bridging finance.

NEED A HOME IN LONDON?

We will find, assist with mortgage finance, fully renovate, decorate to specifications. A one-stop comprehensive service to make you at home in London.

Multiscope Limited
2 Dancer Road
London SW6 4DX
United Kingdom
Tel: (01) 7317210 or Mobile Tel: (0836) 232293
DB36824




UNDERSTANDING PERSONAL COMPUTERS

Special Offer!

2 part video program just released! Preview tape now available.

RAY IVES
Video Tutor, P.O. Box 52823,
Saxonwold 2132.
(011) 788-5359



Building industry 'bleeding to death'

By Frank Jeans

The Government has come in for a stinging attack for "political posturing" — an attitude which is "causing the building industry to bleed to death".

Speaking at the opening of the Building Industries Federation Congress here yesterday, the outgoing president, Mr Bob Zylstra, hit out at the lack of progress in the political arena and at the same time, forecast another year of troubles for builders, with still more company crashes and swelling jobless figures.

Pointing out that the number of re-trenchments in the industry could rise by a further 25 000 to total 100 000 lost jobs in the recession, Mr Zylstra said:

"The political situation is at an impasse with nobody talking to anybody and all and sundry posturing for the sake of politics while our businesses are going to wrack and ruin.

"Our industry is bleeding to death and I regret that I see only blood, sweat and tears ahead for us in 1987.

More companies will be closing down and more and more people will be unemployed."

Referring to Governor of the Reserve Bank, Dr Gerhard de Kock's recent remark that he was surprised that the private sector had not started to show greater signs of recovery, Mr Zylstra said that while he respected the governor's opinion, the Government had been unsuccessful in convincing the country and the businessman in particular, that there was reason to have confidence in the future.

Following the State President's speech in January this year, the Bifsa president believed there was renewed optimism within the industry and that political progress was being made.

"Our hopes as businessmen, however, were short-lived," he said.

"Now, nearly a year later, the political posturing is still going on and progress appears to have been non-existent."

Appealing to the Government on behalf of a "dying industry and the many unemployed", Mr Zylstra urged both the Government and black leaders to get on to the path of positive action and come together in an open-minded way so as to get the South African economy back to what it was in the sixties and seventies — the power station of the continent.



Bob Zylstra

CME Times 28/10/86

32

Management buys out part of Ovenstone Group

Assistant Financial Editor

THE executive chairman of the Ovenstone Group (Ovgroup) and Ovenstone Investments (Oil), Andrew Ovenstone, said yesterday that construction and property companies to be sold off would "basically stay together" and jobs in them would be retained.

He said he would have a substantial stake in a new company, which would include Ovgroup's construction and property interests.

The deal amounts to a partial management buy-out.

Ovenstone was commenting on a statement issued by Rand Merchant Bank yesterday that Oil had reached agreement to acquire the entire issued share capital of Southern Sea Fishing Enterprises (Pty) (SSFE) for about R11m, and that negotiations for the disposal of the property and construction interests had reached an advanced stage.

Rand Merchant Bank said the purchase of SSFE would be financed initially by a loan, pending a rights offer.

The bank said it was intended that management of some of the group's

subsidiaries to be sold off should "participate financially in the transaction".

The takeover of SSFE will increase Ovenstone's fishing interests and is effectively a disinvestment by Dutch shareholders.

Ovenstone said yesterday that Oil, which intended to buy out the minority shareholding in Ovgroup, had decided to focus its interests on fishing.

"We believe that is the right thing to do. We started as a fishing company.

But he emphasized: "We have not lost confidence in the future of the building and construction industries.

"There will be two separate companies and although Oil will have no interest in building and construction, I, personally, will have a substantial stake.

"The sale of the building and construction interests will not be completely a management buy-out. Management will have a share and there will be other investors."

Ovenstone said the saving of jobs was important. "We employ 4 000 people in the group."

Call for rethink on informal housing

Property Editor

PRETORIA—South Africa's builders were urged yesterday to consider seriously what their attitude should be towards less formal housing provision.

Dr Simon Brand, chief executive and chairman of

the Development Bank of Southern Africa, told the Building Industries Federation Congress it should not consider informal building a threat to its membership.

He said it could play either a neutral role or make available insight and skills to organisations supporting small business develop-

ment, including the building sector.

He expected Bifsa to have in its ranks the wisdom and adaptability to deal with changes in the housing market constructively and to ensure that housing needs could be met adequately.

Dr Brand said he accept-

ed that the kind of unconventional housing which could cater for a considerable proportion of the market in South Africa was less acceptable or familiar to Bifsa.

'It could be expected that this may create great uneasiness among its membership because of the expectation that this will disrupt the orderly conditions in the building industry which have been brought about to a large extent by the efforts of Bifsa,' he said.

Backlogs

'Considering the housing needs in South Africa, there is all too often a tendency to look only at absolute needs.

'This results in estimates of total needs and of backlogs to be caught up with. Inevitably, such an approach tends to foster a conclusion that more resources should in total go into housing.

'However, there are not necessarily going to be more resources available for investment in the country and there are also other claims on those resources.

'There are, for example, also huge backlogs in education, health services and sports facilities.'

Whites had shown they were prepared to accept considerable changes in traditional norms and patterns. Impressive progress had been made with inte-

gration in the workplace, in universities, training institutions and sport.

'We should certainly also have the ingenuity to devise workable and appropriate political solutions for the country.

'Why should we then assume that the ability to adjust, already reflected in the socio-economic fields, cannot also be drawn through to the political sphere?

'Should this be done, it will in itself encourage a return of net capital inflows and thereby contribute towards raising the performance of the economy.'

Dr Brand added that if these possibilities were accepted, such a scenario would involve many changes in the environment that would require considerable and 'even drastic' adjustments in the way of life of most South Africans.

29/10/86
SMAR

32

Bifsa 'ignored' when State housing policy is debated

By Frank Jeans

Despite its commitment to South Africa's massive housing needs, the Building Industries Federation is left "out in the cold" when it comes to policy-making.

This was said by the vice president of Bifsa, Mr Neil Fraser, at the annual congress in Pretoria yesterday and he also hit out at the "insular few" of the federation who, three years ago, resisted attempts to establish a building industry housing scheme.

"If we had had the fruits of our investment from that time to demonstrate our commitment and sincerity to the Government, I have no doubt that we would today not only be consulted but would also be considered as part of the private sector that could be entrusted with the investment and deployment of the private sector housing trust," he said.

Mr Fraser, who is a divisional director of the Murray & Roberts group, told delegates that while the organised building industry had an enormous amount of experience and expertise to offer, Bifsa was never consulted or considered in any way when the country's housing problems were being debated.

"Is this because we do not have a policy or is it because we are not prepared to take issue with matters which could be con-



Neil Fraser

sidered political even though they are, in truth, purely humanitarian?"

Criticising members of the industry, Mr Fraser said the federation had an opportunity in 1983 to be recognised as a far-sighted and caring employer when it discussed the formation of a building industry housing scheme.

"We rejected the proposal because of the small-mindedness of one or two people.

"That decision not only cost employees in the industry between 7 000 and 10 000 houses in the past three years but it cost the federation the opportunity of experiencing, at a practical level, the problems of administering and providing housing for low income workers which, in

turn, has cost us the right to be acknowledged alongside other organisations which have become leaders in this particular field."

Referring to the growth of the informal sector in housing, Mr Fraser said builders have to realise that they must eventually share the market to a greater degree in the area of self-help schemes.

"It is time to stop pussy-footing around with our attitude to the informal sector, to stop passing the ball aimlessly between the Master Builders Associations and the federation.

"We need to agree to a policy of active support and assistance."

Endorsing the view that every person must be given the equal right to own property wherever they can afford, Mr Fraser said any compromises in this regard could only bring the country closer to total chaos and anarchy.

On the increasing housing shortage, he said that about R12,7 billion was required to wipe out the 1985 backlog and pointed out that the injection of R750 million by the Government had to be seen against this figure.

"Even if the entire R12,7 billion was made available now, the people for whom the houses would be provided would not be able to make any

interest repayment let alone capital redemption unless their income was substantially raised or they received interest subsidies.

"While I am sure there is some degree of labour exploitation, the strong emergence of unionism among blacks will largely overcome this. What is more important is that any increase in income for reasons other than higher productivity is economic suicide," said Mr Fraser.

Dr Simon Brand, chief executive officer of the Development Bank of Southern Africa, told delegates self-help housing schemes, while catering for a considerable proportion of the housing market, might well be less acceptable to Bifsa and might create great uneasiness among its membership.

"This would be because of the expectation that such schemes would disrupt the orderly conditions within the industry," he said.

"Even though Bifsa may feel uneasy with less formal, unconventional housing development and members might well see this as a threat to their existence, I would expect that the federation will have in its ranks and its leadership, the wisdom and the adaptability in its approach to also deal constructively with these kind of changes in the housing market."

FCI releases building figures

BUS DAY 29/10/86

Value of finished dwelling houses rises by 9,3%

32

THE value of dwelling houses completed in August increased by 9,3%, which is the highest monthly increase recorded for all the months of 1985 and 1986.

It is also a substantial improvement on the average decline of 5,5% recorded for the first eight months of this year (see table).

Figures released by the Federated Chamber of Industries (FCI) show the value of all buildings (commercial and dwelling) increased overall by 2,4% in August.

This is an improvement of 0,1% on July but below the increases of 10,9% of June.

It is nevertheless higher than the average increases recorded for the eight-month period of 2,1%.

A slight weakening of consumer confidence was indicated by a drop in the

MICK COLLINS

number of building plans passed in respect of dwelling houses.

This decline was recorded at 0,9% for August when compared with August 1985 and is a noticeable decrease when compared with increases of more than 14% recorded for all the months before August.

It is therefore also lower than the 19,4% average increase for the first eight months of the year.

One of the reasons for the sharp drop is that it is calculated from the higher base of August 1985 when the current improvement started.

The value of all building plans passed (commercial and dwelling) declined by 11,3% which is a smaller decline than the average recorded for the eight-month period of 14,5%.

L
h
st
cr
hu
to
fir

Problem would provide the answer to sector... need term needs

FCI releases building figures

POW DAY 29/10/86

Value of finished dwelling houses rises by 9,3%

32

THE value of dwelling houses completed in August increased by 9,3%, which is the highest monthly increase recorded for all the months of 1985 and 1986.

It is also a substantial improvement on the average decline of 5,5% recorded for the first eight months of this year (see table).

Figures released by the Federated Chamber of Industries (FCI) show the value of all buildings (commercial and dwelling) increased overall by 2,4% in August.

This is an improvement of 0,1% on July but below the increases of 10,9% of June.

It is nevertheless higher than the average increases recorded for the eight-month period of 2,1%.

A slight weakening of consumer confidence was indicated by a drop in the

MICK COLLINS

number of building plans passed in respect of dwelling houses.

This decline was recorded at 0,9% for August when compared with August 1985 and is a noticeable decrease when compared with increases of more than 14% recorded for all the months before August.

It is therefore also lower than the 19,4% average increase for the first eight months of the year.

One of the reasons for the sharp drop is that it is calculated from the higher base of August 1985 when the current improvement started.

The value of all building plans passed (commercial and dwelling) declined by 11,3% which is a smaller decline than the average recorded for the eight-month period of 14,5%.

L
h
sh
cr
hu
to
fir

problem would provide the answer to
sector of law and order needs

Builders will 'have to share'

Property Editor

PRETORIA—The belief that the housing problem in South Africa would provide an answer for the long-term survival of the building industry was a myth that should be dispelled, says Mr Neil Fraser, vice-president of the Building Industries Federation of South Africa (Bifsa).

Speaking at the organisation's annual congress here yesterday, Mr Fraser said low-cost housing and homes for the low-income groups was a specialised business, well catered for by large companies and one-man businesses.

'There has to be an adequate and constant source of funding, and third, the over-riding problem of affordability must be adapted to cater for the needs of the people,' he told delegates.

'Finally, as the organised building industry, we must realise we will have to share the housing market with the informal sector and that sector, through self-help and by direct involvement in the housing process, is going to have a large market share.

'It is time to stop pussy-footing around with our attitude to the informal

sectors, to stop passing the ball aimlessly between the Master Builders' Associations and the federation.

Mr Fraser, a divisional director of construction giant Murray & Roberts, also criticised members of the building industry for missing an opportunity in 1983 to be recognised as a far-sighted and caring employer when it debated the establishment of a building industry housing scheme.

Leaders

'We rejected the proposal because of the small-mindedness and insularity of only one or two people,' he said.

'That decision not only cost employees in the building industry between 7 000 and 10 000 houses, but it cost us as a federation the opportunity of experiencing at a practical level, the problems of administering and providing housing for low-income workers.

'This in turn, has cost us

the right to be acknowledged alongside other organisations who have become leaders in this field.

'Had we had the fruits of our investment from that time to demonstrate our commitment and sincerity to Government, I have no doubt that we would today not only be consulted, but would also be considered as part of the private sector who could be entrusted with the investment and deployment of the private sector housing trust.'

'Mr Fraser said the organised building industry was not consulted nor included in any policy-making deliberations concerning housing, in spite of its enormous amount of expertise and experience.

He said if peace was to be achieved, pressure should be put on the Government for rapid change from what is being done to what they, themselves, held out to be their policy.

32

21/11/86

Afr. 29/10/86

R12,7-bn needed to wipe out housing backlog

Bifsa

32

From FRANK JEANS.

PRETORIA. — About R12,7-billion is required to wipe out the 1985 housing backlog, says Mr Neil Fraser, a vice president of the Building Industries Federation.

The injection of R750-million by the Government had to be seen against this figure, he said at the annual congress.

“Even if the entire R12,7-billion was made available now, the people for whom the houses would be provided would not be able to make any interest repayment let alone capital redemption unless their income was substantially raised or they received interest subsidies.

“While I am sure there is some degree of labour exploitation, the strong emergence of unionism among blacks will largely overcome this. What is more important is that any increase in income for reasons other than higher productivity is economic suicide,” said Mr Fraser.

Dr Simon Brand, chief executive officer of the Development Bank of Southern Africa told delegates that self-help schemes, while catering for a considerable proportion of the housing market, might be less acceptable to Bifsa and create uneasiness among its membership.

“This would result because of the expectation that such schemes would disrupt the orderly conditions within the industry,” he said.

“Even though Bifsa may feel uneasy with less formal, unconventional housing development and members might well see this as a threat to their existence, I would expect that the federation has in its ranks and leadership, the wisdom and the adaptability in its approach to deal constructively with these kind of changes in the housing market.”

Earlier, Mr Fraser, a divisional director of Murray and Roberts, said in spite of its commitment to South Africa's enormous housing needs, the federation was left “out in the cold” when it came to policy making in the accommodation area.

And he also hit out at the “insular few” of the federation who, three years ago, resisted attempts to establish a building industry housing scheme.

Criticising members of the industry, Mr Fraser said the federation had an opportunity in 1983 to be recognised as a far-sighted and caring employer when it discussed the formation of a building industry housing scheme.

Troubled building industry sees reform as only way out



Bifsa's new president, Mr Peter Jacobsen (above) who took over from Mr Bob Zylstra, (below).



By Frank Jeans

The key point to emerge from this year's congress of the Building Industries Federation in Pretoria was the industry's determination to get the reform process speeded up.

Delegates were unanimous that only a socio-political advance can be the remedy for the country's economic ills generally and the troubled building industry in particular which, without doubt, is facing still further company crashes and rising unemployment figures.

While Bifsa's outgoing president, Mr Bob Zylstra reaffirmed the federation's stance in "avoiding political matters", there was no question that he got his personal message across that it was time for direct talking to Government to help an industry on the verge of wrack and ruin.

Adding weight to the rank-and-file consensus on this issue was vice president, Mr Neil Fraser, whose speech on the country's massive housing problem, provided the spark for fiery exchanges in which the Government was the main target for the loss of pace on the road to reform.

The fact, too, that Bifsa, as Mr Fraser pointed out, is never consulted in policy-making decisions on housing, did little to ease consciences and certainly his candour, even to the extent of laying some of the blame for this at the Bifsa door itself and to stop "pussyfooting around and agree on a policy of active support and assistance".

It was on the housing issue, though, that he drew support.

Mr Ian McAlpine of the Witwatersrand Master Builders As-

sociation, calling for immediate action from the Government to talk with the private sector, said: "The arrogance and apathy of the Government has resulted in a complete lack of business confidence and any efforts so far to stimulate the economy have been a dismal failure."

"I urge congress to deal with this situation now. The Government has to be told in no uncertain terms that it must speak to black leaders without preconditions."

Endorsing this view, Mr Derek Meyer, also of Wits MBA, said: "We can get the houses built but only if there is some headway on the economic front and the fact that there is still virtually little progress towards a political settlement, leaves me with only one conclusion — the Government has lost the ability to govern."

Economic morass

"The Government must get off its butt, not only on the question of housing but in every other way to get us out of this economic morass."

Bifsa's executive director, Mr Lou Davis, said: "If we hope to tell the Government to get on with it, we can forget it. It's a dead duck."

"The industry, itself, has to bite the bullet and come to grips with the twin problems in the housing sector — cash and land availability."

On other matters, too, the Government came in for some hefty criticism and State Tender Board chairman, Mr SF van Zyl was kept busy parrying questions on "outdated tendering procedures" in public sector work.

"These antiquated methods are costing the industry millions of rands a year, much of which is wasted," said Bifsa past president, Mr Bernard Moyle.

The outcome was an agreement to thrash out mutual problems at a meeting of Bifsa executive and the State Tender Board.

And the question of a business community shackled by a "mass of regulation" which severely affects the small business sector, came from the chairman of the Committee for Economic Affairs of the President's Council, Dr FP Jacobsz.

"While certain regulations are necessary to protect workers, consumers and the general public, the right balance must be sought between liberty and licence," he said.

Emphasising the Government's commitment to reducing unnecessary constraints on the creation of jobs and wealth, Dr Jacobsz said South Africa can learn much about deregulation from Britain and America where considerable progress has been made in streamlining their economies.

Urging, at the same time, a systematic and organised approach to deregulation, Dr Jacobsz, said: "I believe we have begun with the administrative revolution and the basic elements required have been created."

While congress members applauded the Bifsa initiative and straight talking to Government, it might also be said that the dissenting voice of organised building is just one of many the authorities must listen to these days of political and economic uncertainty.

HUNDREDS OF OTHER CHAIRS AT BARGAIN PRICES

Office Furniture Clearance House

231 COMMISSAR STREET, JOHANNESBURG
11 0008 (West of End Street) TEL 327 5528

25 25

0120761

s Report

OCTOBER 30, 1986

32 CMC Times 30/10/86

Keep up with
the times ...
the Cape Times

Surplus capital for 'socially rewarding projects'

By GORDON KLING
Financial Editor

SURPLUS capital available for investment is likely to be channelled into more socially rewarding projects than has been the case in the recent past, according to Murray & Roberts (Cape) chairman, Roger Veysey.

"Instead of building a glossy office block, contractors will now be building on the more practical side — sewerage works and the like."

Veysey believes the change of accent will prove country-wide. He regards it as "sensible utilization of institutional money".

With regard to government spending, he thinks site and service schemes financed by the state and undertaken by the private sector are an excellent concept. "Without increasing taxes

you get a lot more benefit for the population."

The recession has left most major contractors in SA with excess capacity, which must be used more efficiently.

Hence the recent rationalization of M & R's operations in the Cape which Veysey maintains provides greater flexibility than existed under the previously more fragmented structure. In many ways, this entails a return by M & R to the old Murray & Stewart (M & S) type structure.

The building division in Cape Town, the Boland and half the coastal civil side have now been combined in one company, M & R Cape. This, he says, has left a much more flexible vehicle better placed to handle entire construction packages, particularly housing schemes.

He believes one of the biggest

cost housing savers that could be implemented relatively easily is still further streamlining of bureaucracy relating to housing.

"We save costs whenever the transfer of property ownership is sped up. If you can halve the time taken for transfer of ownership, you greatly increase the capacity to build houses because of the reduction in bridging finance required."

And, of course, it also reduces the cost of houses.

Recent M & R schemes have experienced a period of 36 weeks from completion of the house until transfer to the new owner. Expensive time, that has to be added to costs.

Veysey believes there is a great deal of money from all races in building society coffers which should be lent out across a broader spectrum of the population.



Roger Veysey ... instead of building a glossy office block, contractors will now be building on the more practical side.

Building division shrinks

32
BUDDAY
3/11/86

MICK COLLINS

A MAJOR restructuring of the giant construction division of Murray & Roberts, which has been undergoing surgery for some time, has been finalised.

The number of companies now operating within the group is 16 — a drastic reduction from the original 30 companies.

The new-look division, to be known as M & R Construction and Engineering, is a direct result of depressed conditions in the construction sector.

An M & R spokesman said yesterday he couldn't give exact details of retrenchments but the company was embarking on a course for survival.

He said: "You must realise the rationalisation has been going on for some

time. It didn't just happen overnight.

"The fact that we are, and for some time have been, operating in a shrinking market place is common knowledge.

"Our order book in June this year was about R100m less than at the corresponding time in 1985. Clearly action had to be taken."

The previous company policy had been appropriate for the economic times it was developed to meet.

The spokesman said: "But we have now prudently taken stock of the chang-

● To Page 2 →

BUDDAY 3/11/86

32

Building division shrinks

ing scenario and have acted accordingly.

"The new structure inevitably meant a number of people would be retrenched or made redundant.

"Although this is a sad and unfortunate result of rationalisation, we believe it is entirely justified by the fact that it is for the good and survival of the group."

Executive chairman Geoff Knudsen said the company's priority should always be the maintenance of profitability, and the restructuring had achieved a saving of R10,3m.

He said: "One could say that the order

← ● From Page 1

book largely dictated the course of the restructuring. It has also been brought about out of the necessity to cope with the changed markets."

Prior to the pruning, the group had two major civil engineering companies and 12 building companies. These have now been cut to one and eight respectively.

Knudsen said: "Apart from the rationalisation of 30 companies to 16, the other major impact of the changes is the creation of the engineering group within the construction fold."

Boumat beats the blues

Investment Staff

BOUMAT has shrugged off some of the harmful effects of operating in a depressed building industry to lift operating profit by 61% to R11,4m from R7,1m.

The improvement in earnings was even more dramatic — earnings a share soared from 2,5c to 20c.

Shareholders were given their usual opportunity to take part in the company's bonus share offer and can elect to receive one new share for every 20 held or a 14c a share dividend.

Boumat — one of the country's leading plumbing materials and sanitaryware merchanting groups — sales rose 20,2% to R254,7m from R211,8m, reflecting that it gained real ground during the period.

Operating income at R11,4m is 60,9% ahead of last year's R7,1m and operating profit as a percentage of sales increased from 3,4% to 4,5%.

Chairman Irvine Brittan says in the

light of these better than expected results for the first half the group has revised its forecasts for the year.

Boumat is now forecasting sales for the year to March will be R502,4m and that it will achieve an operating profit of 4,2% to sales. For the full year Boumat is expected to earn an operating profit of R21,1m which, after interest and tax, should amount to R5,8m at the equity earnings level — equivalent to 35c a share, considerably ahead of the 8,2c achieved in the last financial year and also comfortably ahead of the 24,6c a share forecast in the annual report.

Boumat anticipates paying a total dividend of 28c a share for the year.

The company has also announced its intention to raise additional capital through a debenture issue.

3116/16
SAP
32

Boumat back with a bounce

By Peter Farley

Building materials supplier Boumat bounced back strongly in the six months to end-September, putting the firm soundly on track to exceed chairman Irvine Brittan's earlier forecast for the full year.

Aided by a 20 percent improvement in turnover to R255 million, improved margins and lower financing costs Boumat increased bottom line earnings to R3,3 million from the paltry R350 000 achieved in the same year-ago period.

Brittan says that an important aspect of the stronger performance was a tighter control over costs and greater attention to efficiency.

Boumat is now well-placed to post even stronger earnings growth once conditions in building improve.

However, the capital position remains under pressure, and Brittan says additional capital will become essential. He has indicated that a convertible debenture scheme will be offered to shareholders early in 1987.

No real balance sheet details have been given so it is difficult to quantify how much Boumat will need. But the group is carrying debt of a shade over R50 million, slightly up on the same period last year.

With current performance indicating that the company has overcome the traumas of the last year or so it should be well supported.

The interim dividend has been set at 14c a share, out of earnings up to 20c from 2,5c, and Brittan has again offered shareholders the opportunity of additional shares in place of a dividend payment. Support already shown for this novel departure — some 80 percent took shares last time around — should also assist in the capital rebuilding.

Brittan now expects full-year earnings to reach 35c a share, against the 24,6c originally forecast and the 8,2c actually achieved last year.

T
c
D

'Cut land costs to ease housing crisis'

W/LC AREAS 1/1/86

32

By ANTHONY DOMAN
Weekend Argus Reporter

RADICAL measures such as cutting land costs and lowering municipal standards will have to be considered if affordable housing is to become a reality, says Cape Divisional Council chairman Mr Louwtjie Rothman in his last annual report.

"Against the background of in-

flation ... the ever-increasing cost of land, services and construction (and) the present economic situation, it is essential to adopt a policy of flexibility," he said.

He suggested taking a hard look at:

- Reducing the cost of land;
- More effective urban planning and land use;

● Lowering of standards of municipal services;

● Methods of financing and administrative levies;

● Reducing costs of community facilities and planning and using existing facilities more effectively.

The council itself had tackled the housing problem in several ways. These included involving the private sector, starting self-help schemes and encouraging innovative housing.

He singled out for special praise the self-help projects which "have proved popular and beneficial to the communities concerned".

With all divisional councils set to disappear when regional services councils are introduced, Mr Rothman — a chairman for three terms — said this would probably be the last annual report of its kind.

Illustrious history

He said the council had an illustrious history spanning 131 years. At its inception in 1855 its staff consisted of a secretary, a road inspector and half a dozen labourers. Today, one of the largest local authorities in the country, it employed more than 5 000.

However, it had managed to retain some of the elements of a rural local authority and still had a "close and personal relationship with its inhabitants" through the local areas and management committees.

Among the council's significant achievements were the re-development of the Elsie's River slum area and the establishment of the decentralised growth point of Atlantis.

Making a plea for a harmonious transition to regional services councils, Mr Rothman agreed there were certain points of disagreement but said "parochial jealousies and differences should be set aside".

PPC on a hard road to recovery

By Peter Farley

The debilitating effects of the recession in the building industry have once again come to the fore with the latest set of figures from Pretoria Portland Cement (PPC) which show a 25 percent drop in attributable income.

Nevertheless shareholders have been rewarded because of both the strength of the group's balance sheet and cash flow with an increase in the total dividend payout to 47c a share from the previous year's 45c.

However, group MD Guy Luyt says that the figures are satisfactory under the circumstances. He points out that operating profit was virtually unchanged at R91 million on turnover up by 25 percent to R407,5 million.

The two main factors contributing to the lower net profit was a massive leap in the interest bill to R4,8 million from less than R1 million and the acquisition of bulk cement distributor Cooper & De Beer.

This latter move, though an important strategic decision, brought losses with it in the year under review. Luyt says, however, that this operation is expected to make a positive contribution this year.

Despite gearing remaining at around the 30 percent mark, interest charges leapt after the cost of mothballing the giant production facility at Dwaalboom.

In the previous year interest charges on this facility were capitalised, but have now come off the income statement. Luyt says that finance charges are expected to remain at around the same level this year.

But, while Luyt will not be drawn on specific forecasts for the current trading period, he said that the building industry appears to "have bottomed out" and that the next set of figures should be no worse than the last 12 months.



Guy Luyt

Referring to the increased dividend payment, Luyt says that after forecasting earnings for the year of 100c a share the group eventually managed to produce 116c. Given the group's inherent strength the board felt that the surplus should be distributed, particularly with cash flow forecasts looking good.

He also pointed out that PPC had been assisted during this difficult trading period by the benefits of efficiency exercises introduced in the past couple of years. "Everything we have been working towards has now come together," he added.

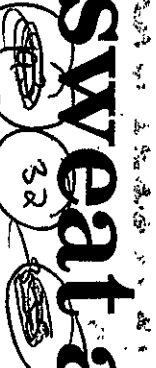
Nevertheless, he noted that with overall capacity in the country's cement industry standing at 11 million tonnes and demand projected to show little change from the current 7 million tonnes, there was still going to be enormous strain in the industry.

In line with these observations he said that there was no chance of the group bringing the Dwaalboom operation out of mothballs this year.

The group's share price has stagnated around the R10 mark for some months, after a brief flirtation to R13. The increased dividend offers an historic yield of 4,4 percent which, though above the general industrial average, suggests that the shares are fully priced for the time being.

DIAGONAL STREET / by DAVID CARTER

Blood, sweat and tears in concrete



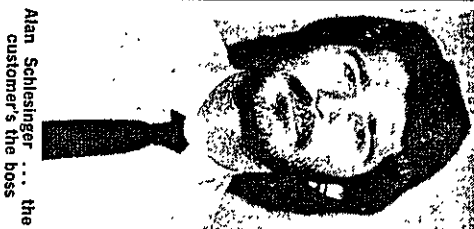
THE dire straits in which the construction industry finds itself have been well chronicled.

Civil-engineering activity is back to 1971 levels. Bobby Zylstra told the Bifsa congress this week that 75000 jobs had been lost in the building industry and another 25000 were at risk. He foresaw only blood, sweat and tears.

Every major listed civil-engineering and construction company in SA has reported drastic reverses.

The Big Three — Darling & Hodgson, Murray & Roberts and LTA — have together lost more than R100-million in the past 18 months. The share price of M&R fell from R15 in March this year to R6 in May and has rallied recently to R10. D&H has plunged from R8 in August 1985 to R11.50. LTA has fallen from R5 in 1984 to R2. Grimaker went from a high of 500c to a low of 300c before moving up to 325c recently.

Grimaker, No 4 in construction, made most of its money recently in electronics and only peanuts in construction.



Alan Schlesinger ... the customer's the boss

In a strongly rising market, the Johannesburg Stock Exchange Actuaries building and construction index fell from 1200 in February, this year to 850 in June before moving to 1071 this week. Because M&R and D&H are not in this index and relatively good performer PPC is, the index understates the calamity.

Disastrous results have come from big construction companies even though large profits are still flowing from projects started three years ago. Soon the protection provided by the good times of yesterday will fall away.

It is interesting to note, for instance, that LTA's profits in South Africa before interest and disasters offshore and in Soweto were a record

What happens when this protection of days gone by falls away and today's narrower margins and reduced order books come home to roost? The industry will not pick up until gross domestic fixed investment does. It is clear that profits will not start to recover for about a year after a turn in that indicator. Hence warnings of blood tears, toil and sweat ahead.

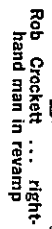
HOUSING

There is one consolation. Companies appear to have seen trouble coming and have been extremely conservative with their accounting. In providing for losses already disclosed, indications are that D&H, M&R, Group Five and LTA have taken a genuine bath. All appear to be clean now.

New managements are in place in and it is customary for new managers to knock profits and assets hard. This may not reflect well on departing management but it makes recovery easier for the new regime.

So, falling further contractual disasters, the Big Three may not go downhill as far as industrial indicators might make one fear.

Civil engineers and builders are not too enthusiastic about prospects even though Mossel Bay and the Lesotho Highlands water projects are going ahead. They need actively across the economy more than enormous hand-mark projects. There is a glut of office, factory and shop-ping accommodation. Mining continues to provide a basic workload, but does not compensate for cutbacks by Escom and other parastatals.



Rob Crockett ... right-hand man in revamp

Builders are also not excited by the prospect of mass housing schemes and township upliftment. Finance Minister Barnard du Plessis's R750-million earmarked for this purpose has still not

started to flow and appears to be earmarked for self-help schemes. The civil engineers will probably get only service work.

Black housing would be a long-term growth area, but inability and unwillingness to pay are an unresolved stumbling block. Once institutions can be sure of rent collection, mass housing will move — but not until then.

It is possible that some of those ailing in construction are doing so partly because they have forgotten that civil engineering and building are people businesses.



Gary Zilberg's Oz Construction has as much work as it can cope with at Bruma Lake, Johannesburg.

All the best performing construction groups have been led by giants of the industry — M&R by the Murray and the Roberts, Grimaker by Oia, Savage & Lovemore (the core around which D&H grew up) by Savage, Lovemore and Hodgson, and Besters by Theunis and

Willems. Professional managers on salaries have fared poorly relative to entrepreneurs and owners.

The Besters brothers are still in place, but it remains to be seen whether they can cope with a sea change in their market. Mass housing schemes are out for the moment are out, particularly with parastatals cutting back heavily.

In buying Tuckler for twice the price offered by competitors, Besters has repeated the mistake it made in 1976. Once again it is sitting on large amounts of loan-funded, unserviced, unrepaid hand and interest is a heavy burden.



Tony Jackson says the work was obtained on tight margins against stiff competition, but we have lived with tight margins for a long time and we are confident this is a potentially profitable order book.

Two or three companies in construction are performing — and they are relatively small and led by entrepreneurial people.

Schachat, wholly owned by Sage Holdings but itching for a listing in its own right, is one. SM Goldstein another

Gary Zilberg's Oz Construction has as much work as it can cope with at Bruma Lake, Johannesburg.

It has a R70-million contract for construction of Armscor's Pretoria headquarters, a hostel worth R9.5-million for ERPM, a R6.1-million sewerage works at Botshabelo, OPS, a headquarters for the SA Police in Soweto worth R9.2-million and extensions to the Durban Technikon for R9.7-million.



Rob Crockett says the work was obtained on tight margins against stiff competition, but we have lived with tight margins for a long time and we are confident this is a potentially profitable order book.

Schachat was providing half the taxed profits of Sage Holdings until it was delisted three years ago. The proposition has declined since, but its still material.

But Schachat chief executive Alan Schlesinger and his right-hand man in township development and building, Rob Crockett report that the company is well poised after a major reconstruction. Both are performers and appear to be keen to relist their reconstructed group.

Schachat is doing well with a new market-driven philosophy. Having researched needs in the upper-income black and lower-income white markets, it has been hugely successful in the R40 000 to R60 000 bracket. Being non-racial in its marketing approach, Schachat is geared for removal of the Group Areas Act's products and TV advertisements aimed at all population groups.

FINANCE
Schachat has access to finance through Sage. It is a complete developer, as opposed to a builder.



"We found black buyers want precisely what white buyers want. We are building what people want, offering more than 100 different designs to a complete spectrum of home buyers," says Mr Schlesinger.

He believes building is the easiest part of development. It is developing a piece of raw land into a complete township that takes the skill. That is why we are sceptical, that self-help is the complete answer to the housing backlog."

FINANCE
Schachat has access to finance through Sage. It is a complete developer, as opposed to a builder.

"We found black buyers want precisely what white buyers want. We are building what people want, offering more than 100 different designs to a complete spectrum of home buyers," says Mr Schlesinger.

He believes building is the easiest part of development. It is developing a piece of raw land into a complete township that takes the skill. That is why we are sceptical, that self-help is the complete answer to the housing backlog."



"We found black buyers want precisely what white buyers want. We are building what people want, offering more than 100 different designs to a complete spectrum of home buyers," says Mr Schlesinger.

He believes building is the easiest part of development. It is developing a piece of raw land into a complete township that takes the skill. That is why we are sceptical, that self-help is the complete answer to the housing backlog."

FINANCE
Schachat has access to finance through Sage. It is a complete developer, as opposed to a builder.

"We found black buyers want precisely what white buyers want. We are building what people want, offering more than 100 different designs to a complete spectrum of home buyers," says Mr Schlesinger.

He believes building is the easiest part of development. It is developing a piece of raw land into a complete township that takes the skill. That is why we are sceptical, that self-help is the complete answer to the housing backlog."

COMPANY ROUND-UP

PRELIMS	Turnover (Rm)	% change	Pretax profit (Rm)	% change	Earnings (c)	% change	Div (c)	% change
Romatex	489,5	+13	27,6	+128	64,7	+65,8	26	+73,3
INTERIMS								
Barclays	n/a	--	180,7	n/c	148	n/c	71,3	n/c
Gresham	40,08	n/c	2,55	n/c	3,2	n/c	1,5	n/c
Edgars	423,02	+24	35,03	+134	853	+127	215	+72
Zuboard	15,09	n/c	2,56	n/c	2,9	n/c	--	--
Amrol	293,5	+24,6	5,97	n/c	34	n/c	11	--
Boumat	254,7	+20,2	7,79	+60,8	20	+700	14	-21,4

n/c -- not comparable n/p -- not provided n/a -- not applicable

Form-Scaff reaps a rich foreign harvest

By Ruth Golembo

FORM-SCAFF Industries has moved from the wasteland of the South African construction industry and is conquering foreign markets.

It is increasing its diversification into fields like mining through its Natbolt acquisition.

Its results have been phenomenal. Jeff Liebesman, group managing director and chief executive, says it is only the start.

FSI's annual report shows a 198% leap in pre-tax profits from R2,8-million to R8,5-million for the year to June. SA scaffolding and formwork business contributed only 12,5% of revenue.

Earnings a share soared from 7c to 24c and the annual dividend rose from 2c to 6c.

"Our overseas companies are ready to capitalise on start-up expenditure. They are well positioned and established and are competing well in their markets."

"We are ready for any improvement in SA. It would boost earnings."

FSI's formwork and scaffolding division is one of the largest in the world after its acquisition of foreign and SA manufacturing, engineering and property companies from the unlisted Form-Scaff Investments.

FSI's 79% holding in National Bolts, which bought the industrial fastener busi-

nesses of Lennings, Cut Steel and Metal Bolts in the past year is expected to lift earnings in the current year.

A 40% increase in earnings is predicted for Natbolt, which Mr Liebesman says is poised for growth as all expenditure and rationalisation have been completed.

The face of Natbolt has changed considerably.

Within three years it took over three major industrial fastener companies and turned them around from combined losses of R15-million to R3-million profit in the six months to last December. The group now dominates the SA fastener market.

Metro on course

IN spite of intense competitive pressures, Metro Group profits do not accrue evenly throughout the year. The bulk

Rough patch

uller
lays
t in-
llion
g the
ates
de of
epo-
bil-
i Ci-
sive
pear
ered
rket
up
ess

mil-
lits
set
ich
de-
ial
pok

all
es-
ro-
gly
re.
nd
3-
to
on

he
il-
g
s-
ay
st
d
he
y

SUN TIME

2/11/86

SUN TIME

... on road ...

LTA fingers burnt, but it's not put off

By David Carte

THE privately funded R206-million scheme to provide electricity for 105 000 houses and businesses was officially handed over to the Soweto, Dobsonville and Diepmeadow councils this week. The project, financed by a consortium of banks and financial institutions, also provides street lighting. Guill Marais, chairman of consortium leaders Marais & Partners, says it was one of the largest electrification schemes to be undertaken in the world.

LTA will consider tendering for other township electrification projects even though it thinks it was short-changed to the tune of more than R25-million on the Soweto scheme, says managing director Colin Wood.

"You can't say you won't ever tender on a certain type of contract again," said Mr Wood, "but in future we shall be very cautious about the conditions of this type of contract."

Mr Wood said negotiations between LTA and other parties were at a delicate stage. He declined to elaborate on the arguments involved.

A contractor outside LTA said the matter was deadlocked because of the long chain of command involved in the contract.

Expensive

Apparently the client was the Soweto councils, which were advised by the West Rand Administration Board, which no longer exists. The main contractor was Tesacon, a consortium of electrical contractors, whose equipment was to be installed. LTA was a sub-contractor.

The job turned out more difficult and expensive than anyone had foreseen.

"There was fault on every side," said a contractor who was not involved in the argument. "The engineering was too rushed. The documents were not sound. Banks arranged funding for only a certain amount. Once that money was used up, that was the end of the story."

"In addition, as the job developed, it became more complicated. There was five times more rock than anyone

expected. The contractors believed there was a lot of additional work, the bill for which amounted to perhaps five or six times more than the contract amount.

"Another problem was that a whole lot of other contracts for roads, drainage and services were signed at the same time. Contractors were treading on one another's toes and sometimes freshly laid cable was dug up in error."

Court case

As a result of the complications, LTA is claiming far more than the original contract amount. It has a problem in discovering from whom to claim — the Soweto councils, non-existent WRAB or Tesacon.

All parties hope to avoid going to law, but if no compromise is reached the matter will end up in the Supreme Court.

Mr Wood says there is no question of further losses. LTA has provided in full and this year it will return modestly to the black in spite of a heavy interest bill. He hopes

that maturing contracts will bring in the cash to liquidate debt and keep LTA in profit even though the order book is down and still falling.

Now that Soweto, Diepmeadow and Dobsonville have been provided with electricity, many are asking which township will be next. Much depends on the Soweto experience.

If electrification makes not only for a better quality of life but for more peaceable living, it seems likely that it will spread across the country and that the economics will be a secondary consideration.

High cost

The economics of electrification remain problematical. A high proportion of black consumers have found they cannot afford to use the electricity delivered so expensively to their doorsteps.

One advantage about electricity is that it can be turned off on non-payment.

Escom has raised its prices by 10% twice this year and is about to hit consumers again

in January with an increase of about 14%. It claims it has to charge more to fund power stations now that it can no longer borrow abroad.

Escom says increases after January will be less than the inflation rate, but there is little doubt the next will cause more Soweto households to switch off.

Everyone knows that unless Third World standards are adopted, the next township electrification scheme will be even more expensive.

Escom is looking at ways to get electricity to Third World consumers. An obvious implication is that cabling in future will have to go overhead. This brings safety and security problems.

Alexandra, already partly electrified, is the favourite candidate for the next scheme.

A world first

THE mammoth project began six years ago. The electrification process took 4½ years — the first contractors went on site in August 1980 and the project was completed in February 1985.

It was a world first — nowhere else has a city of 1,4-million people been provided with electricity from scratch.

Planning began in 1978 when David Thebehali, then chairman of the Soweto Council, approached the private sector for assistance to improve the quality of life in the satellite city.

Houses have one light to a room, two outdoor lights and one plug outlet a room. Provision is made at the distribution board for a future geyser and stove.

A two-wire and neutral earth leakage device was developed for Soweto.

Excavations would have provided 10 000 pools

THE statistics involved in electrifying an existing city of 1,4-million people are staggering.

Here are some of the figures:

- The volume of excavations for the project totalled 690 000m³ — the equivalent of digging sites for 10 000 average domestic swimming pools.
- A total of 1 178km of low-voltage cable was used — the distance from Johannesburg to Durban and back again.

● Altogether 8 140 street-lighting poles of all types were installed. There was already high-mast lighting in the Soweto council area. Additional high-mast lighting was designed and installed by the Johannesburg Municipality's Electricity Department.

● A total of 4 252km of house service cables was used — a distance equivalent to three road trips between Johannesburg and Cape Town.

PPC results show poor state of building industry

N/M 32
3/11/86

Finance Reporter

THE parlous state of the building and construction industry is reflected in the 1986 results of the major cement/lime producer, PPC, but the company has nevertheless surprised the market with an increased dividend distribution, even if on a lower cover.

The final dividend goes up four cents to 33 cents, making a total of 47 cents (43 cents) for the year to September 30, 1986 — on a reduced, but still healthy, cover of 2,5 (3,6 previously).

Dividend

The hike in the final dividend raises the total distribution for the year by just under R1,5m to R16,9m.

On the current market value of 1 080 cents a share, the dividend yield is 4,4%. A R10m increase in the tax bill helped to push bottom-line profits down 25% from R55,9m (155,2 cents a share) to R41,8m (116,1 cents a share).

This is nevertheless ahead of the 100 cent forecast in both the chairman's last statement and the interim report.

The big jump in tax from R36,9m to R46,4m reflects the R10,2m investment allowance, equivalent to 28 cents a share, which applied in 1985. If the benefit of this allowance is excluded, the year-on-year comparison shows earnings down only 9%.

The tax rate of 52% (against only 39% in 1985) confirms there were no tax allowances in 1986.

Boosted by the sales of bulk cement distributor, Cooper & De Beer, which was acquired at the start of the financial year, group turnover rose 25% from

R326,2m to R407,5m.

But operating profit before interest was only one percent up at R91,1m.

'Group margins are not as badly down as these figures suggest. Rather, it is the inclusion of Cooper & De Beer — which had a very difficult year — that held operating profits back,' said financial director Mr Chris Wrogemann.

PPC's interest bill jumped from R765 000 to R4,8m.

According to Mr Wrogemann, this was mainly because very little interest was capitalised in 1986 on the R220m new Dwaalboom factory, now on a care and maintenance programme because of the state of the cement market.

Operating profit after interest was R86,3m — 4% down on the previous year's R89,6m. Income from investments totalled just under R3m (R4m previously) leaving a profit before tax 5% lower at R89,2m (R93,7m).

Profits

Minority interests accounted for just over R1m of the 1986 profits, compared with R954 000 in 1985.

According to Mr Wrogemann, net borrowings are at present around R30m less than budget, mainly as a result of reduced capital expenditure and improved internal cash flow.

'We expect net borrowings to be substantially reduced by September 1987,' said Mr Wrogemann.

He said PPC has sufficient capacity in both cement and lime divisions and further expansion is thus unnecessary in the near term.

Boumat on the expansion trail

LIZ ROUSE

BOUMAT, a leading plumbing materials merchanting group, has reached agreement in principle on two acquisitions.

The first proposed deal is the acquisition of a majority holding in Germiston Tools & Paint, a large supplier of builders' hardware, architectural ironmongery and related products. The second deal is the acquisition of stock, fixed assets and trading title of CMC Marketing, a wholesale supplier of hardware.

Concern over controls

WITH massive housing projects on the 1987 horizon as a result of the Government's infusion of R750m into low cost housing, there is rising concern in sectors of the building industry about how the money will be spent and who will control the standards of construction and the quality of materials used.

Brick Development Association executive director Brian Moorhead says: "If this housing development is not properly controlled it could end up in a situation where we are not building houses, we are building future problems."

His comment was echoed by others in the industry, including Gundle Plastics, sales manager (construction) Lou Hartley.

"The whole industry is looking at ways of cutting costs and not all are behaving responsibly," he said. "Some see cutting costs in terms of cutting quality and it is imperative that the industry is told what the quality criteria are and that the potential homeowner does not end up with a house which is inadequately constructed and falls around his ears in the next five or 10 years."

Moorhead said the industry was in need of early guidance from government on how the funds would be applied. "We don't know much at this stage," he said. "Is the money going to be used on a site-

and-service basis or is it going to be on materials and, if so, what materials?

"As far as the brick industry is concerned we don't know at this stage if the investment means a potential market for us or not and the same is true in many other areas of the building industry.

"Whatever standard of housing is used, it would be shortsighted to settle for the cheapest with consequent problems in maintenance costs and a quality of living which is not what it should be."

Commenting on future prices, Moorhead said the clay brick industry was "intensely competitive with margins cut to the bone" in recent years.

"When the upturn comes there could be a nasty shock on prices," he said. "It has been survival pricing for a long time, and even so a great many people have gone out of business. If the market takes off in a hurry we will see a substantial increase in the cost of housing and we may also see shortfalls because whatever production slack there is in different areas of the industry will be taken up very quickly."

Gundle's Lou Hartley does not see a supply problem but is much more concerned with quality standards.

"Because of the recession there is a high level of competition

among the smaller contractors and we believe this has already led to inferior products that do not conform to SABS specifications being used in housing," he said.

"When the low-cost housing projects begin to take effect it is essential to have government or municipal controls over the basic structures otherwise money will be wasted to solve a short-term problem and create a long-term one.

"There are sharp operators in every business and the building industry is certainly no exception," he said.

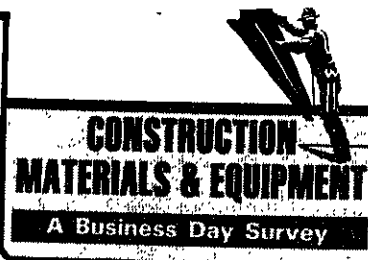
"We suspect that product is being bought from us and used for purposes for which it was not intended and if people are prepared to cut corners on our product, which represents less than 1% of the total cost of a R4 000 house, one wonders what is happening or may happen in the future with housing materials which constitute a much greater proportion of the building cost."

Hartley said plastics industry sales were down between 38% and 44% on 1982 figures, and because of fierce competition there was a greater risk of inferior materials being used.

"Hopefully government, municipalities and building societies whose money is involved will exert control over the situation."

6/11/86 (32) Paul DAV

There's light at the end of that tunnel



THERE is a high level of optimism in the earth-moving-equipment sector of the building industry, based on the R4bn Lesotho Highlands water scheme and government's infusion of R750m into low cost housing.

"There is definitely a light at the end of the tunnel," says Rod Watson, Transv branch manager of J I Case, the American-based company which also imports and distributes French-manufactured Poclain earth-moving equipment.

"Construction will play a major role in the economy's recovery and I believe the recovery cycle has already started."

Watson reckons sanctions will not affect the availability of heavy construction equipment, and his view is backed by John Houston, MD of Orenstein & Koppel (O & K) which imports from West Germany.

"I am very optimistic about the future," he said.

"I don't believe sanctions will have any effect in our business and the mere suggestion will encourage local development."

"There is plenty of money around which could be provided for development, and I don't see anything on the horizon interfering with the growth of the economy."

Both men believe the Lesotho Highlands water scheme, continuing expansion from Escom and the desperate need for black housing will lead to a high demand for construction equipment.

Watson said: "In the case of the Lesotho scheme, who the main contractor is will

The bosses of SA's earth-moving-equipment sector seem confident of the future, a confidence which is based on the opportunities they see opening up as a result of the Lesotho Highlands water scheme and black housing projects.

not matter, because there will be tremendous opportunities for the sub-contractors and the plant-hire sector, and we are very much in that market with both Case and Poclain equipment."

Houston said there had been a noticeable increase in inquiries and sales in the industry over the past two or three months, specifically in the civil engineering, plant hire and contracting areas, with mining and road construction keeping the industry going.

Because of the length of the recession, a lot of equipment had been kept in action longer than its natural life, and a great deal of equipment was re-exported, which had left the country's equipment stocks at its lowest level in many years.

The recession had also produced considerable rationalisation in the industry which, previously, had too many makes and too many outlets for the size of the market. "Mergers and cutbacks have reduced the number of outlets."

"This is an improvement because the remaining companies are better placed to support the equipment they are selling. We

have ended up with a healthier and stronger industry," Houston said.

Referring to the Lesotho water scheme, he said that although it had not yet had a positive effect, the fact that it was definitely going ahead had injected more confidence into the industry.

"In terms of black housing, a great deal of money will have to be spent on providing the infrastructure."

O & K is looking at full local manufacture of its range of front-end loaders, plus local manufacture of the dump trucks which now form part of its product line since the acquisition of FAUN earlier this year.

"Price increases are our most serious problem, not because of increased costs at source but because of the exchange rate," said Houston.

Caterpillar's MD Bob Morris was not as optimistic about the future: "I am working on the premise that 1987 will not be worse than the past year, but who knows?"

At the same time he was happy with the 1986 results of Barlows Tractor Company because they exceeded expectations.

Sanctions pose no threat to his company either.

"Caterpillar has taken, and continues to take, a very strong stand against disinvestment and sanctions," he said.

Sixty per cent of the units supplied by Barlows Tractor Company are manufactured under licence in Boksburg, and the company has been dealing with Caterpillar as a main principle since 1927.

Local means savings

CONCRETE window and door frames are being manufactured in SA for the first time and offer significant savings over conventional systems says Gerrit Lombard of Pretoria-based company, Betram.

The savings claimed are: aluminium frame R105 against concrete and aluminium R70; wooden frame R95 as against concrete and wood R62; steel frame R42 as against concrete and steel R37.

AIRCONDITIONING bills can be greatly reduced — particularly in high-rise office blocks or hotels — by correct weather-sealing of "operable" windows, says Association of Architectural Aluminium Manufacturers of SA executive director, Brian Tanner.

"Air seepage around the edges of operable windows is a major cause of energy loss," Tanner says. "With offices now standing empty in Braamfontein and Parktown at R10/m², the pressure is on to cut overheads — and that includes rising electricity bills."

A CLOSED drainage system designed to cut the cost of installing and maintaining household drains is finding increasing acceptance among developers of mass housing projects.

Expecting the low-cost housing drive, Santar Pipes conducted a survey of 16 municipalities in the PWV area and found 10 had already recommended the system. Estimates are a closed drainage system could reduce maintenance costs by between 60% and 80%.

The first use of a closed drainage system on a major project took place at Mitchell's Plain, Cape.

Elementary process

A BUILDING system using a steel frame erected with steel purling and roof cladding, to provide basic initial protection from the elements, has been developed by Iscor to cater for projects where housing is required urgently.

As soon as the frame and roof are erected, a wet core and/or room can be added by filling in panels between columns with conventional brick or blockwork. This does not need to be load-bearing because the structural integrity is supplied by the original steelwork.

Says an Iscor spokesman: "The owner can use his property at an early stage, while he completes the house as and when funds allow."

The use of insulated steel panels is another possible application in housing construction. It was developed by Iscor using galvanised steel sheet, or Chromadek, on both sides of a core of insulating material which provides better temperature insulation than a double brick wall.

"Instead of using relatively small and heavy, brittle building materials requiring mortar and skills, the individual can build his house faster — with less skill

and an increased degree of quality assurance — using large, lightweight steel panels," the spokesman says.

"Chromadek's quality paint finish enhances the aesthetic appeal and ensures a long, maintenance-free life in most environments."

Another advantage of the panel construction system is that the owner-builder can get all the elements for the house in kit form from the manufacturers.

Additions to a "core" house can be done quickly with a minimum of disruption to home life.

House kits are priced competitively from about R140/m² for a 50m² house.

Iscor says costs could be cut more in future, as a result of ongoing investigations, to as little as R80/m² for a 50m² house.

"We are investigating the use of structural single skin wall panels made out of specially profiled Chromadek sheet," the spokesman said.

"This system is designed to be upgradable so owners can apply insulation and finishing first to the internal and then to the external walls as funds become available."

Industry faces challenges

SA'S industrialised building industry is facing increasing challenges as it tries to match the pace of the country's fast-moving infrastructural development.

Says EDC MD Simon Garvey: "The demand for new schools, hostels, hospitals, houses and offices is creating pressures for building systems which can provide structures quickly and economically."

EDC's Tuffwall modular building system of lightweight glass reinforced concrete panel "sandwiches" is typical of today's fast-building systems which are finding increasing favour among municipal, provincial and national government and quasi-government bodies.

Typical of the use which these organisations are making of modern industrialised building systems is the R1,2m project for 10 office blocks to house KaNgwane government departments, using the Tuffwall system.

But being able to erect buildings quickly and economically is not always enough.

Says Garvey: "The success of the Tuffwall system is due to the fact that it combines the speed and economy of the typical industrialised building system with a variety of individual tastes and architectural styles."

The system uses 75mm glass rein-

forced cement load-bearing sandwich panels with a maintenance-free exposed aggregate. The "falling" of the sandwich is a polystyrene bead concrete insulating core, with enhanced thermal properties.

A Tuffwall building is constructed on concrete foundations which support the internal and external walls.

The standard roof covering — over conventional timber trusses — is profiled galvanised sheeting, but alternative coverings, including concrete tiles, can be used.

Standard steel windows are incorporated in the Tuffwall design, and ceiling insulation is provided by 40mm glass fibre sheets.

Toughness is another Tuffwall virtue, and its capacity to take heavy punishment has already been proved in many schools, mine hostels and rural hospitals.

And it can take another kind of punishment — built into its design is the capacity to withstand earth tremors and heaving clay.

Though DIY erection is quick, simple and economical, Tuffwall is also available on a turn-key contract basis, erected on site with fittings and services provided.

Waterproofing right on top

SA organisations that cannot afford disruptive rainwater leaks such as the SABC, Escom power stations and shopping centres are proving a ready market for the recently developed Klodek waterproofing system from Vadek Paints.

According to senior sales consultant Jennifer Bailey, Klodek's main attraction lies in its ability to seal off inaccessible areas.

"The product is getting a high level of support from organisations such as the SABC, which has used it to waterproof broadcast relay stations.

The Klodek system is said to contain essential requirements to meet SA conditions — resistance to ambient temperatures, mould and fungus growth and ultra-violet rays.

Housing crisis spurs alternative building methods

CURRENT interest in low cost housing has spawned a new generation of alternative building methods. Most are geared towards offering an option to the buyer, either for do-it-yourself or for paying manufacturers to erect it.

The systems and materials range from the obvious to the odd . . . cardboard shutters, cement sausages, foam walling and shuttering, asbestos-cement cladding, timber, moulded silica resin panels, portal frames, fibre cement panels and glass reinforced cement.

Developers had a chance to show their wares recently at the Belhar Easy Homes Exhibition in the Cape. They demonstrated houses which started with what were in effect temporary emergency shelters for under R1 000 to comfortable family places for R9 000 on a DIY costing.

Some examples of what is available include:

CARDBOARD: Cardboard shuttering, strange as it may seem, is being used by at least two companies.

D&M Developments has produced a 51m² house for R8 928 using the Sandsleeve System, which utilises corrugated cardboard shutters and can be built using available materials and virtually unskilled labour. The cardboard sandsleeves, which are waxed and stitched, are slotted together in a simple operation and the fill is then shovelled into the top.

Bricks are made as the wall is built. Little water is required and there are no restrictions on the amount of cement or type of sand used in the mix. After the solid wall

W. J. VAN DER MERWE
JANE STRACHAN
W. J. VAN DER MERWE
Today you can build a house with cardboard, polystyrene or cement sausages. The latest odd, but they're just the thing for DIY enthusiasts . . . and the new homeowner on a tight budget

structure has been created the sleeves are peeled off and the walls can be either painted or plastered.

The Steyn Housing System, by Ceres Meester Bouers, uses cardboard shuttering with weldmesh wire shuttering on internal and external surfaces. The wall consists of two layers of gunite concrete or plaster 25mm to 30mm thick with a cavity of 100mm between them.

Emergency housing, constructed of flame-retarded cardboard on a sandbag-surround foundation is offered by P Greathead at R875 for 16m². The roof is timber-trussed and the glazing is plastic.

FOAM, POLYSTYRENE: The Comput-Homes SA unit comprises pre-cut timber poles fastened with polyethylene netting and sprayed with polyurethane hardfoam. Life expectancy is more than 30 years. Suppliers say the system presents no health hazards and has a fire performance of B1 or B2 to German Din standards.

Material is supplied in kit form and a three-bedroomed unit can be erected by the owner in two days, according to the manu-

facturers, who claim 10 spray teams could complete 1 000 units in two weeks. A 45m² unit home was on show at Belhar for R8 880.

The Argisol Swiss building system comprises styrofoam building blocks with interlocking metal spacers. When stacked the blocks lock together and a lightweight cement is poured into the lower part of the walls to give weight and anchorage. The blocks are not cheaper than conventional products — the saving is on labour. A 15m² wall weighs 1kg and takes five minutes to erect.

Engineered Building Blocks has a two-bedroomed home for under R9 000 comprising patented Lego-like bricks with 40% ground polystyrene content. A slurry is poured over the blocks and outer walls need no further surfacing for weather-proofing.

CEMENT SAUSAGES: This innovative construction form was designed for CPA Community Services specifically for labour-intensity. Walls are made using shuttering between gunpoles and the cavity is filled with layers of mortar alternating with layers of "cement sausages", made by filling bags with dry cement and sand. The house is plastered and roofed in the conventional manner. A two-bedroomed sausage home was displayed at Belhar, costing R7 806.

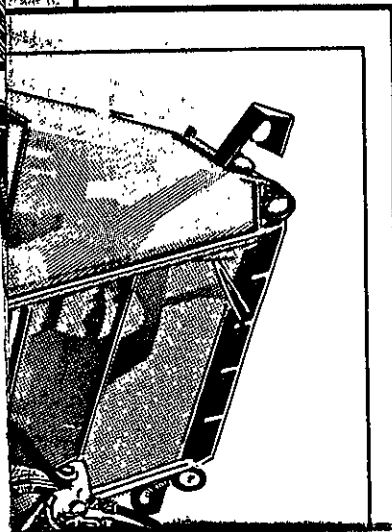
GALVANISED STEEL: The Sterling Homes module consists of a lightweight all-welded steel space frame, using high quality double skin, composite constructed panels as walls. The frame is Iscor steel sections hot-dip galvanised after fabrication and finished with protective paint. It can be erected in a day by unskilled labour, costing R8 378 unassembled for two bedrooms.

CONCRETE/CEMENT: A number of concrete and cement methods are on the market. Federated Blaikie/Turner Homes have come up with a three-phase system with DIY concrete building blocks approved for building society finance. Prices range from R3 698 to R8 642.

The George Wimpey system, devised to meet the great demand for homes in Europe after the Second World War, is built of cellular concrete comprising an aggregate of 10mm to 20mm mixed with cement. The mix is poured between steel shutters the height of the building and plastering is not necessary, as the walls are waterproof. A two-bedroomed house is available for under R9 000.

The Multitrick home uses drystacked interlocking concrete bricks and can be built in three days without the use of mortar.

Some of the more unusual concepts have yet to be tested on a large scale and have not faced the local market acceptability test. Nevertheless, the housing crisis is demonstrating what can be done when necessary and developers are quickly latching on.



Housing can stimulate development — Rosholt

32
6/11/86
3380

Housing provides a significant opportunity for stimulating social and economic development in low-income communities, according to Mr Mike Rosholt, chairman of the Residential Development and Construction Division of the Urban Foundation.

Mr Rosholt was speaking this week at the annual meeting of the Fam-

ily Housing Association, a housing utility company falling under his division.

He said private sector involvement was the key to unlocking this development process.

Mr Rosholt called on the private sector to become more involved in the provision of housing — particularly to lower income communities — and said experiences in developing countries indicated the vast majority of housing there was supplied as a result of private initiative and resources.

"The involvement of individual families as home owners, owner-

builders, buyers or sellers is the crucial pivot point around which the formal and informal private sector home building industry revolves."

He said his division was poised to provide about 35 600 stands and 19 400 homes in developments countrywide.

The division would seek to expand its operations with a long-term focus on affordable lower-cost housing, the provision of serviced sites and the upgrading of informal settlements.

However, it viewed itself as a catalyst for the private sector in the housing field rather than a housing supplier.



Edited by **MELANIE SERGEANT**

SA lags behind with timber-frame houses

TIMBER-FRAME construction has long been part of the home-building scene in a number of countries abroad. In SA, however, the use of this method has been limited.

In spite of efforts to expand the use of timber in wall and floor construction, conventional brick building is still the dominant method.

A recent survey by the National Timber Research Institute (NTRI) of the CSIR shows that only a few builders have tried their hand at timber-frame construction, and that municipalities, housing-finance organisations and house-insurance companies have little experience or knowledge of the concept.

The researchers say since the national building regulations came into effect in September 1985 it should have become easier to have plans passed for timber-frame houses. Yet 21% of the municipalities surveyed did not allow these structures.

They generally felt timber-frame housing was pricing itself out of the market.

The NTRI responds by saying that timber-frame houses can be erected in half the time it takes to build a brick-and-mortar house. Builders appear to be charging about 12% more for timber-frame. But it is foreseen that, once this type of construction is accepted in SA, builders will benefit from the speed with which they can be erected and will pass financial benefits on to buyers.

Of the financial institutions surveyed, only one was unwilling to finance the building of timber-frame houses. The reason given was the high demand for funds to build conventional brick houses.

JANE STRACHAN

Insurance premiums differed from institution to institution. Some premiums quoted to the NTRI were 66% higher than for brick dwellings.

Looking at some other countries, it emerges that in North America, Japan, New Zealand and Scandinavia the domestic building industry is dominated by timber-frame construction, with more than 90% using this method. In Australia about 90% of houses have timber frames.

Comparing timber-frame to brick-and-mortar construction, the NTRI detects numerous differences:

□ Setting out: No setting out of foundations is needed for interior walls in timber frame as they are non-load-bearing and light.

□ Walls: Timber frames can be standardised and manufactured in a factory. Erection, bracing and cladding is done quickly and, once the exterior walls and roof are erected, interior walls can be built in without weather influencing interior construction.

□ Bricks: If bricks are used for cladding exterior walls, face bricks are used in a single layer, reducing the number of bricks used to about 33% of that of brick construction.

□ Plastering: Plastering is not usually needed on the exterior and the interior frames are clad with board.

□ Labour: Timber frame construction can reduce the trades needed to carpentry only, with wall construction carried out in a factory.

□ Construction time: A timber-frame house can be completed in six to eight weeks, while a brick house normally takes about 16 to 18 weeks.

BUSDAY 6/11/84 (32) (scribble)

Cement cartel said to be keeping prices down

CEMENT — the foundation of SA's building and construction industries — is also one of the country's most important cartels which is periodically subjected to criticism.

The three companies involved, Anglo-Alpha, Blue Circle and Pretoria Portland Cement (PPC), say without the cartel's marketing and price agreements, the cement price would rocket by as much as 25% in a "free-for-all".

This would create a high-risk/high-return situation instead of the current low-risk/low-return profile the industry maintains.

Cement is considered a strategic material and, with the reality of disinvestment, a strong and self-sufficient industry is vital — provided the cartel acts responsibly and in the interests of the consumer and the country.

Pricing

PPC commercial director Charles Hollmann says: "The pricing formula that has been accepted is one of 15% profit before interest and tax, but the industry is currently running at substantially below this figure.

"That, together with the enormous capital investment required, probably explains why nobody else has been interested in entering this market since Anglo-Alpha came in more than 40 years ago."

The industry's annual turnover is touching R500m with a production capacity of about 11-million tons a year, of which about 4-million tons is spare capacity.

Hollmann says: "This is necessary for us to be able to handle any sudden increase in demand, and is also part of the responsibility which the indus-

WILLIE HARRIS

try accepts."

Johannesburg-based PPC started the cement industry in SA in 1892. More recently, it took its turn with a planned R300m investment in Dwaalboom Cement Works in the north-western Transvaal.

Dwaalboom is currently "moth-balled" because of the recession, and stage two has been held in abeyance.

Nevertheless Hollmann is optimistic about market growth — particularly in view of the Lesotho Highlands Water Scheme — although he does not expect any really significant benefit to the industry until three to five years' time.

Anglo-Alpha has produced a slide and documentary presentation putting the cement industry — and the cartel — into perspective.

Spokesman Rowan Dent said: "The marketing arrangements that the cartel introduced years ago have led to questions being asked about our respective and/or collective efficiency, profit margins and pricing.

"We decided to paint the realistic picture for the benefit of the industry's consumers and anyone else who is prepared to look at the facts."

The SA cartel's marketing arrangements are the rule rather than the exception in other countries, but SA remains one of the world's cheapest producers.

Australian production stands at around \$60/ton.

SA prices are about half that.

The US, West Germany, France, Belgium, Italy, New Zealand, Mexico, Spain and Canada are all producing at more expensive levels than SA.

Anglo-Alpha and the other members of the cartel insist they are

competitive despite the marketing arrangements.

PPC's market share is about 45%, Anglo-Alpha's is 35% and Blue Circle's 20%.

Blue Circle's Peter Kett said there was freedom of entry to any new competitors — "and we are not opposed to fair competition from foreign producers".

But, he said: "The capital cost of setting up a new plant at today's prices, coupled with the low return on investment, makes it most unlikely that anyone would consider it."

All three companies resented the import of 200 000-tons of cement by the Spanish and Japanese between August 1984 and August last year — inspired by faulty reports of an impending cement shortage.

Japanese

Dent says: "The Japanese were selling their cement domestically at \$54/ton and the Spanish at \$48/ton but landing it in Durban at \$37/ton. If that isn't dumping, then what is?"

Today cement producers face the same problems that were intrinsic from the beginning — the geographical location of the lime stone used as the principal raw material and the transport costs involved in moving the final product to distant markets.

Dent says: "The railage content in the cost of cement is rationalised by the cartel, ensuring that the product is supplied by the nearest producer regardless of which one that may be.

"If we did not have a cartel, that would not happen and it would be impossible for competition to exist in certain geographical areas because one or other of us would have the advantage of being closer to that particular market."

Corobrik sees return to clay brick

AN order for 9-million clay face and plaster bricks from Corobrik Transvaal for a housing project in Eldorado Park, may be the beginning of a major move back to the clay brick, Corobrik (Tvl) MD Brian Waberski says.

"The contract proves that the best building materials are still within the reach of the ordinary homeowner and we believe that the clay face brick meets the aspirations of most South Africans who want to own their own homes," he said.

The order was placed by the Johannesburg Coloured Management Committee to build 564 houses at Eldorado Park.

Donald Mateman, MP for Eldorado Park and a member of the committee says: "We have found that many of the materials traditionally used for such housing give us more headaches in the long run with cracks in the walls and high maintenance and repair costs."

Four different clay face bricks from the Corobrik range are being

used in the project, scheduled for completion before the end of the year.

New projects such as a high school, a primary school, a post office and 120 homes for the elderly are also already in the planning stages and new stands have been set aside for private builders.

Corobrik Transvaal is also involved in the Alandale/Rabie Ridge project near Pretoria with 500 units and a housing scheme for coloureds in Ennerdale, near Johannesburg.

Bureaucrats baffle black housing developers

By David Southey

BUREAUCRATIC delays — not lack of money — are the biggest obstacles in the way of private-sector development of black housing, say consultants.

In spite of the Government's intention to assist in every way possible with black housing and its setting aside of R750-million for it, delays in approving land purchases are impeding private-sector involvement.

A Treasury spokesman confirms that Government's R350-million share of the R750-million package for housing is being spent, but there is an unexplained delay in the announcement of plans for spending the rest.

Support

At least one area where extensive black and Indian housing schemes are well advanced in the planning stages — with the support of building societies — is in Natal.

Durban-based consultant Alan Mountain, who has been associated with private-sector housing schemes involving R300-million since mid-1984, says: "Whereas 2½ years ago it was impossible to gain approval for projects in the homelands from the building societies, they are now keen to be involved.

"We are now in a totally different ballpark."

Mr Mountain is involved in negotiations with the Government on behalf of clients for the construction of 8 000 black houses in Natal at a cost of between R20 000 and R55 000 each, including purchase and servicing of land. Most of the loans granted by societies have been underwritten by employers.

Mr Mountain says many more employers are becoming

interested in similar schemes. Plans are also under way for the construction of houses in the Transvaal.

He confirms "frustrating delays" in land approvals.

"We applied for land in August 1985 and in spite of numerous inquiries at the local level and to officials in Pretoria, we have had no response. We have identified 22 steps in the process for land approval and there can be intractable blockages at any one or more of them.

"It is vital that the procedure for land acquisition and approval be speeded up and simplified."

He believes the least the Government can do is to make known its procedures for land applications, indicate how long the queue is and when the applicant can expect an answer.

Some officials, he says, claim to be "every bit as frustrated as I am".

Director of the Urban Foundation's Family Housing Association Matthew Nel says his organisation is involved in planning, development and sale of 11 000 units in the Pretoria-Wiwatersrand-Vereeniging area on behalf of the private sector this year.

He says turnover soared from R2,5-million in 1984 to R20-million last year and R26-million in 1986-87. The number of stands involved is projected to rise from this year's 3 300 to 7 900 in 1987-88.

Mr Nel attributes the major obstacles in the allocation and approval of land to the Group Areas Act.

"The Government needs to take action in land assembly on a basis which cuts across all legal and bureaucratic inhibitions caused by the Group Areas Act. We need areas well situated in relation to job and commercial opportunities and where servicing can be provided."

Eastern Cape office of the NBRI to close

32
ave Port
11/18

By RALPH JARVIS
Property Editor

THE Eastern Cape regional office of the National Building Research Institute (NBRI) is to close officially on November 28, despite efforts by the organised building industry to stop the closure.

The "no reprieve" decision was announced this week by the NBRI's regional officer, Mr Chris Lloyd, in the latest newsletter from the Council for Scientific and Industrial Research (CSIR), under which the NBRI falls.

All inquiries will in future be handled by the NBRI's Western Cape office.

Since the closure was first mooted in April this year, there have been strong representations made to the CSIR to retain the office in Port Elizabeth to serve the whole Eastern Cape.

The matter has even been raised by local Members of Parliament with the Minister of Trade and Industries, Dr Dawie de Villiers.

"Unfortunately, after due consideration had been given not only to the needs of the region but also to the wider needs and more effective use of resources, including available manpower, the original proposal was confirmed and the office will officially close on

Friday, November 28," Mr Lloyd says.

There will be no Eastern Cape source of publications or reference documents and all queries will be handled from the Cape Town office, which will also be responsible for the newsletter.

Mr Lloyd says the Western Cape regional officer, Mr Frank Holmes, will make periodic visits to the Eastern Cape to be available for consultation and minor contract investigations.

He is expected to visit PE every two months and East London every four months.

Regional lectures will continue to be held in PE and East London.

Medium-size homes harder hit, says UBS House prices fall further and faster

By Frank Jeans

Home prices have plunged by about 31 percent in the past three years and, despite a round of lower mortgage rates, the drop has accelerated during the third quarter of this year.

And, according to the latest *Quarterly Housing Review of the United Building Society*, with the average price of a medium-size home now around R69 200, prices have declined by about four percent since the April-June period.

The *Review* reveals another interesting development — an apparent reversal of the trend in which the prices of larger, up-market properties have not been as badly affected as those of the medium-size house sector.

A severely hit area is the Vaal Triangle, where price deterioration was about 18 percent on the previous quarter and is a clear indication of the growing number of defaults by borrowers, a situation created, in many instances, by retrenchments.

These homes have been sold in execution at relatively low prices.

"In general, larger houses have not been as severely affected by price falls as were smaller homes and, in some regions, large dwellings have even shown a substantial advance in prices," says the review.

While the Johannesburg market improved by an estimated five percent, the price slide affected other parts of the country, with the West Rand record-

ing a nine percent drop and the Durban-Pinetown area three percent.

The United believes that with inflation again reaching record levels and economic activity starting to show signs of picking up, home prices should be near their lower turning point.

"We do not, however, foresee a sharp rise in house prices during 1987 in view of the relatively weak financial position of the average South African as well as the effect of the net emigration on the property market," says the review.

While there may be another marginal drop in the Bank Rate, there is little prospect of a further cut in mortgage rates soon unless short to medium-term deposit rates generally decline again.

'Trend is to lower-cost dwellings'

By Sven Lunsche

Residential property prices should bottom out by the first quarter of 1987, with slow rises towards the end of next year, says Mr Gerald Leissner, managing director of Anglo American Property Services.

Addressing the *Financial Mail* Investment in South Africa Conference in Johannesburg today, he said: "First signs of change in the currently prevailing harsh tenants' market will be evident towards the latter

half of 1987."

However, with rent levels fairly static and building costs rising, Mr Leissner sees "the supply of new accommodation being kept to a minimum — building activity in the main being restricted to housing and possible industrial development with limited building of office and retail accommodation".

Mr Leissner sees business activity tending to low-cost housing which is being heavily promoted by Government.

"I believe small neighbour-

hood centres are needed in the townships, and institutional funds could be used for such development," he said.

Mr Leissner sees still further growth in institutional cash flow.

"There has been massive investment in property by insurance companies and pension funds and, assuming funds grow 20 percent next year and that only 12 percent of the funds are invested in property, R2 billion will be available for investment in property," he said.

The statement

M & R wins big Natal contract

14/11/86 STAR 32

By Frank Jeans

Construction group Murray & Roberts recently won the contract for a R64 million shopping centre in Pinetown.

This contract follows the opening recently of the Sanlam-funded Workshop centre — the complex of specialty shops converted from the old rail sheds a minute's walk from Durban's City Hall.

Now M&R has strengthened its Sanlam connection as its earthworks teams move on to the Pinetown site for one of the largest property developments undertaken by Sanlam.

The double-level complex will have 33 000 sq m of lettable space and parking for 2 000 cars and is designed by Johannesburg-based architects Bentel Abramson.

Murray & Roberts also has a winner in its mass housing project at Umlazi in Natal, where the first phase of a spread of 1 000 homes for blacks has gone "beyond all expectations".

The contractor is M&R wholly-owned subsidiary, Amalgamated Construction which to

date has built more than 50 000 houses throughout the country.

"The response to the R35 million Umlazi project has been overwhelming," says an Amalgamated spokesman.

"Hundreds of purchasers are snapping up the houses in the R31 000 to R35 000 price range before they are out of the ground."

Demand is certain to rise before the development is completed by the end of next year as more and more black buyers go for affordable homes — particularly in the light of the Government's subsidy scheme which can mean R200 a month to buyers.

The homes, built with concrete blocks and have tiled roofs, have a high standard of finish, with meranti windows and doors. Amalgamated has also provided tarred roads and sewerage and electrical reticulation.

Mr Peter Goodson, Amalgamated's managing director, says: "We are building at a rate of four houses a day and even that is not fast enough."

"We have a list of 1 000 potential buyers."

FUN MAIL
BUS BOYCOTTS 32 244

Putco's woes mount

Putco argues that it will go out of business if it does not raise bus fares. But attempts to do just that are causing it serious trouble.

Introduced at the beginning of the month, the new fare increases have aroused a great deal of resistance, particularly in Soweto and townships within the KwaNdebele homeland, where many buses have been damaged. Financial losses have been substantial.

Fares were raised in the Transvaal by 17,5% and in Natal by 15%. Because of black commuter opposition, the company has suspended fare increases on routes between the Reef and the distant KwaNdebele townships east of Pretoria.

At the weekend, two Soweto bus depots were bombed, causing R10 000 damage to ticket offices.

Apart from the two depots rocked by limpet mines, four buses have been petrol-bombed, seven others hijacked and 1 000 bus windows smashed, according to a Putco spokeswoman. She estimates total damage since the current bus boycott began at more than R70 000.

According to Putco, a Durban South depot has been closed "temporarily" following dismissal of 200 drivers who did not collect fares from passengers on October 24. Action against the drivers was taken as a "disciplinary" measure; meanwhile, the company is looking for new drivers. Areas affected by the closure are Umlazi, KwaMakhutha, and Umbumbulu.

Soweto Fares

In Soweto, fares from Emdeni (the most distant point) to Bree Street have risen from R1,60 to R1,80 for a single cash ticket; weeklies from R7,50 to R8,80; and monthly tickets from R39 to R45,80. From Baragwanath (the point closest to town) to West Street fares have risen from 75c to 90c a single cash ticket; from R5,10 to R5,80 for weekly tickets; and from R26,50 to R30,20 per month.

Explaining the increases, Putco's assistant MD Vic Coetzee said: "If you don't put up fares, you go out of business. We are sympathetic, but cannot do much unless the government pays (a higher subsidy)."

The company also explained that the 17,5% and 15% fare increases are intended to cover cost increases between July 1985 and June this year. They include a 37% rise in maintenance and spares; a 13,3% rise in wages; and 20% increases in insurance, licensing, rentals and depreciation costs.

The feeling at Putco is that the company cannot be expected to provide a social service. If it is expected to do so, then government must subsidise fares far more substantially than at present.

Among proposals made by Putco — together with another bus company, Tollgate Holdings — to government is that regional services councils (RSCs) buy the companies' assets, then appoint the companies to run the bus services on an agency basis for RSCs (see *Business*, November 7).

A Putco spokesman tells the *FM* that there has been no movement from government on this suggestion.

□ See *Companies*.

Going for growth

Two consortiums, made up of some of SA's biggest construction companies and financial institutions, have been granted concessions to build and operate major new toll roads.

The Department of Transport confirmed that Tolways — a consortium led by LTA, Basil Read, Concor and Finansbank — has won the concession for the South Rand toll road which, when completed, will run from Krugersdorp to Springs.

A similar contract has been awarded to Tolcon, a consortium led by Murray & Roberts, Group 5 and Sanlam, to improve the N1 and N3. The first section of the N3 will run from Alberton in the Transvaal to Hilton in Natal, and the first section of the N1 to be improved will be the route from Misgund to Kroonstad, and then to Bloemfontein.

The consortiums will operate the toll roads on 25-year leases.

Chief Director of National Roads Malcolm Mitchell promises that there will always be alternative routes, but as the consortiums will be running business ventures he expects them to do their best to "make their route attractive."

But how extensive will the privatisation be? Mitchell says he would be surprised if 10% of the 50 000 km of national roads was

in private hands by the turn of the century: "Road-building and maintenance in uneconomic areas is a service government will continue to provide in the same way as it provides hospital and schools," he tells the *FM*.

While the toll road system has been criticised, particularly by the AA, it is generally accepted that it is one way to speed up road construction. As Jack Webster, executive director of the Public Carriers' Association says: "In many cases it's toll road or no road at all. We're certainly glad when traffic congestion is reduced and accident black spots are eliminated."

There is also considerable activity outside the toll road sector. New projects given the green light last month include the R20,6m contract for construction of 19,5 km of two-lane single carriageway east of Middelburg awarded to Stocks Roads, and the R17,9m construction of 17,45 km of single carriageway on the N4 between Rockdale and Elandsfontein, also near Middelburg, which was awarded to LTA. ■

Wits rethinks engineering teaching

By Stan Kennedy

Large numbers of blacks are suddenly becoming aware of engineering as a career but because of their different backgrounds, cultures and attitudes, the University of the Witwatersrand is to rethink the way it has been handling students.

"Willy-nilly, we are being forced into looking at new ways to handle them in the faculty," says Professor David Glasser, recently appointed dean of the Faculty of Engineering.

Since Professor Roy Marcus left to take up a post in industry Professor Glasser has been acting dean.

He joined the university's Department of Chemical Engineering as a lecturer in 1964 and was promoted to a professorship in 1971. He was appointed to the AECI Chair of Chemical Engineering in 1979, and headed the Department of Chemical Engineering until 1983.

"The situation is fairly complicated but we see the increase of black students in a positive light. They have something to offer us which we didn't have before and this is making us re-evaluate what we are doing".

He says the faculty is taking a "careful look" at the way in which it directs and manages students. The traditional person doing engineering was the white male but there are now significant numbers of white females and blacks.

"We are not necessarily thinking of making vast changes to the curriculum, although that may follow. The major thing we are going to be looking at is our teaching methods.

"The way in which we handle students, the way we can get the best out of them and the way in which the faculty can become oriented towards the students will be our major objective."

A serious worry of the faculty

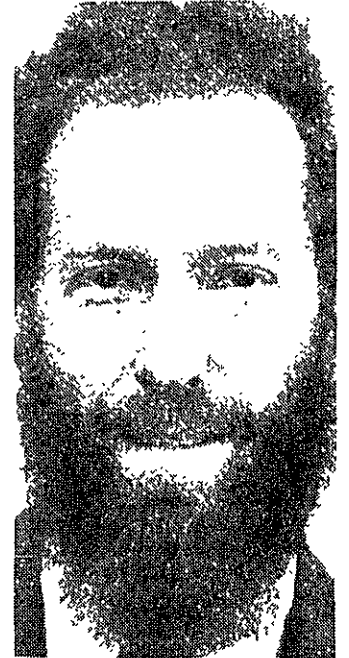
is its ability to recruit and retain staff. The biggest part he can play in motivating staff, apart from doing what he can to reduce the salary gap between the university and industry, is to make sure things run smoothly and that his staff do not get frustrated.

"So, I regard my position in that situation as a manager, to facilitate the running of the faculty so that individuals get job satisfaction.

RESEARCH

"Being a manager means you have to be on call and research, which requires a lot of time, tends to suffer. I am already finding that my time for research is uncomfortably small."

He believes in democratic management and will do nothing against the wishes of the faculty.



Professor David Glasser . . . black students have something to offer

Builders 'rip off' black home-owners

The Argus Correspondent

JOHANNESBURG. — New black home-ownership regulations have opened up a new area in which black people are being "ripped off", says Mrs Pauline Lipson, director of the Legal Aid Bureau here.

Mrs Lipson was speaking at a seminar to mark the Checkers award for consumer journalism.

Her bureau handled many cases of builders who collected deposits, but never built.

White building contractors sent an agent to a black house owner who wanted to improve his home, she said. The owner paid a deposit — in one case, the company took a deposit of R5 000 — but seldom, if ever, was the owner told what was required of him.

Shown small print

He was not told that he had to arrange a bond or submit the plans to the Soweto town council.

Some time later, when the owner asked why building had not started, he was told it was because he had not made financing arrangements or submitted the plans for approval by the council. He was then shown the small print on the contract which said that if he did not do these things he forfeit-

ed his deposit, she said.

Many of the people that the Bureau worked with were poor, semi-educated and semi-literate, but ruthless entrepreneurs adopted the attitude that if they could not read or understand the contract it was "tough luck", she said.

Many people who decided to improve their homes responded to advertisements advertising good terms. They went to the office, saw the plans, signed a contract and paid a deposit of R1 500. The builder promised to start within six weeks, but did not do so.

When they went to the builder's office, there was no sign of the builder — only a group of disgruntled people who had also been deceived, said Mrs Lipson.

The contract often stipulated that the owner had to supply the building material himself, so he lost his deposit, had a pile of material rotting in his backyard, and could not afford to pay a deposit to another builder, Mrs Lipson said.

Mrs Lipson refrained from naming any of the "rip-off" builders, because she said she still had to negotiate with them, so exposing them would not be in her clients' interest.

MRBUS 10/11/86

32

100 000 homes for blacks next year

By Frank Jeans

Nearly 100 000 homes for blacks will be built throughout the country next year, cutting the backlog in this sector — estimated at more than 500 000 — by almost 18 percent.

This is revealed in a housing survey undertaken by SA Capital Projects Register of Johannesburg company Systems Publishers.

About 55 percent, or 53 130 homes, will be built in the Transvaal, 21 830 in the Cape, 16 170 in the Free State and about 5 880 in Natal.

The housing figures cover both private and public sector projects but exclude schemes in the homelands and neighbouring countries.

A spokesman for the register says: "More than 800 local auth-

orities and administration boards were contacted so as to compile a comprehensive register of residential projects.

"Some 724 responded to the questionnaire, although 134 respondents claimed to have no plans for development due to shortage of funds or land."

As the private sector's involvement in black housing gains momentum, one Reef company has lost no time in pushing ahead with a wide spread of developments nationally.

Indeed, Pretoria-based Habitech, part of construction group, Stocks and Stocks, has recorded a tally of 100 black homes sold in October alone.

While the company has a 50-50 participation of the white and black homes business, there is little doubt that it has built-in expertise in the company's

black division in the form of its managing director, Mr Alex Rabie, formerly a director of the West Rand Administration Board.

Habitech's main target is well away from the traditional concepts in the provision of black housing and more towards the community living.

"We try to approach the market with a bare piece of land and end up with a township to meet the requirements of the people," says Dr Wessel Smuts, managing director of Habitech.

This trend is seen in the group's 400-stand development at Atteridgeville in Pretoria — an upmarket black housing project where homes are selling from R25 000 and upwards.

Habitech, too, has structured this development so as to bring smaller contractors into the

process.

And there is no doubt that officialdom welcomes the advances the company is making in the black housing area for there has been no bureaucratic bogging down.

The Atteridgeville contract was signed in June and Habitech building teams were on site in September.

Dr Smuts emphasises, though, that it is not just the higher priced markets which is the Habitech concern but the lower income area as well.

"We have a construction facility which can do one-off homes as well as mass housing schemes in conjunction with Stocks Housing," he says.

"But we regard our mission in housing not to serve just the upmarket area but the whole spectrum of the people's needs.

19/11/80

SMC
32

re
cc
du
be
im
del
cor
cor

232
2011/1/18

BUSINESS SIM

Private developers welcome new deal for black housing projects

By Frank Jeans

The entire area of black housing is being opened up with the Black Communities Development Amendment Act which will cut through bureaucratic red tape and remove state shackles on private development.

Welcoming the Act, Mr. James Crosswell, chairman of the Housing Committee of the South African Property Owners Association, says township developers no longer need to seek ministerial approval and private landowners can now ask for a portion of their land to be designated as a black development area as well as having the right to sell sites and housing units directly to blacks.

"It clears the way for a true free market system," says Mr. Crosswell, "allowing private developers a greater flexibility to meet the needs of the consumer by directly securing suitable land which will suit a particular market."

However, Mr. Crosswell, a civil engineering consultant to private township

developers such as Anglo American, believes there is still need for caution in getting projects underway.

By initiating proclamation of development land, developers should understand that if schemes are deemed to be undesirable by local authorities or adjoining landowners, they could well face long and drawn out costly legal wrangles.

"The recent Norweto skirmishes are a warning of the warfare which could explode," he says.

"Prospective developers must have adequate backing of the surrounding communities and have full motivation if their townships are to get off the drawing board and become reality."

Overall, though, the property industry is enthusiastic over this latest move which establishes black freehold without hindrance or qualification and certainly the private sector's pending large-scale entry into township development will depoliticise the low-cost housing field.

Mr. Crosswell also welcomes provisions in the Act for dwellings to be

used as business premises.

"This point eliminates transport costs to places of employment as work can now be undertaken at home," he says.

"It simplifies, too, the entry of entrepreneurs into the market and obviates the need to rent 'officially-zoned business premises' as well as cutting through much red tape."

Supporting the advance to privatisation in housing, Mr. Ian McPherson, general manager (property), of Johannesburg Consolidated Investments, believes low-cost home projects should not be located on expensive land.

"Market forces are such that land north of the city commands higher prices as it is scarcer there," he says.

"As it is a sheer supply and demand situation, we believe market forces should dictate who can afford to live where."

Mr. McPherson has no doubt that the market place is "the great leveller of people" but at the same time stand prices must be market related and accordingly, let a town develop for those

who can afford to buy a home in an upmarket area.

"There is much cheaper and more suitable land south east of Johannesburg which already has the bulk of infrastructure needed for any new town," he says.

"Should the State wish to buy land for townships, it should be prudent to release it to the private sector developers who probably have better marketing skills and are willing to experiment with various forms of housing at a variety of price levels."

● In a pilot project, the Perm Building Society is developing 10 homes in Naledi Extension 2 in Soweto in the R20 000 to R30 000 price range, including land.

And it's a fast housing operation, with construction of the homes scheduled for completion by December 5.

From the following day to December 13, the homes will be on exhibition "to test the reaction of the community".

Two new building methods will be used on the project along with conventional structures.

Mabus 27/11/86 (32)

Building mini-boom good news for Western Cape brick industry

By TOM HOOD, Property Editor

A MINI-BOOM by the building industry has made the Western Cape's largest brickmaker, Corobrik, consider reopening four factories that closed in the recession of the past 18 months.

The company is running at only half capacity but the three factories at Stellenbosch, Koelenhof and Phesantekraal are now working at maximum output and efficiency and stockpiles have also been reduced significantly, says sales manager Mr Mike Ingram.

Our order book is strong through to the builders' holidays and we expect it will pick up at the same level when they return in January.

"As soon as we are sure the increased sales trend is sustained in the new year, we will look at opening factories that have been mothballed in the recession."

Opening a factory was an expensive business in terms of cash flow and the company did not want to employ a lot of workers and then lay them off again if demand for bricks fell away.

However, prospects for 1987 looked promising, said Mr Ingram. The upturn in demand for bricks began in August and had strengthened.

The alterations and additions market was booming, although the home-building market was still relatively depressed.

The new house market in the R40 000 price range was busy but the 120 m² housing market was dead, he added.

Home owners not able to move up in the property market were improving their homes with extensions and paving.

There is also a strong increase in business for the construction of public non-residential buildings such as schools, libraries and university extensions, nurses homes and magistrates courts where many of these projects specified clay bricks.

For some kinds of popular paving bricks there was now "a slight delivery delay" in spite of Corobrik boosting its output to the maximum.

A huge and unexpected demand for paving bricks came as the rest of the building industry was struggling to emerge from the depression.

26/11/88
BUDAY

32

Rivalry drives builders to take jobs for far less

TENDERING in the building industry continues to be as cut-throat as it has been for the past year, with many companies operating dangerously close to the bone.

Building Industries Federation of SA (Bifsa) executive director Lou Davis confirms the industry has trimmed off all it can and many businesses are tendering at virtually below cost just to keep alive.

Devcon MD John Greve agrees, adding that one change apparent in the tendering situation is the reduced number of contractors submitting tenders on open tender.

He says whereas a year ago there were on average 25 tenderers for a job, nowadays there are 15 — an indication of the number of companies which have gone under.

Over the past year, Greve has also noticed:

- More invitations to tender in closed tenders. He

LINDA ENSOR

attributes this to the fact that with open tenders a client is not protected if he takes the lowest tender, as there is a danger of insolvency during execution of the contract, leading to considerably greater expense.

□ A wide discrepancy in the contract prices being quoted. About five weeks ago the lowest price tendered for a housing development on the East Rand was R980 000 and the highest R2,456m — a difference of about R1,5m, which illustrates the instability in the tender market.

□ Fewer private projects are going out to tender than a year ago though the government workload has been stable and kept a lot of contractors in business. It appears that clients wish to select a reliable contractor to do the job.

From these trends, Greve expects a small adjustment upwards in tender prices from the middle of next year as a result of fewer contractors tendering and their need to make up for past losses.

Davis says that for nearly two years many companies have been operating with no profit margins at all, making only enough to pay for their overheads.

Cash-flow

The danger of companies tendering in this way is that they usually do so because of cash-flow problems. They may not be able to complete the contract, causing considerable extra expense for their clients.

Davis says a plethora of companies has gone under, and the industry has had to lay off about 75 000 workers in the last year.

Any future increases in wages and materials will have to be passed on to the consumer as builders do not have the capacity to absorb them, he adds.

Davis does not expect that an injection of capital into the self-help black housing market will provide a shot-in-the-arm for the industry. There also seems no likelihood of a boost coming from investment in light industry.

Regarding township development, Kees Lagaay, executive director of the SA Federation of Civil Engineering Contractors says severe competition due to the shortage of work continued to be felt in tendering for the construction of infrastructure.

He says a number of smaller companies had pulled out or closed down.

Empty school to go 'coloured'

CME TIPS 29/1/86
32

By RIAAN SMIT

AN empty school in a white Stellenbosch group area will be used by "coloured" pupils from next year.

The Minister of Constitutional Development and Planning, Mr Chris Heunis, has approved the use of the school, situated in an area which was predominantly "coloured" before the enactment of the Group Areas Act.

The empty Luckhoff Senior Secondary School and grounds, on the edge of the Stellenbosch University campus, will be on loan from the university to the Department of Education and Culture for three years.

The announcement yesterday by a joint committee of the Stellenbosch Municipality and the ("coloured") management committee, came in the wake of a SA Teachers' Association report, which claimed there were 205 000 vacancies in white schools.

The shortage of classroom space for coloured pupils in and around Stellenbosch reached crisis proportions at the beginning of the year, while three white schools stood empty.

Two new senior secondary schools, in Weber's Valley and in Drakenstein, will be constructed in 1987 to relieve this shortage, the committee chairman, Mr Danie Schumann, said.

**Score with the cricket stars
and win R1 000 — Details**

PAGE 19

and three times Mr ...

Ovgroup loses out on sale

OVGROUP has made a R14m loss through the disposal for R23m of Ovdeco, which houses all its property, home-building and construction interests.

The buyer of Ovdeco is Ovbel, a company in which the directors of Ovgroup and its subsidiary Ovenstone Investments (Oil) have a significant shareholding.

Based on the financial statements of Ovgroup and Oil for the year to March 1986, the deal has the effect of reducing the net asset value of an Oil share by 24.6c to 3.2c and of an Ovgroup share by 20c to 49.8c.

The directors say the transaction

8/12/86
11/2/86
BRIAN ZLOTNICK

would have had a minimal effect on earnings but "will enable Oil and Ovgroup to reduce borrowings substantially and focus its objectives on the fishing industry."

Oil's and Ovgroup's share listings were suspended on November 21 after an announcement that negotiations were under way which could result in a major reconstruction of Oil.

Negotiations are continuing and the directors expect to make an announcement in mid-December, when interim results will also be unveiled.

Up to 100 000 jobs could be lost in recession

Construction: recovery still long way off

BUS DAY 1/12/86

32

RECOVERY in the building industry — suffering its worst recession for more than 40 years — is still a long way off.

Many firms have closed down and industry officials believe up to 100 000 jobs will be lost. Former Building Industries Federation (Bifsa) president Bobby Zylstra says the industry is "bleeding to death".

And, a new Stellenbosch University Bureau for Economic Research (BER) report says these fears are justified.

However, it says: "The business mood

DAVID FURLONGER
Industrial Editor

has consistently given advance warning of a change in conditions in the building industry. This indicates a turning-point in the industry will be reached by the middle of next year."

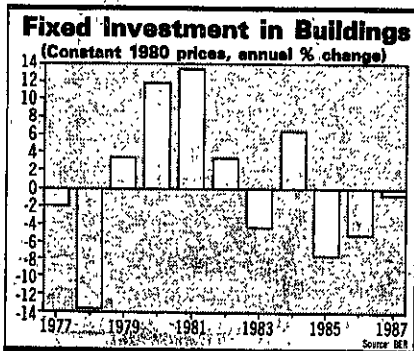
The BER report, released today, says demand for residential and non-residential building work shows little sign of picking up. It describes prospects for the industry as "still negative".

Residential demand is hampered by the country's over-supply of white housing. Even government plans to stimulate housing for lower-income groups will not reverse the trend.

The BER says: "More money is being allocated to housing for other ethnic groups, but this is not sufficient to compensate for the slack demand for white housing."

Any short-term rise in residential activity will be neutralised by lack of demand for non-residential work.

The BER says: "As a result of the over-capacity in the manufacturing sector,



● To Page 2



Building: tough road ahead

together with an over-supply of office space, the demand for non-residential building work is also low.

"Improved business conditions in the residential sector will be neutralised by a further drop in fixed investment in non-residential buildings."

The BER says it is unlikely the over-supply of office space will be wiped out during the next year. This, and the fact that institutions such as SA Transport Services, Post Office and Escom have reduced capital expansion programmes, is likely to result in a sharp reduction in activity in 1987.

It is also pessimistic about long-term recovery in the construction industry.

Improved services in black urban areas, mining industry investment and road construction all contributed to a

3.3% fixed investment growth in construction work this year.

However, this will not last because of sharp cutbacks in capital expenditure by state bodies, and fixed investment is expected to drop 1.2% next year.

Building industry officials say the prolonged slump has already cost 75 000 jobs and another 25 000 are at risk. In an industry dependent on outside demand, they say there is little they can do to stimulate job opportunities.

Zylstra told the recent Bifsa congress the industry had resigned itself to a siege mentality: "We must all play the survival game as there is not much else we can do."



● From Page 1

1/12/86 Bus

32

Purchase price R14m less than book value

Ovgroup to sell property, building interests for R23m

By AUDREY D'ANGELO
Deputy Financial Editor

THE Ovenstone group (Ovgroup) will sell all its property, homebuilding and construction interests for R23m in a partial management buy-out, provided shareholders agree.

This is about R14m less than the book value of these interests at the end of Ovgroup's last financial year in March.

But property and construction have been among industries most badly affected by the recession.

Sliding profit

Ovgroup's trading profit fell to R16m, compared with R18m on an annualized basis, in the year to March and attributable income to R4,4m (5,7m).

The total value of its assets

fell to R144,9m (R147,2m) and its total liabilities rose to R86,7m (R81,6m).

The results for the six months to September will not be announced until mid-December.

In an announcement that negotiations for the disposal of the property and construction interests had been concluded successfully, Rand Merchant Bank said last night that "the transaction will enable Oil and Ovgroup substantially to reduce borrowings and concentrate on the fishing industry".

It was announced in October that Oil had reached agreement to acquire the entire issue share capital of Southern Sea Fishing Enterprises for about R11m and was negotiating to sell the property and construction interests.

Chairman Andrew Ovenstone said the construction and property companies "would basically stay together" and jobs retained.

Last night's announcement said it was proposed that Ovdeco, the holding company of all Ovgroup's property and construction interests, would be sold to Ovbel "in which certain directors of Oil and Ovgroup and certain management members of the operating companies of Ovdeco will hold approximately 30% of the issued share capital".

The directors are Andrew Ovenstone, A U Barnetson, J R S Clark, J R Millar, N M Ovenstone and B M Sender.

Rand Merchant Bank said "directors interested in the

transaction recused themselves from the decision by Ovgroup to dispose of Ovdeco".

According to the announcement, the disposal of Ovdeco will reduce the net asset value of Oil to 53,2c (77,8c) and of Ovgroup to 49,8c (69,8c).

Earnings boost

It will lift earnings a share to 7,4c for Oil and 6,7c for Ovgroup compared with 7,1c for Oil and 6,4c for Ovgroup if Ovdeco is not disposed of.

Share dealings in Oil and Ovgroup were suspended on November 21. Rand Merchant Bank said negotiations which could result in a major reconstruction of Oil were continuing "and an announcement cannot be expected to be made before mid-December".

Outlook for building industry still gloomy

By Reg Rumney

The Stellenbosch Bureau for Economic Research takes a distinctly gloomy view of the building industry's prospects in its latest Building and Construction report.

Noting that the industry is in the worst recession since the Second World War, it says demand for residential building work is hampered by an oversupply of white housing.

Though more money is being allocated for black housing, it is not enough to compensate for slack demand in the white housing market.

Overcapacity in manufacturing and an oversupply of office space mean demand for non-residential building work is also low.

So prospects are negative, despite an improved economic outlook generally (an expected 3,3 percent real growth in gross domestic product).

Improved business conditions in the residential sector will be neutralised by a further drop in fixed investment in non-residential buildings.

Improved demand for residential building work, the Bureau says, will result from the Government's initiative to supply housing for the lower income groups.

But it is highly unlikely

the office space oversupply will be wiped out during the next year, and with State bodies like the SA Transport Services, Post Office and Escom having cut capital expansion programmes, a sharp reduction in non-residential building activity is likely during 1987.

A number of things, such as an increased supply of services in black urban areas, investment by the mining industry as a result of the higher gold price and road construction, are contributing to a 3,3 percent growth in fixed investment in construction work during 1986, says the BER.

But because of the sharp cutbacks by the

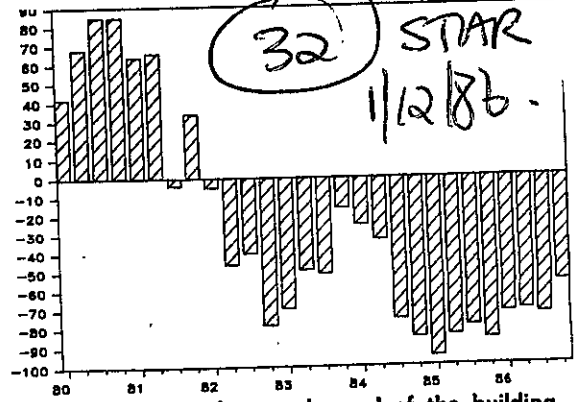
State bodies already mentioned in capital expenditure, this growth will be short-lived.

So fixed investment in construction work is expected to drop by 1,2 percent next year.

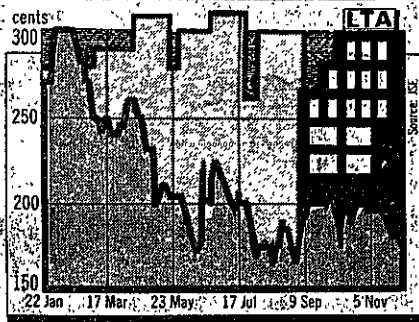
However, there is an improvement in the business mood among contractors and sub-contractors surveyed by the BER.

"The business mood has consistently given advance warning of a change in conditions in the building industry," says the BER.

"The improved business mood therefore indicates that a turning point in the industry will be reached by the middle of next year."



Graph shows the depressed mood of the building industry



LTA builds up earnings to 12c a share

MERVYN HARRIS

BUILDING and construction group LTA performed better than expected in the six months to end September with earnings of 12c a share from total operations.

This was against a loss of 36c a share at the previous interim stage.

The overall position of the group's off-shore operations is also more stable and R8m set aside for losses has been reversed to distributable reserves.

Chairman Zac de Beer and MD Colin Wood say second-half results should at least match those of the first half, but caution that conditions in the industry are difficult and the economy will have to show sustained improvement before a return to more acceptable profit levels.

Operating profit from continuing operations fell from R8,4m to R7,3m but a sharp reduction in the interest bill — down from R6,7m to R2,8m — lifted pre-tax profit from R1,7m to R4,4m.

Attributable profit of R1,6m compared with last year's interim loss of R4,7m.

The benefits of the recent R26m rights offer is expected to further ease LTA's interest burden.

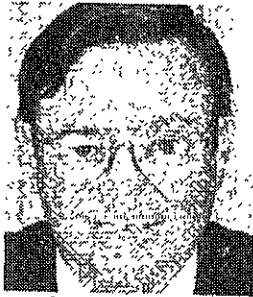
Construction inflation 'will rocket'

32 By Frank Jeans

Price inflation in construction will rocket by 30 to 50 percent when conditions improve in an industry which has been hit hard by recession and a shrinking workload for the past four years.

This was the consensus at a media lunch of the South African Federation of Civil Engineering Contractors (Safcec) in Johannesburg yesterday.

Aggravating the plight of the "civils" business has been what one construction leader described as the "build-up of public work units to the detriment of the private contractor".



Brian Hackney

Mr Brian Hackney, vice-president of the federation, said: "When the industry shrunk these government departments kept their units intact, consequently leaving us an ever-diminishing portion of the construction cake," he said.

"In 1976 the civil engi-

neering industry employed about 135 000 people. By 1985, the workforce had dropped to 90 000 and by August this year the total was 83 000."

To illustrate the decline in work volumes and margins, Mr Hackney said that in 1976, investment in civil engineering was R4,4 billion and from 1980 to last year, the figure had shrunk to R2,7 billion.

While construction men are hesitant to say whether the downturn is bottoming out, the total volume of work to be undertaken during the current year is estimated at R2,7 billion which, in

monetary terms, is only 2 percent up on the previous year.

"With a current inflation rate of at least 15 percent in the industry, the total amount of work by contractors during the year will further decrease in real terms by about 10 percent," said Mr Hackney.

He said the future of the contracting industry was being built on a "precarious platform, and he saw little relief in the round of retrenchments, insolvencies and far from satisfactory company results.

On the brighter side, though, given a more stable economic base, there are big projects down the line, such as the Lesotho Highlands Water Scheme, and the Mossel Bay and Synfuels ventures.

Mr Con Roux, immediate past president of Safcec, called for a greater involvement by private enterprise in the economy.

Mr Roux said: "South Africa has now reached the stage in its development which demands changes in the way in which work is carried out with accompanying decrease in public sector participation in the economy.

"Work undertaken by public sector bodies represents the ultimate in monopolies, since the elements of profit and fair competition are entirely absent."

New building system unveiled in Queenstown

32

Dispatch Reporter
QUEENSTOWN — Details of a new building system that can, it is claimed, reduce costs by up to 30 per cent, were revealed at Queenindustria here yesterday.

aging director of GR SA, Mr Alex Gerondas said: "We have been working towards today for the past 18 months, and I am happy to say that all our hopes have been realised."
"We have already re-

Time and costs could be reduced by 30 per cent or more compared with more conventional methods.

"Being a dry-stack system, building is not affected by weather as no mortar is used. Four

Builders must wait longer for better times — BER

INCREASED activity in the housing market, house prices to rise 15%, a continued decline in activity for building companies — and a contraction in the increased work being enjoyed by the construction industry.

These are the main 1987 forecasts from the latest building and construction industries survey from Stellenbosch University's Bureau for Economic Research (BER).

In spite of a slightly more buoyant mood among some sectors, BER says the building industry must wait at least another six months before business even looks like improving.

Total value of building plans passed in the first seven months of this year was 15% below the corresponding 1985 period.

"This indicates that the building industry is still in the downswing phase of its business cycle and is expected to remain so for at least another six months."

BER is encouraged by the 23% increase in value of plans for houses, but not by the 38% decline in plans for non-residential work or 20% fall in plans for additions and alterations.

Optimism muted

"Indications are that the residential building industry will be the first to experience an improvement in business conditions. It will, however, take some time for non-residential activity to improve."

Even in the residential field, BER optimism is muted. The over-supply of white housing is unlikely to diminish immediately, as more building society money is being directed towards people in lower-income groups.

Government's R750m package for low-income housing, meanwhile, will go mainly to upgrading black townships and on self-help housing schemes.

"The organised building industry will not receive direct benefits, but the turnover of manufacturers and merchants of building materials will be boosted."

Nevertheless, BER predicts that government intervention will increase real fixed investment in the residential sector by 7,8% next year. Investment growth by public authorities is likely to be about 16%, and 6,9% in the private sector.

Even with the over-supply of housing, BER predicts a steady rise in house prices next year. Prices have remained relatively stable this year, but real estate activity has increased in recent months, indicating renewed interest in the property market.

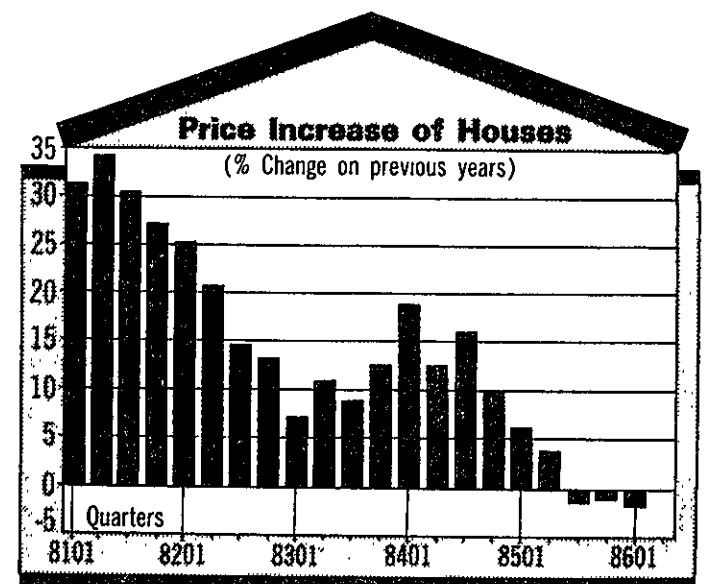
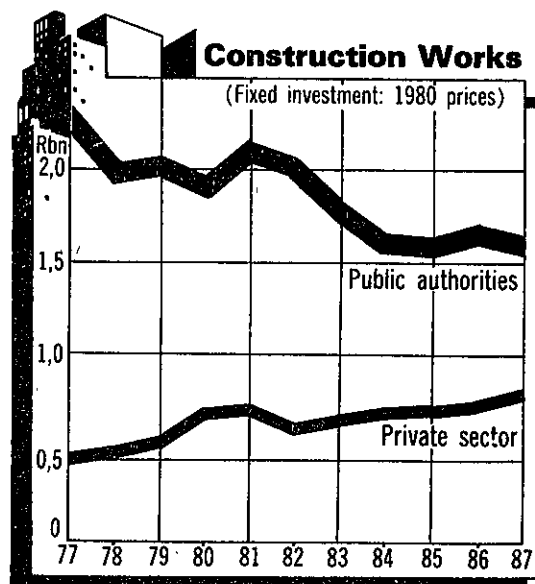
Modest price rises

"With interest rates on bonds below the inflation rate, we can expect a greater demand for housing during the next few months."

"With salary increases expected to remain below the inflation rate next year, potential buyers will not put too much upward pressure on prices. On an annual basis, prices should increase by an average of 15% during 1987."

BER says the severity of the recession in the non-residential sector is

DAVID FURLONGER/Industrial Editor



not fully reflected in the 1986 drop of 6,4% in the real value of fixed investment — a truer figure would be more than 10%.

It says institutional money was invested heavily in office blocks, shopping centres and industrial parks at the start of the 1980s. Now there is an over-supply of rentable space, which will take two years of normal growth to fill.

Rentals have dropped to levels where return on capital makes new investments unprofitable.

"Similar situations exist in industrial markets, where capacity utilisation is as low as 75%, with the result that many expansion programmes have been shelved."

It adds that few new projects are being undertaken by public corporations. Many parastatals have cut back heavily on planned expansion programmes.

The report is cagey on the effect of sanctions on the building industry, but

adds: "With some of the overseas companies selling their SA assets, growth prospects must be scaled down."

One area with potential for non-residential expansion is the townships, where BER says there is a critical shortage of shopping complexes.

"Provided that deregulation continues and that changes are brought about in the Group Areas Act, there is good growth potential for the building industry in these areas."

Construction hampered

"If it were made possible for white-owned companies to own property in black areas, the property markets and building trade in those areas are likely to become very lively."

Construction activity has been hampered by a steady decline in public-sector demand. Although 1986 is likely to be only the third year since 1975 in which the industry has exper-

enced positive growth, real activity is below that of 1971.

"The main reason for this long-term stagnation has been a gradual decrease in the amounts invested each year by the public authorities — the sector that traditionally accounted for two-thirds of fixed investment in construction works."

"In 1971, the private sector's share in construction works investment spending was 13%. In 1986 it is estimated to be approximately 27%, with most of the investment taking place in the mining sector."

The report adds that despite a more optimistic short-term outlook for the economy, "chances are that companies in the building and construction industries will have to tighten their belts even further."

"Following on the higher investment figures of 1986, the output of the construction works industry is also expected to contract somewhat during 1987."

New building system unveiled in Queenstown 32

Dispatch Reporter

QUEENSTOWN — Details of a new building system that can, it is claimed, reduce costs by up to 30 per cent, were revealed at Queendustria here yesterday.

The system of fully interlocking concrete building blocks, which means that houses can be put up without cement or mortar, was invented and developed in Canada.

The blocks are being produced and marketed exclusively in Southern Africa — the only other part of the world in which they are available — by the Queenstown-headquartered GR SA Corporation.

A group of 30 people from all over the country, including building society and bank managers, civil engineers, architects, and municipal officials, attended a demonstration here.

The Greek-born man-

aging director of GR SA, Mr Alex Gerondas said: "We have been working towards today for the past 18 months, and I am happy to say that all our hopes have been realised.

"We have already received a strong inquiry from the Development Bank of Southern Africa, one of the leaders in the field of self-help building," he added.

According to a spokesman, the interlocking block makes it possible for anyone — not just building contractors — to put up a building.

For self-help building schemes, advocated recently by the State President, Mr P. W. Botha, and already taking place in many parts of South Africa, the system held unlimited possibilities.

The system consisted of four different jigsaw-like blocks that, used in conjunction, made construction a simple task.

Time and costs could be reduced by 30 per cent or more compared with more conventional methods.

"Being a dry-stack system, building is not affected by weather as no mortar is used. Four unskilled workers and one supervisor can erect the wallwork for a 44 square-metre house in about six hours.

"However, the system is not only designed for low-cost housing. In Canada it has been proved that buildings of up to seven storeys can be built."

Said Mr Gerondas, whose brother-in-law invented the system: "Before we even produced our first block, we had already received substantial orders from South Africa and neighbouring countries.

"Although Queenstown is the first production area, plans are already well advanced to manufacture in the Port Elizabeth and King William's Town areas. We expect to move into other parts of the country next year.

"Our franchise and patent extend over the whole of southern Africa and it is our sincere hope that we can be instrumental in bringing about the availability of affordable housing for all those parts of the region where this is such a pressing need."

Plans are to turn out about 5 000 blocks at Queenstown in a single shift. Mr Gerondas added that production, which should be in full swing by the end of next month, could be stepped up if the demand called for it.

Indaba no to claims

DURBAN — The Natal-KwaZulu Indaba yesterday rejected allegations that it or its chairman, Professor Desmond Clarence, had "suppressed" certain documents or that the Indaba had been "guillotined".

Delegates expressed

"full confidence" in Professor Clarence and the way in which he was still performing his duties.

"The Indaba unreservedly repudiates unfair comments or imputations directed at the Indaba or the chairman."

— Sapa

EAST LONDON • MARGATE

Every Tuesday and Sunday with

wild coast air

Book with your local travel agent or

Tel: 03931, 22418/22325

FW 1/11/86
 LTA (32) 5/12/86

Only slightly brighter

The sharp improvement in LTA's performance for the six months to end-September will do nothing to brighten the gloom that surrounds both the group and the building and construction sector. The turnaround was achieved at financial rather than operating level. While the finance bill fell sharply from R6,7m to R2,9m, operating profits remained depressingly low at R7,3m (R8,4m) — and management sees little sign of improvement in market conditions.

LTA's share price jumped from 180c to 200c on Tuesday after announcement of the results. But it is too soon yet to expect any lasting recovery in the share, unless there are some breakthroughs that lead to currently unexpected write-backs and improvements in cash flow.

A paper-thin operating margin of 1,1%, on group turnover of R659m, bears testimony to the fierce battle still raging in building and engineering markets. Building companies are facing the end of an office building boom, the major engineering projects of the late Seventies have not been replaced, and the industry wallows in over-capacity.

Curiously, the fall in LTA's finance costs was not mirrored in its debt exposure, which rose to R30,9m from R26,3m at end-March, despite its having received a R26m injection from a rights issue of convertible prefs. But MD Colin Wood cautions against reading too much into this.

"In the nature of its business, LTA moves through an erratic debt cycle," says Wood, who adds that debt at end-March reflected a yearly low in the cycle. A more accurate measure, he says, is the annual average debt level, which is well down on the previous year.

Nevertheless, the financial structure has been improved at the expense of a potentially massive earnings dilution, when the holders of R26,4m prefs convert into ords between 1987 and 1992. And before that happens, LTA will need to service the pref equity at 10% annually, starting March 1987.

While analysts are not disregarding entirely LTA's recent return to profits, many are sceptical about further medium-term profit growth. "The benefits of lower interest charges and improved gearing are fully ab-



LTA's Wood . . . margins still thin

sorbed," notes one analyst. "And, while there is nothing to suggest the building market could improve soon, it is difficult to see where further growth will come from."

But LTA may yet surprise its critics, particularly as its ailing offshore operation is starting to look less disastrous than previously thought. Some R8m provided last year against offshore losses were written back to reserves at end-September, boosting net worth but having no impact on profits. Moreover, Wood tells me that part of a further provision of R28m could eventually also be written back.

The real impact of these write-backs will be felt when the cash they represent begins to flow into LTA's coffers to reduce debt and finance costs. That could give earnings the fillip many would like, but which few are expecting to see.

Neville Glaser

LTA CLIMBS BACK

Six months to:	Sep 30 '85	Mar 31 '86	Sep 30 '86
Turnover (Rm)	584	523	659
Pre-tax profit (Rm) ...	1,7	0,6	4,5
Attributable (Rm)	0,250	(0,035)	1,6
Earnings (c)	(36)	(103)	12

By Udo Rypstra

BUILDING contractors, going through their worst patch since the Second World War, believe an upswing may be around the corner.

A revival in the next few months will come as a God-send not only to contractors, sub-contractors, architects and quantity surveyors but to a declining labour force.

Several building companies, mostly small, have gone to the wall. The Building Industries Federation of South Africa (Bifsa) reports that 75 000 labourers have been paid off and another 25 000 are destined to join them if the economic rot continues.

High cost

Although an upturn will be good for the industry, it will be bad for those who plan to build next year.

Bifsa executive director Lou Davis says: "The building industry is at such a low ebb that even the mildest

Builders see signs that worst is over

SUNTIME 7/12/86
32

form of stimulation will drive the cost of construction through the roof as scarce labour and run-down material production resources enjoy the scarcity of value provided by great demand and served by limited resources."

The University of Stellenbosch's Bureau for Economic Research says an upswing in activity is normally preceded

by high turnover in property.

For the past few months, estate agencies have been reporting record sales in the residential sector.

Plans up

Another indicator that something is happening is that there has been a 23% increase this year in the val-

ue of house plans passed.

Building companies have been working at and below cost to keep their work force intact and stay in business. With up to 40 tenders for a single job, this kind of cut-throat competition is not unusual. A business revival would mean a return to profit.

The BER says building costs are increasing, but are still below the rate of increase in input costs. That loss could be made up before the middle of 1987.

The year-on-year increase in building costs was 13% for the third quarter of 1986, but may average out at 9,5% for the year. Next year, the BER says, the annualised figure could rise to 20% by December and average 15% for the year.

MACADAMS, South Africa's largest supplier of bakery and confectionery equipment which was recently listed on the JSE's Development Capital Market, has advised shareholders to exercise caution in dealings in the shares pending announcement of several acquisitions.

Arnold Resnick, chairman and joint managing director, says details of the deals will

Macadams talking

be announced in a few days.

"The acquisitions will not have a material effect on results for the financial year to February, but they will be of long-term strategic importance."

LTA in rush to complete road projects ³²

THREE LTA companies involved in major road projects for the National Transport Commission are rushing to complete as much work as possible to accommodate the holiday traffic.

Rand Roads, which has been rehabilitating 12km of the N3 between Hilton and Midmar, has

completed the R17,5m project nine months ahead of schedule.

LTA Earthworks (North) has virtually completed its R37m contract to re-construct 54km of the N3 between Warden and Harrismith. Two sections totaling 5km are still incomplete.

The third project involves two separate contracts on the N2 between George and Knysna being handled by LTA Earthworks (South), with a total value of R61m. The 15km section between the Kraaibosch Interchange and Kleinkrans is open to traffic.

SPAT 11/12/86

Building industry gets a boost

32

The demand for black housing and Government incentives for black home-owners have boosted the beleaguered building industry, the latest statistics from the Central Statistical Service for October this year show.

The value of building plans passed for houses in black urban areas soared by 41,6 percent in October this year compared with October 1985.

This increase has pushed up the total value of building plans passed to show an increase of 9,6 percent between October 1985 and October this year.

However, the total value of buildings completed is still declining.

Building plans for 4 486 dwelling-houses valued at about R187 million were passed this October, compared with only 2 564 plans valued at R138 million in October 1985.

There was a 54,3 percent drop in the number of plans passed for flats and town-housing. The cities hardest hit were Johannesburg, Pretoria and Durban.

The total value of buildings completed in October 1986 dropped by 16,7 percent compared with October last year.

However, residential buildings showed an increase of 9,6 percent, said the CSS.

Body alarmed at complaints about builders

12/12/86
N/A (32)

Mercury Reporter

THE Consumer Council has expressed alarm over the number of complaints it has received at its Durban office regarding home alterations, swimming pool installations and building work.

Mrs Stephanie Alberts, head of the council in Natal, said: 'It is time we warned the public of some of the pitfalls because many people are suffering financial loss.'

'The most common complaint is from people who have been kept waiting for months for a job to be completed.'

'It seems many builders are taking on more work than they can handle. They are greedy for work but cannot supply the goods,' Mrs Alberts said.

'The completion date

must be specified on the contract.

'It is also important to make sure the company in question is a reputable one. Ask for references and check them out.'

'It is not necessary to sign any quotations. We have had cases where this has happened and they have not seen a clause at the bottom stating that the document is legal and binding.'

'Most important is to insist on having all promises and undertakings in writing and to study the contract conditions carefully and don't agree to any clause you don't understand.'

'Also important is a full understanding of the guarantee. Demand to see it before signing the contract and make sure it specifies exactly what is covered,' said Mrs Alberts.

Township fillip for contractors (32)

CONTRACTS for township infrastructure have provided a fillip for the civil engineering industry. 17/11/86

But while recent improvements indicate a possible bottoming out, contractors are still working at one-third below their 1981/82 tempo.

Figures from the Federation of Civil Engineering Contractors (Safcec) show a

BUSINESS JANE STRACHAN

slight pick-up in prospects: the R215m of new civil engineering contracts reported in November brought the total for the year to date to R1,495bn, compared with R1,265bn in the same period last year.

● To Page 2 →

Township fillip for contractors

32 Taking inflation into account, the flow of work in real terms is now about on a par with the intake last year. This is an improvement on the situation earlier this year when the volume of new contracts was consistently below 1985 levels and indications were that 1987 would see a further decline.

Last month's new work incorporated a considerable amount of township contracts — R60m of roads, water reticulation and sewerage schemes. On the downside, the National Transport Commission's large 1986 programme has tapered off and only two national road contracts, totalling R10m, were recorded.

← ● From Page 1

32 The largest contract of the month was the R30m Escom award for the construction of part of the Matimba power station, near Ellisras. The job, the first new major Escom contract in several years, went to LTA.

Competition remains keen and tender prices are still said to be unrealistically low. Despite retrenchments and closures, construction capacity still exceeds work on offer, resulting in too many tenderers chasing too little work.

Safcec says the slight improvement in activity has brought about some shortening in the lists of tenderers and a hardening of rates.

LTA confident of construction turnaround in '87

S.M.K. (32)
18/12/85

By Frank Jeans

LTA is looking to 1987 with renewed confidence despite the fact that pricing will remain depressed in a background of fierce competition.

Mr Brian Hackney, chairman of the construction division, believes that while the building sector — it handled a creditable 49 percent of the division's work during the year — will continue to face tight conditions, company restructuring should secure a good share of work available.

LTA's civil engineering division, although badly affected in the line with poor conditions generally in this sector, "turned the corner" and came in with some good results.

Star performer in LTA was the earthworks companies, some of which already have full order books for next year and which contribute 35 percent of the construction operation.

A more positive aspect, too, comes from Escom's go-ahead for its power station network and LTA will be tendering soon

for the big one in the construction programme — Majuba.

The group will also be bidding, along with overseas partners, for the R30 million Saicor pipeline at Umkomaas.

Taking an overall view, Mr Hackney says: "I don't think the industry has reached the bottoming out stage yet."

There is no doubt, though, that the latest lowering of interest rates must inevitably spin off into greater investment which, in turn, will give added impetus to building and construction.

"We will then be on the way up," says Mr Hackney.

● As holidaymakers gear up for the Christmas rush it will now be almost all clear on the heart-break stretch from Warden to Harrismith on the Durban road.

● LTA Earthworks (North) has virtually completed the R37 million, 54 km contract and has made up time after 18 days of rain which interrupted work.

LTA's Rand Roads has also completed the rehabilitation of the Hilton to Midmar stretch and the George to Knysna link.

Hard-hit builders ask PW for help

32

SMK
19/12/86

By Frank Jeans

The building industry, still in the grip of a slump which might well continue throughout the coming year, has appealed to the State President for relief.

Mr Peter Jacobsen, president of the Building Industries Federation (Bifsa), said in the federation's journal, *SA Builder*: "We have made direct representations to P.W. Botha offering, among other things, our support and know-how in the field of housing."

In addition to problems such as bankruptcies, plunging work volumes and unemployment training of employees had dwindled alarmingly.

Building-material suppliers had been forced to mothball or abandon development and expansion.

"When an upswing does eventually occur, this could keep the industry in an equally sad state if the problems of shortages of building materials, an inadequate supply of skilled labour and the lack of capable management are not resolved."

The formal and informal sectors of building had a significant role to play in resolving the housing problem.

"Although the Government is keen to see the informal sector participating in housing through self-help and site-and-service schemes, the formal and organised building industry could be allowed to break the back of the problem of supplying mass housing schemes."

Value of house plans passed soars to R186m ⁽³²⁾

MICK COLLINS

AN UPTURN in consumer confidence has seen the value of building plans passed for new houses in October soar to R186m.

This compares well with the monthly average for the first 10 months of 1986 of only R140m.

Building commentators say the trend is a sure sign of positive influences on the market and means that if compared with October 1985 the index has increased by 41,6% for the month.

Figures released by the Federated Chamber of Industries (FCI) show this is the second highest monthly increase since January 1985 and is also the highest monthly value.

"It would seem as if the increase in the value of building plans passed for houses has stabilised and that some influence is filtering through to the value of houses completed," an FCI statement says.

The value of other building plans passed, however, declined by 7,3% in October bringing the increase for total building plans passed in the month to 9,6%.

The value of dwelling houses completed during October increased by 9,3%, which is higher than the 8,2% of September and equal to that of August. It is also higher than the average decline recorded for the 10-month period of 2,8%.

The value of other buildings completed declined by 27,9% in October bringing the decline for the value of all buildings completed in the month to 16,7%, which is a larger decline than the average for the ten month period of 2,1%.

WEEKLY STATISTICAL REVIEW

12 December 1986

1. BUILDING STATISTICS

	Month	October	Change	Total: January to October		
	1986	1985		1986	1985	Change
	R'000		%	R'000		%
Building plans passed						
Dwelling houses	186 553	131 727	41,6	1 405 979	1 156 736	21,5
Other	232 429	250 672	- 7,3	2 070 394	2 855 496	- 27,5
Total	418 982	382 399	9,6	3 476 373	4 012 232	- 13,4
Buildings completed						
Dwelling houses	113 556	103 903	9,3	1 093 793	1 125 162	- 2,8
Other	174 085	241 394	-27,9	2 036 727	2 073 608	- 1,8
Total	287 641	345 297	-16,7	3 130 520	3 198 770	- 2,1