

MANUFACTURING — CHEMICALS AND PRODUCTS
1983

JANUARY — AUGUST

A settlement is reached on Triomf retrenchments

Labour Reporter

A settlement has been reached in the dispute between the SA Chemical Workers Union and the Triomf fertiliser firm over the retrenchment of workers last November at the company's Potchefstroom factory

The union which is affiliated to the Council of Unions of South Africa, had accused Triomf of having unlawfully victimised workers

About 60 workers, mainly union members, were retrenched by Triomf, and the SACWU applied to the industrial court to take action against the company

Triomf's chairman, Mr Louis Luyt, ordered an investigation into the lay-offs

and last month said in a statement that there had been administrative errors in the retrenchments

The secretary of the SACWU, Mr Danny Tau, said this week he had met Mr Luyt to discuss the dispute and the negotiations resulted in a settlement

In a joint statement the union and Triomf said a settlement had been reached but no details would be released

The union had also protested about the manner in which the laid-off workers were allegedly later removed from their hostels by administration board officials and Triomf security staff

Acid factory to expand

BUTTERWORTH — The only factory in the world making tartaric acid synthetically and the only one in the Southern Africa making malic acid also synthetically, is being expanded at a cost of R0,5 million

The president of Transkei Chamber of Industries and the owner of Butakem Company, which manufactures the food acids, said yesterday that since his factory was established in 1974, the employment figures jumped from 74 to 175 Transkeians

Mr Robert Fowlds said because of his factory's unique techniques the acids were being exported to places like the United Kingdom, Americas, Denmark, Austra-

lia, Italy, Germany, Israel, Spain, Portugal, Mauritius, Mozambique and Malawi. That created foreign exchange for Transkei, he said

He said the factory was presently under expansion costing R0,5 million and hoped that it will be completed in June this year. The expansion will create an additional 35 work opportunities for Transkeians

Mr Fowlds said the factory had embarked on job training because there were few Transkeians trained in chemical industry work and the factory had its own engineering section where all maintenance and construction of plant and equipment was carried out — DDR

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Luyt
settles
labour
dispute

By CHRIS FREIMOND

THE chairman of Triomf Fertilizer company, Dr Louis Luyt, intervened personally to settle a labour dispute involving retrenchments at the firm's Potchefstroom plant

Dr Luyt's intervention enabled the matter to be settled out of the industrial court. A spokesman for the South African Chemical Workers' Union (SACWU), whose members were involved, said yesterday a settlement condition was that details were kept from the media.

But the union — affiliated to the Council of Unions of South Africa (Cusa) — said SACWU was "very happy" with the settlement. Late last year SACWU applied to the industrial court for an order against Triomf for allegedly "unlawfully victimising workers" and for the reinstatement of the sacked workers. The union claimed:

- The company had committed an "unfair labour practice" by retrenching about 60 of 800 workers at its Potchefstroom plant — including SACWU's entire branch executive committee,
- The company had tried to have workers removed from the area in terms of influx control laws, and,
- Company security guards had assaulted workers.

The settlement coincides with last week's historic industrial court ruling ordering an Olifantsfontein company to reinstate 51 dismissed workers.

The case was brought by the Metal and Allied Workers' Union (Mawu) — a Fosatu affiliate — and 51 migrant members against the firm Stocks and Stocks and its holding company, Stobar Reinforcing.

The respondents had asked for the temporary reinstatement of the workers because they alleged their sackings had been unfair.

Top labour sources this week described the order as "heartening", but said it was difficult to say exactly what its effect on labour relations would be.

Foskor exports beat world glut

By BRENDAN RYAN

PHOSPHATE Development Corporation (Foskor) cracked the export market for phosphate rock in the year to June 25, 1982, when it exported 15 000 tons (previous year 20 000 tons) in spite of a world-wide glut

The chairman, Dr J P Kearney, says in his annual review "Foskor was successful in selling at favourable free-on-rail prices in Europe, the Far East and in Southern Africa. This has been achieved notwithstanding the higher freight cost from South Africa compared with traditional suppliers to these markets from North Africa and the United States".

The export programme was undertaken to maintain Foskor's production at reasonable levels because of depressed sales on the domestic market which have not yet bottomed, according to Dr Kearney.

Because of the exports, total sales by Foskor declined by only 3% to 2 799 000 tons from the previous year's 2 721 000. Turnover rose 8,7% to R3 375 000, but net income after tax for the year dropped to R12 664 000 from R13 767 000.

Dr Kearney says world-wide recession has led to a surplus of almost all forms of fertilisers. Several large phosphate mines in the United States have been forced to close down or curtail production. In spite of these cuts the United States has a six months' stockpile.

Phosphoric acid exporters Triomf Fertilisers and Fedmis encountered marketing

problems in the year and exported only 230 000 tons as phosphorous pentoxide in 1981 compared with 430 000 tons in 1980.

Exports of phosphoric acid are not affected by exports of phosphate rock as Foskor is the only producer in the free world which can offer volcanic apatite on the world market which, because of its low organic content, is highly suitable for speciality phosphates.

Foskor claims it has made a significant contribution to South Africa's agricultural sector by keeping the controlled price of phosphate rock constant over the past three years. The price has de-

clined by 32% in real terms in the four years to June 25, 1982.

The price contribution of phosphate rock to the average South African farmer's fertiliser cost is only 5,1%. Foskor's price is among the lowest in the world because of the company's policy of determining the price of phosphate rock for the domestic market on the cheapest source of rock.

This source is the phosphate-bearing tailings from neighbouring Palabora Mining and R30-million has been invested in mine development to make sure these tailings will be available from Palabora until the end of this century.

Foskor's big jump in exports

By Stephen Orpen

A PRODIGIOUS leap of 475% from 20 000t to 115 000t in phosphate-rock exports has been achieved by the Phosphate Development Corporation (Foskor) in its latest financial year.

This is revealed by chairman Dr J P Kearney in the annual report, released this weekend.

New markets were developed in Europe, the Far East and Southern Africa, and Foskor is now the only producer in the free world which can offer "volcanic apatite" to the world market.

The cost of one of the most important inputs in the domestic fertiliser industry, phosphate rock, has been kept even in the past three years. Meanwhile, price has declined by 32% in real terms.

Foskor's consolidated net income after tax for the year to July 1982 was R12,7-million compared with R13,8-million the previous year after the decline in sales of phosphate rock had been limited to only 3% in spite of the collapse of the international phosphate-rock market.

Dr Kearney says that the worldwide recessionary conditions have led to a surplus of almost all forms of fertiliser.

Several large phosphate mines in the United States have been forced to shut down or curtail production

Despite these cuts the US has a six-month stockpile.

The phosphoric-acid exporters, Triomf Fertilizer and Sentrachem's Fedmis, have had problems with marketing, leading to a further reduction in exports.

During 1980 430 000t of phosphoric acid was exported (230 000 in 1981).

As a relief measure for domestic phosphoric-acid exporters, Foskor supplied phosphate rock at a lower-than-contracted price to Triomf and Fedmis as in the previous financial year.

Dr Kearney feels the domestic phosphate industry has yet to strike a floor.

In the short term it is difficult to forecast to what degree the wide-spread drought conditions together with the increases in interest rates will affect the local sales of fertilisers.

Present indications are that there will be little growth in this sector of the market.

Negotiations are continuing with Palabora Mining Company to make available the slimes fractions of phosphate-bearing tailings, from which Foskor will then be able to produce an additional 500 000t of phosphate rock annually.

Foskor has already invested R30-million in mine development to ensure the uninterrupted availability of phosphate-bearing tailings from Palabora Mining Company to the end of the century.

During the year an increase of 3% was achieved in ore processed, with a corresponding increase in the production of concentrates to more than 3-million t.

Domestic offtake rose 2% to almost 1,77-million t. Sales of phosphate rock for the production of phosphoric acid for the export market decreased by 20% to 839 000t. Yet the direct export of phosphate rocketed to 115 000t.

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Explosive situation

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Sowetan

By JOSHUA RABOROKO

ABOUT 300 African Explosives and Chemical Industries' Employees in Sasolburg yesterday entered their fifth day of work stoppage in protest against two white supervisors who they claimed use abusive language when addressing them

Workers interviewed said the two white men have also been responsible for the unfair dismissal of several workers retrenched in the plant recently. They maintain the dismissals were not connected to the country's economic recession.

The company's production manager, Dr P C Ashwell, yesterday confirmed the stoppage and said workers' representatives were busy negotiating with management.

Saawu talks raise hopes of new deal

By STEVEN FRIEDMAN
Labour Correspondent

THE unregistered SA Allied Workers' Union has taken part unofficially in industrial council negotiations in the explosives industry — a move which has prompted intense interest among labour observers.

And it appears that Saawu's participation in the talks may herald the beginnings of a new national bargaining deal between AECL, the only employer on the council, and two emerging unions — Saawu and the SA Chemical Workers Union.

This may see unregistered unions negotiating national wage minima with the company without joining the council.

Saawu is against councils and is seen by many employers as "militant".

But late last year Saawu accepted an invitation from AECL to take part informally in the council negotiations which set minimum pay and conditions at the company's Modderfontein, Umbogintwini and Somerset West plants.

Many of the unions on the giant metal

industrial council also belong to the explosives' council.

As an unregistered union Saawu may not join a council or take part officially in its negotiations. But these unions can take part unofficially and this has occurred in the garment, motor assembly, and metal industries.

Saawu was represented at the negotiations by general secretary Mr Sam Kikine and national organiser Mr Herbert Barnabas.

Mr Kikine yesterday confirmed this, but added that the union had "made it clear that we were not taking part in the council system — our role in the negotiations took place outside the council."

Saawu he said, had not signed the council agreement as it refused to be a party to councils. But he said it had been responsible for moving minimum wages from the R311 a month accepted by "the ja-baas unions" to R326 a month.

He said Saawu expected recognition at AECL's Umbogintwini plant soon. He added that it would not take part in council negotiations in future.

"AECL want to negotiate wages na-

tionally and we are prepared to do this. We are not the hard-liners some people say we are and are prepared to compromise.

"But we will not negotiate through a third party like an industrial council. We are a democratic union and will negotiate where we can listen to our members' wishes."

Mr Ben Nicholson, immediate past chairman of the council and a leading metal unionist, said established unions on the council had played a role in persuading Saawu to take part.

"They not only took part fully, but also agreed to invoke the council disputes procedure when the talks were deadlocked. There were some rough moments, but we are pleased they took part."

It is understood that AECL now plans to negotiate with both Saawu and the registered Sacwu on a permanent national wage negotiating structure.

Talks will take some time and will be aimed at enabling emerging unions to take part in national pay bargaining without necessarily joining the council.

Court acquits father in car case

By JOHAN BUYS

A WELL-KNOWN East Rand police officer and fugue administrator, Captain Amos Spies, was acquitted yesterday on a charge of defrauding the State by failing to report an accident in which his son — a detective with the same branch — was involved. According to evidence in the Benoni Regional Court, Capt Spies son Detective Sergeant Andre Spies, 27 of the Van Ryn Police Cottages, was involved in an accident in a police car on Nigel Road, Springs, on April 22 last year, while on a private trip, but later reported the accident as having happened in Benoni. The State claimed that Capt Spies — who was his son's immediate superior at the time of the accident — was aware of this, but did not report it as required by departmental rules.

Capt Spies, 47, of Cliveden Road, Casselale and his son appeared in the Pretoria Regional Court on Wednesday on a charge of fraud, attempting to defeat the ends of justice. Sgt Spies pleaded guilty while Capt Spies pleaded not guilty. Sgt Spies was fined R500. Capt Spies was tried separately yesterday.

Detective-Sergeant Nico Vlok of the Brakpan Murder and Robbery Squad told the magistrate, Mr Kotze, "A police car was booked out to me on April 21. I handed the car to Detective-Sergeant Spies."

"The following morning I phoned to say he had been involved in an accident. I told him to report it and meet me at the office, accompanied him to Wilmot Park, where the vehicle was parked. There was some damage to the right bumper of the car."

Sgt Vlok said he informed Capt Spies of the accident and that his son, who was driving the vehicle, had it repaired privately. Cross-examined by Mr T. Grobbelaar, for the defence, Sgt Vlok agreed it was possible he did not inform Capt Spies but thought about it.

The magistrate, Mr Kotze, said the State had to prove on a balance of probabilities that the accident had happened in Benoni.

Woman tells of ordeal in car boot

STELLENBOSCH — A young Stellenbosch woman told a magistrate yesterday that she was smuggled back and forth to her work in the boot of a car for more than three weeks out of fear of her former husband.

She gave evidence against her former husband, a Frenchman Patric Maurice Jear Masue, 30, who was sentenced to 30 days' imprisonment suspended for three years and warned not to violate a Cape Supreme Court order prohibiting him from contacting his ex-wife.

Mrs Emmerentia Masue said her ex-husband had told her earlier that he would kill her if he should find her alone.

Every day after that he would wait outside her place of work in his car. On occasion it seemed Masue had slept in the car.

She had fled from Masue in Switzerland in August last year as he continuously assaulted and threatened her.

On arrival in South Africa, Mrs Masue wrote him a letter and this helped him to trace her. He molested her at her place of work where he walked up and down corridors screaming and shouting.

"I had to travel down to the basement by lift every day and be smuggled out in the

Dairy products shortage will hit SA, say farmers

Pretoria Bureau

SOUTH Africa is heading for a long-term acute shortage of dairy products unless the industry is made more rewarding for farmers.

That is the warning that will probably be given to the Government after a meeting of the dairy committee of the SA Agricultural Union in Pretoria earlier this week.

The committee has made price increase recommendations to the Dairy Board.

A senior delegate at the meeting said yesterday dairy farmers were still opting out of the industry in disturbing numbers, because their production cost increases were not being adequately compensated for by price adjustments.

During the past 12 months production costs had risen by between 18% and 20%.

There were other types of farming with greater re-

wards and less risks than the milk production operation, it was stated.

The prices of dairy products were last increased in July 1982 — milk by 12.7%, butter by 16.4% and cheese by 15%.

However, according to sources in Pretoria, no matter how strong the justification for substantial increases, the Cabinet is unlikely to approve any increase much greater than 10%.

Cut airfares and fly our way, commerce tells SAA

Mail Correspondent

DURBAN — Airfares should be cut and flights marketed aggressively, South African Airways was told at a recent meeting of the Durban Chamber of Commerce.

The meeting called for new customs procedures to cut delays for overseas passengers in transit at Jan Smuts Airport.

A late night Airbus-combi flight with "greatly reduced fares" from Durban to Johannesburg was being considered, Mr P C du Plessis, SAA director of planning and finance, told the meeting. It would carry 25 tons of cargo and fill the need left by the cancellation of the nightly air cargo service.

Painting a picture of declining passenger numbers, Mr Du Plessis said that of the 2 100 available seats on flights leaving Durban daily, just over half were filled. Only early morning and later afternoon flights were heavily patronised.

He said Tuesday's direct Boeing 737 flight to Cape Town averaged 50 passengers with 60 to 70 on the northbound flight and the Airbus carried only a fraction of its load.

The link between Kimberley, Bloemfontein and Durban "was poorly used".

Mr Du Plessis said flight-frequency reduction was not being considered, although a close watch was being kept on the Cape flights.

He said reduced fares were available on late night and weekend flights and family excursion fares. Fare cuts on off peak day flights were being considered.

The chamber asked SAA to avoid problems with customs clearance at Jan Smuts Airport which meant that passengers missed connecting flights.

Mr Du Plessis said SAA was discussing this issue with the Department of Customs and Excise.

Long-term prisoner is on the run

Worker is ^{CAPC Times 31/1/83} burnt at ¹⁸³ oil refinery

Own Correspondent

DURBAN — A fitter is fighting for his life after receiving burns when a fire broke out at the Shell-BP oil refinery here on Saturday

He was identified only as a Mr Van der Merwe who was doing maintenance work on the plant. He received burns to 85 percent of his body and is in the intensive care unit at St Augustine's Hospital.

"Mr Van der Merwe is badly burned over most of his body and is critically ill," a plastic surgeon said yesterday.

Shell-BP's managing director in Durban, Mr Peter Tiso, said the fire had been caused by a "gasoline flash" about 10.30 am.

"It was just one of those things that can happen at any time. A flange was opened and there was an ignition," said Mr Tiso, who estimated damage at about R2 000.

Sasolburg strikers now back

By JOSHUA RABOROKO

ALMOST the entire black labour force of African Explosives and Chemical Industries in Sasolburg who went on strike in support of sacked colleagues, yesterday returned to their jobs.

The company's acting production director, Mr F Bartie, told The SOWETAN that workers returned after discussions between management and the officials of the South African Chemical Workers' Union.

Some workers who were sacked after a misunderstanding will be re-employed as 'new workers' with certain concessions regarding the condition of employment, according to Mr Bartie.

Trouble at the company started last month when there was a work stoppage by employees who lodged grievances to their management and demanded the removal of an acting supervisor.

This was followed by a series of work stoppages during which management asked em-

ployees to resume work while their complaints were being investigated.

But the workers became firm and still refused to work after management had warned that if they did not resume work that would mean they have terminated their services with the company.

"All the employees stood and left the factory premises after the warning, thereby indicating that they were not prepared to work," Mr Bartie said.

On Monday most of the workers refused to work and were standing at the main entry of the factory. Further discussions were held to try and reach an early settlement.

After these discussions the workers resumed work and "everything has been reported to be running quite smoothly."

A spokesman for the Oranje-Vaal branch of the SACWU said workers agreed to return to work after the discussions, but workers have assured them (Union) that they will 'move out' again if the management continues to harass them.

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● Professor Harry Seftel and his TV set given to him as a gift. Prof Seftel, one of South Africa's best-known doctors, admitted this week that he had accepted the set from a drugs salesman as a return for a favour.

"I knew it was wrong," he said in his office in the Department of Medicine at the vast Johannesburg Hospital. "It was illegal for me to accept payment in cash or kind from someone outside the university — I am a public servant."

Prof Seftel confessed that the gift had endangered his career. He told the Sunday Express.

"I had misgivings at the time. This could be my ruin."

"I am a public servant but the salesman from Continental Ethicals offered me a TV set for testing a product for his company and I accepted because as far as I knew everyone else was doing it too."

"Now this one incident could seriously damage my credibility and the causes to which I have committed my life."

When confronted with evidence that his name was one of many which appeared as recipients of gifts from the pharmaceutical company that rapidly rose to become one of the biggest suppliers of drugs to State and provincial hospitals, the tall, lean professor said:

"When you asked me about this gift on the phone I spent a sleepless night. It is the most horrendous thing that has ever happened to me."

In the phone conversation this week Prof Seftel avoided

Prof Seftel's name was one of those which came to light during Sunday Express investigations into the operations of a group of pharmaceutical companies until recently headed by Mr Isaac Kaye but now part of South African Druggists.

The professor said he had tested the effectiveness of a product from America that the local company hoped to introduce to South Africa.

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I'm not the only one, says scandal Prof

PROFESSOR Seftel yesterday accused many of his colleagues of accepting rewards from drug companies and called for tighter controls on the clinical testing of medicines for such companies.

The proposal came yesterday in a statement, issued spontaneously to the Sunday Express in which he elaborated on his acceptance of a TV set in return for doing a clinical trial of a potentially useful medicinal compound.

He congratulated Dr Wilmar Utting for bringing to the open a situation in his country which for too long has been surrounded by a veil of hypocrisy.

On the one hand we have the pharmaceutical industry which is almost entirely responsible for the invention of new medicinal agents. In the final analysis these agents must be properly tested in clinical trials to determine whether they are effective and safe and the pharmaceutical industry has consid-

erable funds or resources to sponsor such trials.

"On the other hand we have the hospital doctors like myself who for practical purposes are virtually the

the results of which are potentially of immense value to the pharmaceutical industry. It is imagined that he is some kind of modern angel who will selflessly strive for

a clinical trial and that most, if not all, received such rewards.

"Indeed I challenge any doctor to prove otherwise."

He proposed a new system which would stringently scrutinise and supervise the conduct of such trials.

This would ensure that only properly designed trials of academic or practical merit are permitted and that proof be provided that such trials are in fact feasible and capable of being brought to completion.

Currently the majority of trials are simply promotional devices designed simply to increase or facilitate the prescription of medicines whose properties are already known.

"Another essential requirement is that the results of clinical trials be published."

In the case of the compound I tested, the results were negative. The findings were published in the British Medical Journal and the substance was effectively 'killed' for the purpose for which it was supposed to be useful.



Company directors confess: How it was done

only people who can do the testing properly. Such testing is usually very demanding in time and effort of the clinical trialist.

"It is expected that the doctor whose salary is less than magnificent will without reward sweat and strain to conduct a perfect trial,

the good of mankind and adhere strictly to his contract of employment which forbids him to accept one cent in cash or kind other than his salary.

Prof Seftel said the reality was totally different. He was certain every doctor expected to be rewarded for doing



EACH CIGARETTE

MEDICAL PAYOFF SCANDAL

Goldberg's cracked the whip in Kaye's empire

A CENTRAL figure in the rise of the Alumna group of companies was Mr Max Peter Goldberg, the ambitious young man beside Isaac Kaye

It was he who cracked the whip, kicked backside, exposed mistakes and gained the hatred of some of his colleagues in his drive to impress the board of directors and climb to the top of the Alumna empire

"I pulled Kaye's companies together as soon as I took over the financial side," Mr Goldberg said this week

"I'm meticulous and have a memory like an elephant. And I'm cheeky. Sure, I kicked backside Isaac had a good man in me. I am a very good salesman, I have a flair for business. I'm efficient and get things done. Top officials in Pretoria such as Dr Grove and Dr Scheepers (director and deputy director respectively of Transvaal hospital services) would phone me for advice. They knew I would sort them out"

Soon after Mr Goldberg joined Mr Kaye he became the accountant in charge of the books of all the companies

"Isaac Kaye had pizzazz, a fantastic gut feel for a gap or a deal. He's a people's man, a smooth talker

"He knew everyone in Pretoria. If he needed to get to know someone he got to know them, even if he had to go through a ten-foot wall," Mr Goldberg said

He and Mr Kaye had planned years in advance where their group was going. They planned it all, he said, who would buy it and even what they would pay

"I said to Isaac Kaye we could get about R10,5-million but when he handled the deal with South African Druggists he managed to get R12,7-million. I don't know how he did it

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Whether it was worth what they paid I would not say"

He commented on the presence of Professor A J Brink of the University of Stellenbosch and Dr Carel de Wet, former ambassador to London, on the board of a major subsidiary company, Labethica

"Kaye cannot speak or understand Afrikaans. He used people of esteem to help him meet top people in Pretoria. You know, having an Afrikaner on the board is like open doors," he said

asked about gifts to doctors and officials, he said he would regard anything costing more than R100 as unacceptable

If there had been particular gifts made by the company, Mr Kaye would have approved them, not he

He said Mr Kaye, when TV started, had got 20 sets as a bargain and had offered them to medical friends, senior officials and Government contacts at the discount price

Mr Kaye paid in cash for 18 of them. Whether he had collected the money from the various recipients or was paying it in himself, Mr Goldberg did not know

"I didn't ask, it was not my business. As far as I was concerned all I wanted was to square my books," he said

For two of the sets Mr Kaye collected postdated cheques from the recipients, one of them Dr G Scheepers, deputy director of hospital services in Pretoria

Pressed to explain various invoices, letters and memos signed by himself, Mr Goldberg sprang to his feet and said "When your boss tells you to do something you do it, you don't ask questions, do you understand?"

From Page 1

Medical men confess: We took company gifts

Development Corporation, the umbrella company for the pharmaceutical empire owned by Mr Kaye and his partners

Mr Barney 'Dusty' Miller, who has since emigrated to London where he runs a British-based pharmaceutical company controlled by the partners

Mr Richard Lurie, ex-president of the Johannesburg Stock Exchange

Mr David Tabatznik, millionaire boss of a private hospital and nursing homes empire

Health and ambassador to London. He also accepted a directorship and fees

Dr Hennie Grove, director of Transvaal hospital services and his deputy, Dr G Scheepers who were both assisted to buy TV sets by Mr Kaye. Dr Grove said they had repaid Mr Kaye for the sets

Dr Scheepers could not be reached for comment

Mr B D T Boshoff, member of the Transvaal Provincial Council who was later employed by the company as its

yes, he did go on such a trip. He acted, he said, as a consultant on some drugs

Dr de Wet described his directorship as "something of a mistake"

"Dave Tabatznik approached me soon after I got back from eight years in London. I might have received a director's salary, but I was never active in the company. While they might have wanted me to do introductions in government circles I cannot recall ever having got round to it," Dr de Wet said

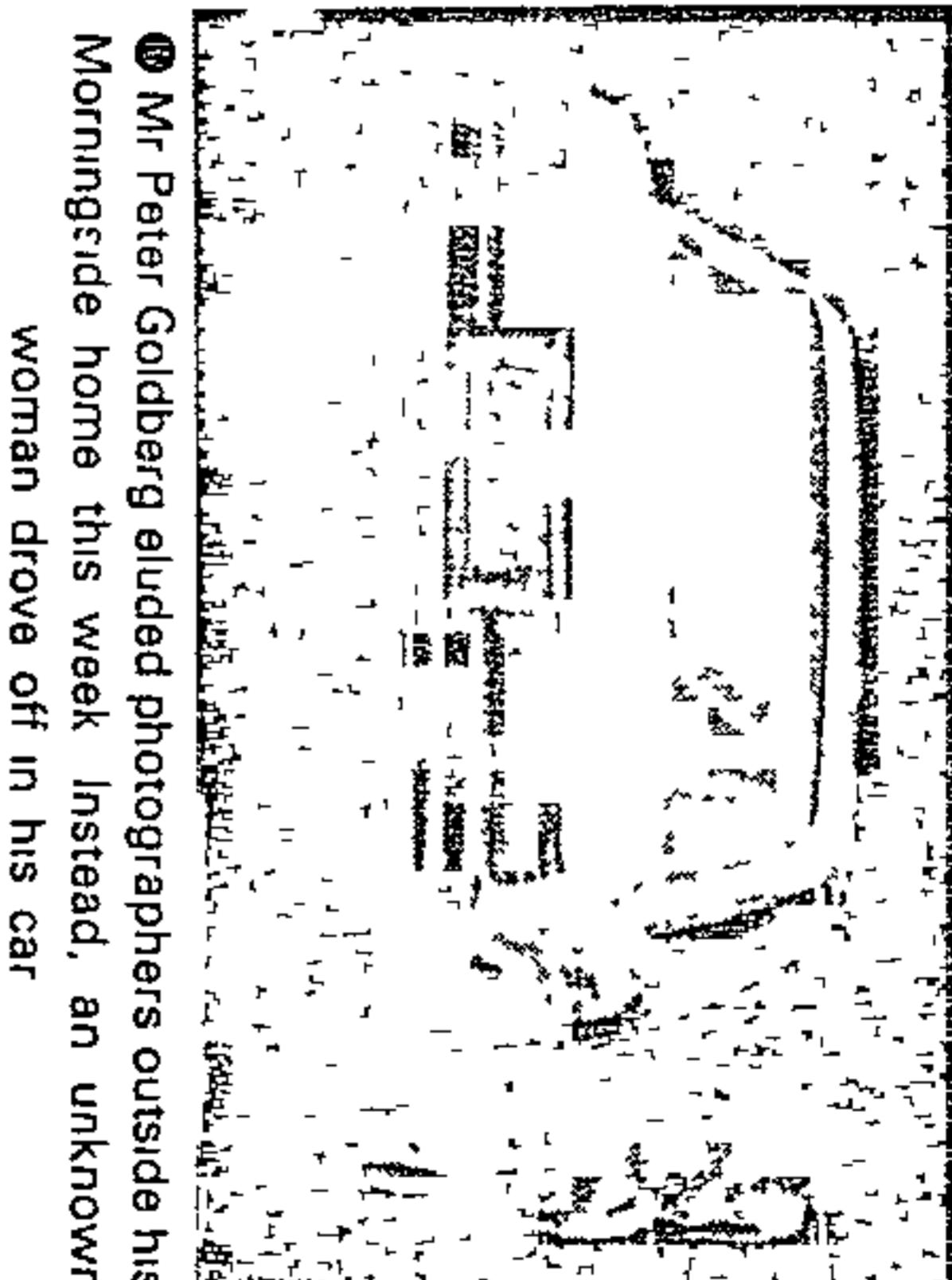
Mr Boshoff, in Cape Town for the open-

were made to advance the interests of the company

Mr Tabatznik said that while he and Mr Lurie had together been major shareholders in all the companies they had been directors in only one, Labethica, where he had regularly attended directors' meetings

"In the company for which I was responsible as director I do not believe such practices took place. I would never have permitted them"

Mr Tabatznik was a member of the



Mr Peter Goldberg eluded photographers outside his Morningside home this week. Instead, an unknown woman drove off in his car

Special reports by
MARTIN WELZ
and
WILMAR UTTING

Now 'I'll talk' medic closes up

A DOCTOR whose name is listed as a recipient of gifts in Mr Isaac Kaye's company books agreed to discuss this yesterday with the Sunday Express — but then cancelled the appointment, saying "I have thought about this and have decided to say absolutely nothing about the matter"

Dr G Clennar is named in the records of Continental Ethicals as having received as a gift the payment of two bills totalling R530 in July and August, 1977 for the renovation of his swimming

pool by Field and Du Toit, a company in Craighall, Johannesburg

The firm's bookkeeper, Mrs Midge Field, confirmed this week that according to her invoice number 7672 dated June 13, 1977 the firm had sand-blasted and re-marbled the swimming pool of Dr G Clennar at 46, 6th Street, Lower Houghton, for a fee of R530

According to her records the account had been paid with two cheques from Alumna Development Corporation cheque number 66670

for R300 dated July 19, 1977, and cheque number 67027 for R230 dated August 24, 1977

Telephoned on Friday at his Rosettenville surgery, Dr Clennar said "I don't know what this is all about"

He added "I have no record of anything like that. I really feel I must take this matter further"

Dr Clennar agreed to meet the Sunday Express, but yesterday he refused to keep the appointment, saying "You have no right to publish this without my permission"

TOP MEDICAL WHEN CONTESTS

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Drug companies gave us trips, shares and TV sets

By MARTIN WELZ and WILLMAR UTTING

PUBLIC officials and doctors in official positions accepted gifts and favours from a group of pharmaceutical companies that rocketed to success as a major supplier to South African hospitals.

The companies were the Alumina Development Corporation, headed by Mr Isaac Kaye, and its subsidiaries, which later merged with SA Druggists.

Gifts traced by the Sunday Express in the course of a two-month investigation included TV sets, overseas trips, swimming pool equipment, imported chandeliers and parcels of shares, and payment of credit card and garage accounts.

They even included in one case a hunting rifle from Austria and in an-

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THE GIFT TO HARRY SETTEL — Page 3
SHARES FOR HOSPITAL OFFICIALS — Page 4

other an expensive toy for a model boat enthusiast.

The practice was described by doctors as widespread and blatant while Mr Kaye headed and controlled the Alumina group. It continued for at least some time after Alumina merged with South African Druggists.

Mr Peter Goldberg, group secretary and Mr Kaye's right-hand man, admitted the practice but said Mr Kaye had personally to approve every gift or payment.

"I saw to it that he signed for them to cover my back," he said.

Among those who confessed to taking

gifts from Mr Kaye's companies was Professor Harry Settel, professor of medicine at the University of the Witwatersrand.

"What I did was wrong," Professor Settel said about the TV set he accepted from Continental Ethicals in 1976.

"Now my career could be ruined."

Another was Mr Jack Nicholson, senior official in the Natal Provincial Administration in charge of hospital supplies.

"I was naive," he said. After being interviewed by the Sunday Express he returned to SA Druggists 500 shares which he had been given in 1979 and sent a cheque to repay a gift he had received from officials of the company a year later.

Dr G Clennar, who practices in Johannesburg, is listed in company records as having renovations costing about R500 to his swimming pool. Dr Clennar at first agreed to discuss the matter but later said he had decided to say absolutely nothing.

Dr Hendrik Krige, a Johannesburg radiologist with a major practice run at five different consulting rooms in the Northern suburbs, admitted he had accepted a Far East tour for himself and his wife even after the SA Druggists takeover.

"I think they helped me with R500 towards our tour in September, 1978 because they hoped I would buy their product — or maybe because I was a good customer. I can't remember whose X-ray film I was using at the time at the time."

Employees and former employees of the group told the Sunday Express the systematic gift-giving was seen as an essential part of an

A CENTRAL figure in the rise of the Alumina group of companies was Mr Max Peter Goldberg, the ambitious young man beside Isaac Kaye

It was he who cracked the whip, kicked backside, exposed mistakes and gained the hatred of some of his colleagues in his drive to impress the board of directors and climb to the top of the Alumina empire

"I pulled Kaye's companies together as soon as I took over the financial side," Mr Goldberg said this week

"I'm meticulous and have a memory like an elephant. And I'm cheeky. Sure, I kicked backside Isaac had a good man in me. I am a very good salesman, I have a flair for business. I'm efficient and get things done. Top officials in Pretoria such as Dr Grove and Dr Scheepers (director and deputy director respectively of Transvaal hospital services) would phone me for advice. They knew I would sort them out."

Soon after Mr Goldberg joined Mr Kaye he became the accountant in charge of the books of all the companies. "Isaac Kaye had pizzazz, a fantastic gut feel for a gap or a deal. He's a people's man, a smooth talker. He knew everyone in Pretoria. If he needed to get to know someone he got to know them, even if he had to go through a ten-foot wall," Mr Goldberg said. He and Mr Kaye had planned years in advance where their group was going. They planned it all, he said, who would buy it and even what they would pay. "I said to Isaac Kaye we could get about R10.5-million but when he handled the deal with South African Druggists he managed to get R12.7-million. I don't know how he did it."

Medical men confess: We took company gifts

From Page 1

aggressive campaign "to win friends in high places"

It helped the group to capture the bulk of the multimillion rand State tenders for X-ray film and drugs until, at the height of its success, it merged with the giant SA Druggists group in 1977

Asked about SAD's marketing strategies after that date, managing director and deputy chairman Mr Brian O'Donnell said:

"This could never have happened in this company. Our auditors would never have allowed it to pass. Anything beyond a luncheon is unacceptable. The mere subject I find distasteful."

"If any official in my company indulged in such practices I would insist he be called upon to publicly account for his actions."

The principal vehicles for the Alumina group's gift-giving were Continental Ethicals, which sold pharmaceuticals, and CE Electro-Medical which sold X-ray film and equipment. Both were subsidiaries of Alumina De-

Whether it was worth what they paid I would not say." He commented on the presence of Professor A J Brink of the University of Stellenbosch and Dr Carel de Wet, former ambassador to London, on the board of a major subsidiary company, Labethica.

"Kaye cannot speak or understand Afrikaans. He used people of esteem to help him meet top people in Pretoria. You know, having an Afrikaner on the board is like open doors," he said.

Asked about gifts to doctors and officials, he said he would regard anything costing more than R100 as unacceptable. Above that the auditors would have questions.

If there had been particular gifts made by the company, Mr Kaye would have approved them, not he. He said Mr Kaye, when TV started, had got 20 sets as a bargain and had offered them to medical friends, senior officials and Government contacts at the discount price. Mr Kaye paid in cash for 18 of them. Whether he had collected the money from the various recipients or was paying it in himself, Mr Goldberg did not know.

"I didn't ask, it was not my business. As far as I was concerned all I wanted was to square my books," he said. For two of the sets Mr Kaye collected postdated cheques from the recipients, one of them Dr G Scheepers, deputy director of hospital services in Pretoria. Pressed to explain various invoices, letters and memos signed by himself, Mr Goldberg sprang to his feet and said: "When your boss tells you to do something you do it, you don't ask questions, do you understand?"

development Corporation, the umbrella company for the pharmaceutical empire owned by Mr Kaye and his partners.

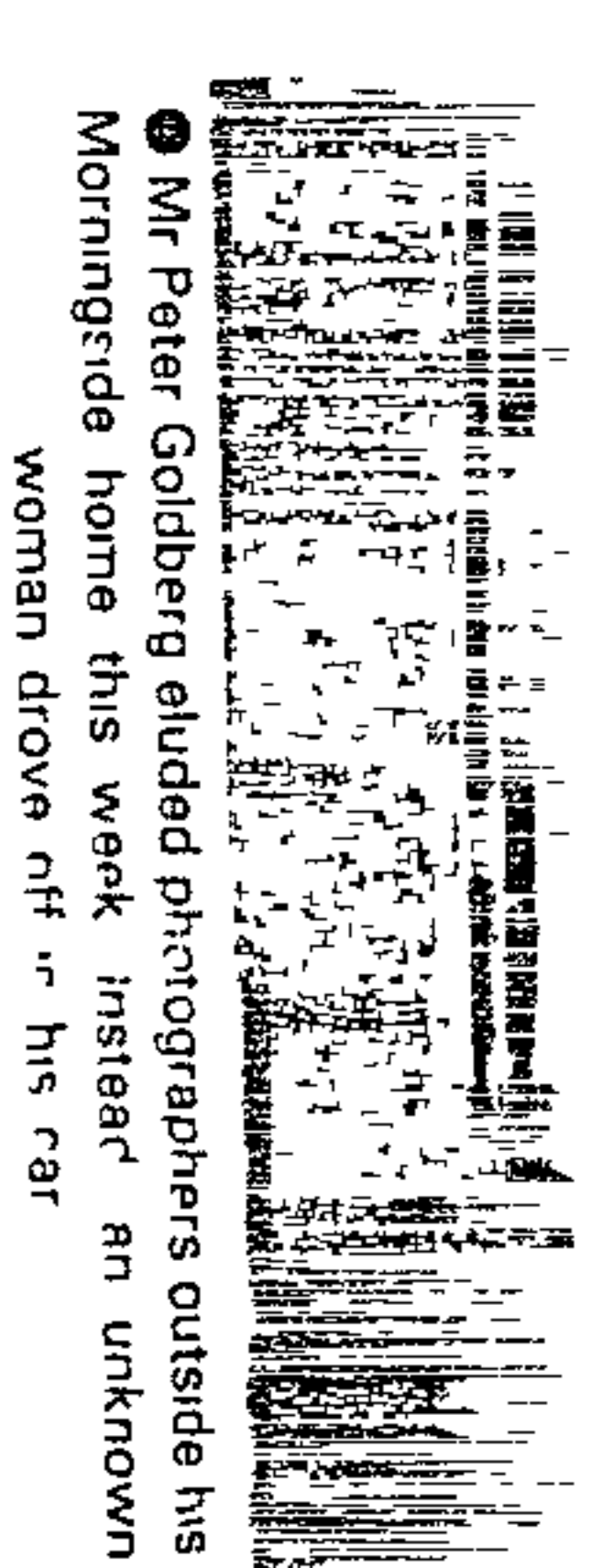
● Mr Barney 'Dusty' Miller, who has since emigrated to London where he runs a British-based pharmaceutical company controlled by the partners.

● Mr Richard Lurie, ex-president of the Johannesburg Stock Exchange.

● Mr David Tabatznik, millionaire boss of a private hospital and nursing homes empire.

Mr Kaye, Mr Miller, and Mr Tabatznik are all millionaire pharmacists. To smooth the way to success, the Alumina group sought the goodwill of influential people in political and medical circles, among them:

- Professor A J Brink, Dean of the Medical Faculty of the University of Stellenbosch, personal physician to South African Prime Ministers and State Presidents, member of the South African Medical and Dental Council and president of the Medical Research Council.
- Prof Brink received director's fees and a company car and had shares registered in his children's names.
- Dr Carel de Wet, former Minister of



Mr Peter Goldberg eluded photographers outside his Mornington home this week instead an unknown woman drove off in his car.

Now 'I'll talk' medic closes up,

A DOCTOR whose name is listed as a recipient of gifts in Mr Isaac Kaye's company books agreed to discuss this yesterday with the Sunday Express — but then cancelled the appointment, saying "I have thought about this and have decided to say absolutely nothing about the matter."

Dr G Clennar is named in the records of Continental Ethicals as having received as a gift the payment of two bills totalling R530 in July and August, 1977 for the renovation of his swimming pool by Field and Du Toit a company in Craighall, Johannesburg.

The firm's bookkeeper, Mrs Midge Field, confirmed this week that according to her invoice number 7672 dated June 13, 1977 the firm had sand-blasted and re-marbled the swimming pool of Dr G Clennar at 46, 6th Street, Lower Houghton, for a fee of R530.

According to her records the account had been paid with two cheques from Alumina Development Corporation cheque number 66670.

Dr Clennar agreed to meet the Sunday Express but yesterday he refused to keep the appointment, saying "You have no right to publish this without my permission."

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and
**WILMAR
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yes, he did go on such a trip. He acted, he said, as a consultant on some drugs. Dr de Wet described his directorship as "something of a mistake".

"Dave Tabatznik approached me soon after I got back from eight years in London. I might have received a director's salary, but I was never active in the company. While they might have wanted me to do introductions in government circles I cannot recall ever having got round to it."

Dr de Wet said Mr Boshoff, in Cape Town for the opening of Parliament, cut short a phone interview "I cannot help you," he said. The Sunday Express sought an interview with Mr Kaye and was told by his secretary in Johannesburg, a Mrs Verster, that she would convey this message to Mr Kaye who is on holiday in Europe. Mr Kaye did not return the call.

His right-hand man in Alumina, group secretary and accountant Mr Peter Goldberg, said Mr Kaye had to personally approve all payments and gifts from the group.

In addition, he said, monthly schedules of all gifts and expenditure were prepared for presentation to and approval by the board to satisfy the auditors that they were made to advance the interests of the company.

Mr Tabatznik said that while he and Mr Lurie had together been major shareholders in all the companies they had been directors in only one, Labethica, where he had regularly attended directors' meetings.

"In the company for which I was responsible as director I do not believe such practices took place. I would never have permitted them."

Mr Tabatznik was a member of the Steenkamp commission in 1978 which investigated malpractices in the pharmaceutical industry and which had recommended to the Government that it should be made illegal for pharmaceutical companies to offer any inducements whatsoever to doctors.

Mr Tabatznik said "I still strongly subscribe to this view." Approached yesterday, Mr Richard Lurie said he was unable to comment on the Sunday Express disclosures about gifts handed out by CE Electro-Medical and Continental Ethicals. "I was not familiar with their daily conduct, I had not heard of this and I was unable to help you at all," he said.

NCP in major expansion

6/2/83 S. Times

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By Don Robertson

IN a move aimed at further reducing South Africa's dependence on chemical imports, National Chemical Products (NCP) has invested R26-million in the erection of a new phthalic anhydride

plant at its Germiston factory.

When in full production, the new facility will result in savings on imports of about R7-million annually

Equipment for the new plant, with an annual capa-

city of 15 000 tons, is currently being installed and is expected to be commissioned by September

It will increase the Germiston plant's capacity to 23 000 tons compared with current consumption of

about 20 000 tons

Phthalic anhydride (PA) is used extensively in the plastics and paint industries for the manufacture of phthalate plasticisers, polyesters and alkyd resins

Mr R H Larter, managing director of NCP, said that the plant would eventually make South Africa totally independent of the imported, oil-based feedstock for the paint and plastic industries

The Germiston plant will be based on naphthalene supplied by Iscor, although the catalyst for the process will be imported from Germany

NCP, a R150-million-a-year operation, currently has a small existing plant at Germiston and another at Isipingo, producing about 8 000 tons a year

In addition to PA, the expanded operation will produce fumaric acid, which is used in the food industry as an acidifier and preservative

This will be recovered from the PA waste gas which would otherwise have had to be burnt.

A feature of the plant is the use of a low-energy process recently developed overseas, which will result in considerable energy savings.

... .. in region

INDUSTRIAL COUNCILS

Saawu's stand

FM 4/2/83

Hopes that emerging unions' opposition to industrial councils will decline as they perceive the advantages of industry-level bargaining have been given an important boost

The SA Allied Workers' Union (Saawu) is regarded by many employers and government officials as an uncompromising, radical body. However, it has been revealed that late last year Saawu leaders took part in industry-level bargaining in the explosives industry.

Saawu general secretary Sam Kikine strenuously denies that these talks amount to an endorsement by him of industrial councils. However, labour observers are pointing out that the talks, in which established unions took part, amounted to unoffi-

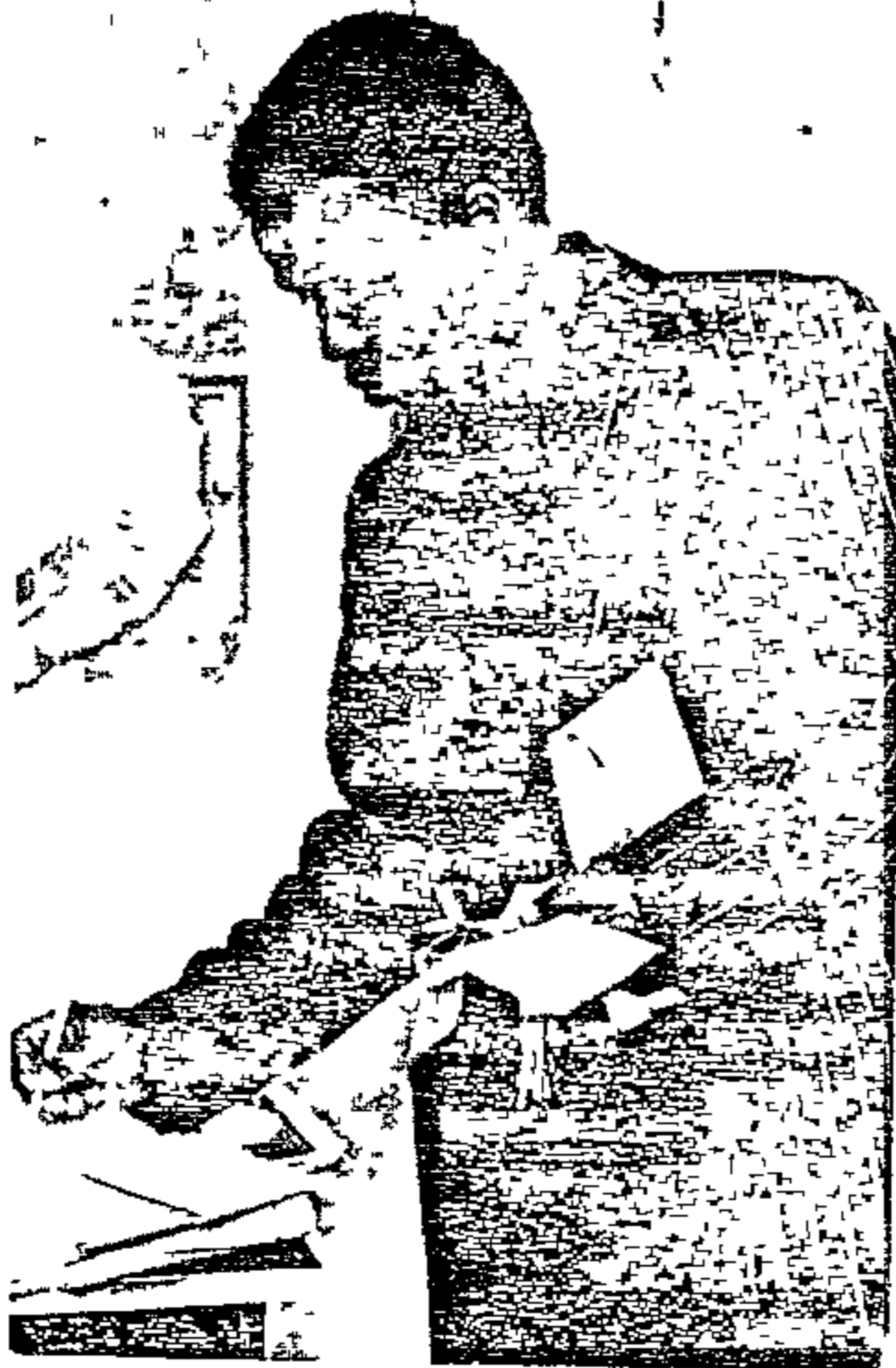
cial industrial council negotiations.

Unregistered unions cannot take part in council negotiations, but there is a trend in some industries towards allowing these unions to be present at unofficial council talks. Minimum pay and working conditions at AECI plants were set at the negotiations in which Kikine participated.

Kikine is now emphasising that he remains strongly opposed to industrial councils. He says he was at the negotiations at the invitation of a Saawu affiliate, the Chemical and Allied Workers' Union, and claims that he will not participate again.

However, while Kikine says he rejects industrial councils, he says he does favour industry-level, or national-level bargaining with a single company, or group of companies. He emphasises that participation in such bargaining depends on the wishes of Saawu members, and on workers on the shopfloor being closely involved in negotiations.

Managements who are willing to consider changes to industrial councils to accommodate the needs of emerging unions will obviously be watching Kikine's future actions with great interest.



Saawu's Kikine .. yes to a certain level of bargaining

A formula for survival

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FM 4/2/83



Behind government's protective walls, the SA chemical industry has prospered while plants overseas have been hit by poor demand and crushing overcapacities

The Europeans, for example, have lost an annual R2,4 billion between them in the past two years. And in the US mergers and project cancellations have become commonplace as some companies fight to stay alive.

In the Far East, Japan's Ministry of In-

ternational Trade and Industry (Miti) has urged Japanese chemical companies to cut 2 Mt of ethylene from annual capacity of 6,2 Mt. Singapore's new chemical industry, part of a drive towards high-tech industrialisation, is also in trouble.

Now a new factor threatens to change the whole structure of the industry. Saudi Arabia plans to spend more than R10,7 billion on petrochemical complexes to produce high volumes of low-priced chemi-

cal feedstocks including ethylene, styrene, ethanol, caustic soda, high density polypropylene, methanol and urea. The Saudis say they intend to capture 5%-10% of world markets by competing on price and getting the co-operation of oil companies in exchange for oil entitlements.

Throughout the Seventies, the SA industry enjoyed one of the highest growth rates anywhere. Between 1960 and 1980 annual expansion ran at 7,6% against the 4,5%

average annual compounded growth in the gdp

SA producers are still making profits even in the recession. And in the past five years they have carried out major capital programmes including Sentrachem's R350m synthetic rubber plant at Newcastle.

On achievement so far, the industry looks cosily insulated from the problems overseas. Indeed, the various forms of protection have permitted, and even generated, profitable expansion.

□ Government has actively encouraged the industry to invest. It hopes to achieve three main benefits: independence of supplies of such strategic commodities as fuel, rubber and fertiliser, employment creation and import replacement.

State support has been critical. As Denys Marvin, AECI's MD, concedes: "Without import control or adequate tariff protection there could be no economic case for investment in the chemical industry. The SA market is small by world standards and does not benefit from the economies of scale. It is far from most consuming markets so exports are generally unprofitable."

□ Almost all chemical products produced locally enjoy some form of protection against imports. Duties as high as 70% were requested for the Afprene plant.

□ The rest of the world chemical industry is oil- and natural gas-based. SA plants are almost wholly based on coal. SA has plentiful supplies of coal at stable, predictable prices.

□ The industry is dominated by four giants, AECI, Sentrachem, Sasol and Hoechst. So far, these groups have shared market sectors and avoided destructive competition. One of the reasons for the overcapacities overseas was that oil companies scrambled to diversify downstream after the oil shocks in the Seventies. However, oil price rises also helped tilt the world economy into a long recession that depressed demand for chemicals, and

□ Locally made feedstocks are available in growing quantities, particularly as Sasol comes fully on stream. This creates new openings for vertical integration.

Most projects that could enjoy special advantages through the "strategic" classification are now established. There will probably be few, if any, others for a long time. Even synfuel plants, which were to be the next big phase of expansion, look likely to be deferred as government reassesses the new energy climate. Any such plant will need official sanction and some form of subsidy.

Government is loosening trade barriers. It has shown itself unwilling to implement import quotas and could be less ready in future to countenance high protective tariffs.

Last year's barter deal by the Maize Board to import 208 000 t of urea could not have been done without government acquiescence. But after top-level discussions, it

went through and was a blow to fertiliser producers, particularly AECI with its ammonia-based product.

Plentiful supplies of coal no doubt will again prove a trump card to local industry in future. However, coal-based plants cost up to twice as much as the oil-based versions. Thus, in many cases, chemical plants based on coal make economic sense only when the oil price rises high enough. AECI's No 4 ammonia plant built in the Seventies passed this point some years ago. However, new plants look increasingly dubious on economic grounds. Even Sasol planners assumed that the oil price would continue its rising trend and set a policy of raising prices of Sasol's products with it.

As long as oil prices are soft, local chemical plants will be more difficult to justify.

Competition should become more aggressive in the local market as big groups jostle to maintain growth rates. Sasol, in the past merely a benign supplier of feedstocks, will start producing fertiliser early in 1984.

Arno Balzer, MD of the R500m/year Hoechst group, has no doubt that the honey-

moon is over. About two years ago, Hoechst forecast that stiff competition would emerge this decade. "For the industry we expect strains on profitability, particularly in high volume, commodity markets," says Balzer.

Hoechst decided to avoid these sectors at this stage and diversify into technology-intensive markets in which it can draw on expertise in the Hoechst group which is one of the three biggest chemical companies in the world.

SA producers argue that less than wholehearted support from government will lose many present and future jobs in the chemical industry which employs about 70 000. The counter-argument, of course, is that cheaper imports will release funds to create more job opportunities all round in the long term. But, certainly for the moment, there are problems. Retrenchments have taken place in the past few months and, although new plants could create new jobs, they are expensive.

Marvin contends that expansion downstream of industries based on locally-produced chemical feedstocks would provide significantly more employment than the chemical plants. Others increasingly argue that downstream products, synthetic fibres and plastics, should be produced from raw materials which can be imported more cheaply than the local materials. Marvin retorts that this would entail relying on continued supplies of imports at stable prices.

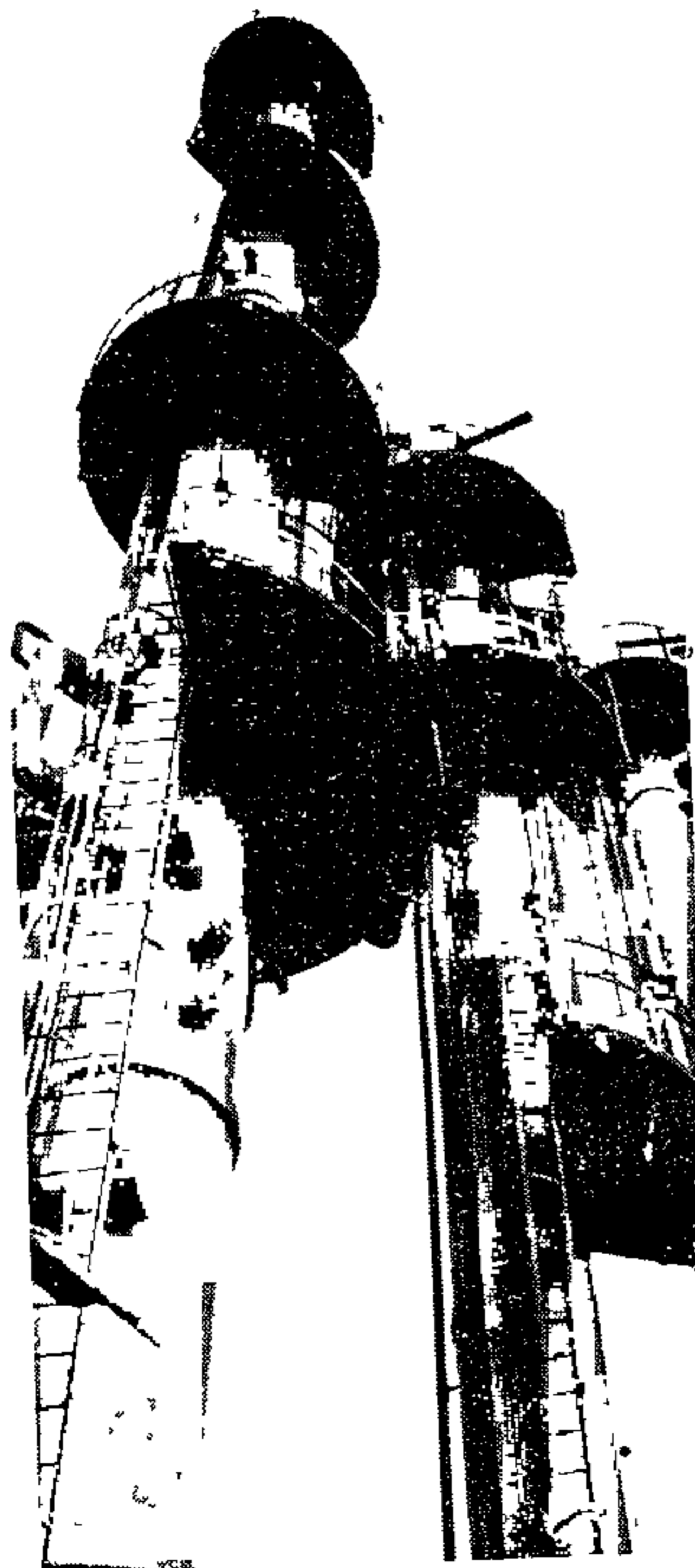
Says Marvin: "Many overseas producers are reducing capacities and supply could be hit abruptly when the recession ends. And it isn't only consumers who affect demand. Stocking and destocking of pipelines is an important factor and can lengthen delivery periods substantially. If consumers rely on materials from overseas during stocking or destocking they could be in for a rude awakening."

Marvin, an optimist, believes that "commonsense will prevail" and the industry will maintain its growth rate. In his view, even growth in competition should be taken care of by market growth. But he stresses that new investments will be made only if potential rewards are adequate.

Prospects for growth in the long term may not have decreased much. Sentrachem MD Dave Marlow contends that protection for Afprene will be justified by rising ammonia prices before 1988. Maybe so, but there is also less conviction about when the oil price, which influences feedstock prices overseas, will firm again.

Certainly, there is little likelihood of government withdrawing all support for local producers.

But clearly the changing environment will not permit past rates of growth to continue. The local chemical industry cannot hope to remain unscathed by the plight of producers overseas. There may be a far deeper and longer trough than could be attributable merely to the economic cycle.



SA chemical plant ... the building boom slows down

MEDICAL PAYOFF SCANDAL

Top Natal official tells how he got radio unit for model boat

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A SENIOR official in Natal's provincial hospital administration, Mr Jack Nicholson, admitted this week that he had accepted two gifts — 500 shares in South African Druggists and a control unit for his model boat — from employees of a group of drug companies headed until recently by Mr Isaac Kaye.

Mr Nicholson, the man in charge of hospital supplies for the province, denied that he had at any time used his influence to benefit any particular drug company. However, he said that after speaking to the Sunday Express this week he sent back the shares by registered post to SA Druggists. "In case there was anything illegal or immoral in the acceptance of the shares," he also sent the company a cheque for R482.12 to cover dividends he had received from the shares, plus interest and GST.

Mr Nicholson, confronted early in the week with evidence of the gifts, at first denied accepting them. He had, he said, paid by cheque for the shares and had personally purchased the boat unit on a visit to Johannesburg. He still had the price tag to prove it.

He rose from his desk, and kneeling on the carpet, groped under a small side table to peel off a yellow price tag for R238 which he had concealed for two years.

Frans Erasmus, Mr Nicholson explained to the Sunday Express just how it came about that he had accepted the gifts. After a coronary he had

only R120. "I drew the money and walked around with it in an envelope in my pocket for weeks until a rep from the company called on me and I

'I've sent it all back in case there was anything illegal or immoral'

But in a tense telephone call a few days later Mr Nicholson read a prepared statement in which he admitted accepting the gifts but said he had never at any time used his influence to benefit any one company. He explained that the radio control unit for his model boat was the fulfilment of a humble man's dream but that it had since become the object of sleepless nights for him.

The parcel was delivered to him in his office on the fourth floor of the Natal Provincial Building in Maritzburg by two senior officials from CE Electro Medical, a subsidiary of SA Druggists. One of the visitors was Mr B D T Boshoff, member of the Transvaal Provincial Council, who doubled as the company's liaison man with provincial administrations. The other was the company's managing director, Mr

"When I phoned Peter Goldberg and asked the cost (of the shares) he said this would be sorted out later," Mr Nicholson said this week. He had accepted the shares as a gesture of genuine friendship.

Mr Nicholson said he had made sure he kept in his bank account an amount of R135 which he calculated he could be called on to pay for his shares. But he heard no more he said, although dividends of about R30 kept coming from the company every six months. "When Mr Goldberg first offered me the shares on the telephone I thought he was offering them to me as a friend, not as someone paying me back for something I had done for him."

"When I made recommendations (to the province on tenders) I made them without any thought of benefit to myself. In fact at one time I was responsible for saving the Government R480 000 when I exposed a malpractice in a tender."

After being questioned by the Sunday Express, Mr Nicholson sent back the shares together with his Trust Bank cheque to repay the dividends he had received and to reimburse the company for the boat control unit, for interest and for sales tax.

180/ser/2

Mr Jack Nicholson,
637 Longmarket Street,
PIETERMARITZBURG
3101

Dear Jack,

Enclosed please find Share Certificate No 13070 for 500 South African Druggists Shares. Please acknowledge receipt of this certificate by signing the pink slip and returning it to me.

All the best to you and your family for the New Year.

Yours sincerely
C E ELECTRO-MEDICAL (PTY) LTD

K P GOLD ENG
MANAGING DIRECTOR

Enc/

● Mr Peter Goldberg had forgotten sending shares to an official — until shown this letter

His letter was marked for the attention of Mr Erasmus who, unknown to Mr Nicholson, left the services of SA Druggists earlier this month. Mr Nicholson started a long accompanying letter. "It appears I have been rather naive and have been misled by two employees, Mr Goldberg and Mr Lunn Steven, both of whom I sincerely believed to have been my friends."

Mr Steven, who has now left the company, said during the first telephone interview with the Sunday Express that he had not a

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When they had
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shattered to
price (R238) when I
had them to spend

asked him to hand it to the
office. I heard no more about
it.

"I have used the boat only
once, I sailed it on the river,"
Mr Nicholson said. "I am not
well."

"Now I have paid twice
for the unit, I feel so strongly
about what has happened."

The gift of shares had
come a year earlier. Investi-
gations show that Mr Nichol-
son received a letter con-
taining a certificate for 500
shares in South African
Druggists, now worth about
R900, from Mr Max Peter
Goldberg, executive officer
of Continental Ethicals, an-
other company in the Kaye
empire

Mr Nicholson was re-
quired to sign a form and
send a cheque for only R1 to
Mr Isaac Kaye's company,
Veritas International Pro-
motions. Part of the corres-
pondence is in the possession
of the Sunday Express.

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press that he had always
made it a practice to "keep
out of things like that" and
that, although he had "heard
things in the marketplace",
he in fact knew absolutely
nothing about a "boat
motor".

Telephoned again the next
day he said he had recalled
that Mr Nicholson had asked
for not a motor, but a control
unit. This would have been
handled by Durban office
and invoiced from Durban.

During a third telephone
call he said he now remem-
bered Mr Nicholson talking
to him about the control unit
and that he must have asked
his secretary in Johannes-
burg to purchase it.

Mr Erasmus said he could
recall going to Maritzburg
with Mr Boshoff, but they
had been to see someone en-
tirely different — not Mr
Nicholson. He had never
heard of a control unit for

Mr Nicholson.

Mr Boshoff, telephoned at
his hotel in Cape Town,
where he was staying for the
opening of Parliament, said
"I don't say I did and I don't
say I didn't. It's moons,
moons, moons ago."

He then cut short the con-
versation.

Asked for comment in Jo-
hannesburg, Mr Goldberg
first emphasised that any-
thing costing more than
R100 would not be passed as
a gift by his company. The
auditors would query it, he
said "Above R100 it is not a
gift, it is a commission," he
said.

First he said he had obvi-
ously assumed Mr Nicholson
had paid for the shares. Then
he said he must have been
instructed to send the certifi-
cate by Mr Kaye.

Asked why he or Mr Kaye
had not insisted on being
paid, Mr Goldberg said. "I
don't know, I just did what
Mr Kaye told me to do, do
you understand?"

"Maybe Mr Kaye was
sending him some shares as
a thank you for the favours
he had done. He helped us a
lot, he helped us out of many
tricky situations."

"If he expected to pay,
why didn't he? He should
have insisted."

"It's nasty and I feel sorry
for him. He must be religious
and is now feeling guilty.
Now he is just making a fool
of himself."

MEDICAL PAYOFF SCANDAL

Prof Seftel admits: I took illegal gift from medical rep

PROFESSOR Harry Seftel, one of South Africa's best-known doctors and a campaigner for health and moderate living, admitted this week that he had accepted a gift of a TV set from a drugs salesman as a return for a favour

"I knew it was wrong," he said in his office in the Department of Medicine at the vast Johannesburg Hospital. "It was illegal for me to accept payment in cash or kind from someone outside the university - I am a public servant."

Prof Seftel confessed that the gift had endangered his career. He told the Sunday Express:

"I had misgivings at the time. This could be my ruin."

"I am a public servant but the salesman from Continental Ethicals offered me a TV set for testing a product for his company and I accepted because as far as I knew everyone else was doing it too."

"Now this one incident could seriously damage my credibility and the causes to which I have committed my life."

When confronted with evidence that his name was one of many which appeared as recipients of gifts from the pharmaceutical company that rapidly rose to become one of the biggest suppliers of drugs to State and provincial hospitals, the tall, lean professor said:

"When you asked me about this gift on the phone I spent a sleepless night. It is the most horrendous thing that has ever happened to me."

In the phone conversation this week Prof Seftel avoid-

ed answering questions about how he acquired his colour TV.

However, after a day of consideration he asked to meet the Sunday Express to explain the full story of how he and many other doctors had been, and still were being, given bribes by salesmen from pharmaceutical companies.

Prof Seftel's name was one of those which came to light during Sunday Express investigations into the operations of a group of pharmaceutical companies, until recently headed by Mr Isaac Kaye but now part of South African Druggists.

The professor said he had tested the effectiveness of a product from America that the local company hoped to introduce to South Africa

against a hepatitis virus. The result of his test was entirely negative he said. It was rubbish and he said so in his report.

Prof Seftel emphasised that he had not been bribed to produce a favourable result but when he had done the work a sales representative came to see him and said that since they were not permitted to pay him cash, would he accept a gift?

The salesman suggested a TV set.

"I was receiving only a small salary. In private practice I could earn ten times as much. I had a young family. TV had just come in, and we did not have one."

"I had misgivings at the time but accepted because many of my colleagues accepted gifts - TV sets, an

overseas trip or perhaps sponsorship to a congress. Even equipment for swimming pools. And all for tests they had done for pharmaceutical companies."

"My wife and I went to Globe Electrical to choose a set," he said.

Prof Seftel said he feared his career would now be ruined by exposure of the incident.

Asked why, if the practice was so common, doctors preserved their white-coated image, Prof Seftel said:

"They talk of medicine being a noble profession. I have always said it is no more noble than that of a carpenter or a plumber."

"It is a business like any other."

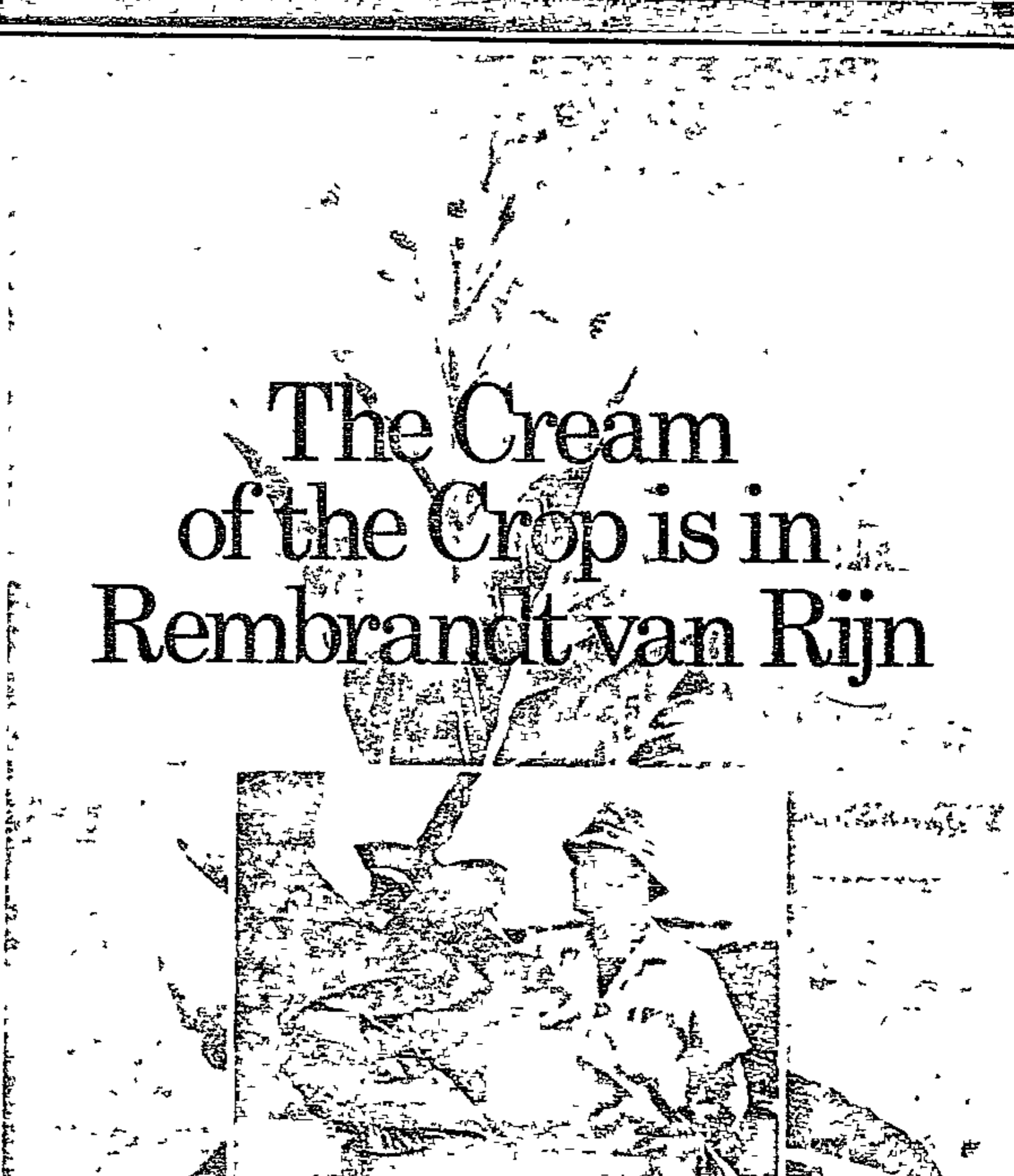


to him as a gift. Prof Seftel, admitted this week that he had accepted a return for a favour.

The Cream of the Crop is in Rembrandt van Rijn

the only one,
dal Prof ^{S. Express}

the results of which are potentially of immense value a clinical trial and that most, if not all, received such re-



WHO watches the watchdogs when they're caught off guard? How did the anti-arthritis drug Orflex — associated with the deaths of about 100 elderly people — make it on to the markets of various countries around the world?

How can a situation arise, not yet a generation after the Thalidomide tragedy, where one of the top 10 drug companies in the world — Eli Lilly — stands accused of withholding information which might have saved lives and of putting out false and misleading information leading to the increased use of Orflex?

The disturbing picture which emerges from a Mail investigation highlights a system built entirely on the honour and trustworthiness of the pharmaceutical industry which may not always be deserved

Orflex (Opren) was passed in Britain by the Committee for the Safety of Medicines, the Food and Drug Administration in the United States and the Medicines Control Council (MCC) in South Africa all government agencies which regulate the sale and distribution of drugs in these countries

To date, Lilly has not yet explained or furnished full information to government agencies — South Africa's MCC included — on the scandal

Although trust is usually well founded, there are areas where conflict of interest is obvious and problems could arise the most important of which underlies the whole system

The pharmaceutical industry is trying to sell as many of its products as possible to as many sick people as possible

And recent disclosures suggest that they resort at times to bribery and corruption to sell their products

BUT without the profit the drug companies get from the sale of drugs, there would be no research into new drugs to control disease

They therefore have to woo doctors into prescribing many of those drugs, and the only regulatory bodies interfering in this process are the government agencies who ought to be acting on the consumer's behalf

This situation is now coloured by an attitude of increasing "partnership" between the government agencies and the pharmaceutical industry

Other areas of conflict are

- Almost all information about drugs and their effects originates from the pharmaceutical companies

- Almost all clinical testing of drugs is sponsored by the drug companies

- Those tests are designed by, and the findings often analysed by, the drug companies

- University and hospital research on drugs is largely sponsored by drug companies

- Medical publications are often sponsored by drug companies

- Medical students, qualified doctors and hospital officials are given "gifts" by drug companies

- Doctors involved in testing drugs for a drug company can hold shares in that company

This picture is as true of South Africa as it is anywhere else — but the picture is more acute in South Africa, where

- No independent research and development of drugs takes place

- South Africa is therefore automatically subject to any failings in overseas systems

- There is no mandatory system for reporting any adverse side effects for drugs

- The only voluntary drug side-effects monitoring service, attached to the University of Cape Town, is sponsored by the pharmaceutical industry

Who REALLY controls the drug industry?

183

RDM 8/2/83

By PAT SIDLEY
Consumer Mail



Mr George Bush, US Vice-President and former director of Eli Lilly ... sympathetic towards the pharmaceutical industry.

sored by a drug company (Ciba-Geigy) and UCT and part of the Dept of Pharmacology, where the professor is also the chairman of the Medicines Control Council, which grants licences for drugs in South Africa

- Policing and enforcing the system is inadequate

A US Senate sub-committee was told in the early Sixties "It's an unfunny joke in the medical profession that the very latest information on new advances in medicine most often appears in the eminent medical journals, such as Reader's Digest, Time and the Wall Street Journal. The article does not say that the reader should rush to his doctor and demand the drug, but the implication is usually clear and, of course, there is nothing to show where the article originated"

THIS is how Orflex was first introduced to the world as a competitor in the lucrative anti-arthritis drug market

About 2 000-million people have arthritis in the world — about half the adult population, according to the BBC's Panorama team who researched the Orflex scandal thoroughly

In the UK alone, the arthritis market is worth about R170-million a year in non-steroidal anti-inflammatory drugs (NSAIDs)

And Lilly spent about R100-million developing its new NSAID Orflex and marketing it

The top 10 pharmaceutical companies in the world spent more than R3 000-million last year on advertising and promotion, according to the BBC

on the drug and doctors, the BBC's Panorama team showed how the doctors who presented papers (one of the papers has subsequently been discredited entirely) had been selected for testing by Lilly

Lilly then sponsored the publication of the booklet which accompanied the European Journal of Rheumatology and then used the booklet with the Journal as prestigious "advertising" in which the findings of independent scientists had been reported

This meant doctors relied on the evidence designed, tested, analysed and presented and sponsored by Lilly when they read the "independent" prestigious scientific journal

In South Africa, on July 28 last year, the South African Medical Journal, official organ of the South African Medical Association (Masa), published a supplement on a drug called Augmentin

The supplement had the Journal's name in the usual type on the cover as well as Sama's crest, which is usually on the front cover. It contained scientific reports on the drug, which was manufactured by Beecham Research Laboratories

NOWHERE did it say the publication had been sponsored in its entirety by Beecham

When Consumer Mail asked the editor of the Journal if this meant the Journal was sponsoring the drug, he said "Oh no, the drug company paid for it, it's almost like an advertisement"

The chairman of the Drug Control Council, Professor Peter Folb, does not believe there is anything incorrect about the publication

They are well-respected scientists who would not be associated with the publication of anything which could embarrass them later on, he says

The Mims reference of drugs for doctors and its companion Mims Desk Reference (MDR), which lists about 2 500 drugs and their properties for doctors, has the form of a non-commercial, authoritative reference book

But the book is purely advertising, with insertions paid for by pharmaceutical companies as well as ordinary paid advertising from the companies

The MDR's insertions carry the same information found on branded drugs bought at a chemist required by law on all medicines

The practitioner who habitually uses this volume to treat his patients may be unwittingly influenced in his therapeutic practice by non-medical commercial interests

However, doctors can gain valuable, up-to-date information as to dosage and side effects on particular drugs from MDR

MDR has a directory of "manufacturers whose financial support has made this publication possible" — a euphemism for the fact that those are the names of the

companies who have paid to have their products listed in the book

As in the UK and US, clinical trials on drugs in South Africa are conducted with the sponsorship of the drug company

Not only does the company pay for the trials — which most doctors agree is necessary — but they design the tests and have a regular group of trusted doctors who do trials for them and then the company analyse the results

They also sponsor research teams at hospitals and universities — a system which academics claim has to exist as there is insufficient money to test drugs without the help of the pharmaceutical companies

The double-blind test is the type generally accepted as being scientifically viable. In this test neither the doctor nor the patient knows what drug the patient is getting and frequently the drug company is in the dark on certain aspects of the test

But in South Africa, some companies send out forms plus a sample of the new drug. The doctor is asked to fill in some basic — and unscientifically tested — information on the form and send it back to the company

As one doctor pointed out, the relationship between the doctor and the drug company will frequently be enhanced by how diligently the doctor applies himself to the company's little tasks — such as filling in the company's form

And who, says the same doctor, will know who paid for the swimming pool in the doctor's garden

Drug testing is a tedious and demanding job in which objectivity and honesty are essential

BUT objectivity is not encouraged by leaving the choice of investigators to the drug companies

Often, results in raw data is given to statisticians in the employ of the industry and leaves payment of the investigator or university or hospital to the industry

The Consumer Association in London publishes a Drug and Therapeutics Bulletin for doctors, in which they are warned about accepting sponsorship

"Some trials have been covert marketing exercises, while many have been poorly designed. The standing of general practice may be prejudiced by participation in research of dubious quality," the bulletin says

"The place of industry-sponsored trials in general practice needs to be considered, many questions apply equally to trials performed in hospital"

Curiously, when Consumer Mail asked one research team testing Orflex whether Eli Lilly had sponsored the trial the academic denied it while Lilly said they had indeed sponsored the trial

New drug patents run for 17 years and development of the drug and its marketing can take up to 10 years of this time and cost R100-million

Naturally, the pharmaceutical firm wishes to get its product onto the market fast and grab as large a slice of it

TOMORROW. What the watchdogs say

South African Medical Journal
Suid-Afrikaanse Mediese Tydskrif

Special Issue/Spesiale Uitgawe

28 July/Julle 28 1982

FOCUS ON AUGMENTIN

How a drug gets on to the market in South Africa

HOW does a drug find its way onto the South Africa market?

In terms of a law called the Medicines Control Act, any medicine has to be registered by the Medicines Control Council, which is an offshoot of the Department of Health

The Council (chaired by Professor Peter Folb, who also is the Professor of Pharmacology at the University of Cape Town) considers submissions — usually many hundreds of pages of scientific evidence, all of which has been researched in the United States or the United Kingdom — and decides according to certain principles whether the drug can be registered

The main principle is whether it is in the public interest to have the drug on the market, and this is guided by whether it is

- Safe
- Of good quality
- Therapeutically effective

If a drug does not meet all three requirements, it is not registered

All drugs registered with the MCC will have a "package insert" approved by the MCC which contains all the information about the drug which the council believes should be contained on the insert

It is basically the accurate summary of the information which was presented to the MCC for registration

This will include side effects, warnings and contra-indications, trade name, approved name, schedule category, pharmaceutical action, etc

Divisions of the council as far as possible monitor the drug on the market and may be forced to order the pharmaceutical company to change the provisions on the package insert, or to withdraw the drug entirely

A SA Medical journal supplement on the drug, Augmentin, carrying Masa's emblem ... but no mention is made of Beecham Pharmaceuticals, the drug manufacturer, sponsoring it. The Medicines Control Council actively supported this way of conveying drug information to doctors

as possible before the patent runs out or a competitor steps in.

Many pharmaceutical firms do not do any research at all and produce similar drugs to patented drugs when the patent has run out

Although the firms are faced with mounting costs and competition, and some claim they will pull out of research and development, this attitude is felt among some consumer groups to be blackmail

"Put our drug on the market on our terms, let us make as much as we want from it — or we won't cure your ills"

The wind of change is in the air in the pharmaceutical industry world wide. With the arrival of President Reagan, the FDA has taken a more lenient line on pharmaceutical companies wishing to register their drugs

This pattern has been followed to some extent in both Britain and South Africa

Vice-President Bush of the US was a director of Eli Lilly, and his sympathy to industry (particularly the pharmaceutical industry) is summed up in a speech he gave about a year ago when he said the US government would no longer be an adversary of industry — but a partner

THE chairman of the Committee on the Safety of Medicines in the UK, Dr Abraham Goldberg, told the BBC his Committee and the pharmaceutical industry have a good relationship based on mutual respect

This is the view of the MCC in South Africa as well

Consumer groups outside this country wish to see further tightening up to prevent the Oraflex scandal from recurring. However, in South Africa as well as overseas, industry and politicians wish to see what controls there are relaxed

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Workers expel union from plant

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10/2/83

Sowetan

By JOSHUA RABOROKO

THE ACTIVITIES of the South African Chemical Workers' Union (SACWU) at the African Explosives and Chemical Industries factory in Somerset West have been suspended by workers following the uncovering of alleged irregularities in the functioning of the national body.

Workers at a meeting in Somerset West this week, confronted the general secretary of the Union, Mr Dan Tau, with allegations of theft.

According to a statement issued by the workers, Mr Tau was unable to give an explanation as to why the new

members had been over-paying their membership fees since the Union started operating at the branch in 1980

The workers also demanded that a union organiser, Mr D Samela of the Modderfontein branch of the Union, who was dismissed by the Union's executive last month, be reinstated and that Mr Samela address the branch on February 20

The constitution of the Union lays down that membership fees are R1,50 and monthly subscriptions are 25 cents. New union members have been paying R2 for joining and their first month's subscription

About 400 workers forced a man from Durban claiming to be Mr Tau's secretary, to leave the meeting and also ordered Mr Tau to leave the premises so that he could not hold a scheduled meeting with their management

Mr Tau was also told to leave behind any money or documents belonging to the Union and was criticised for holding discussions with management without a mandate from the workers

Speaking from his Johannesburg office, Mr Tau told **THE SOWETAN** yesterday that it was unfortunate that the workers took the decision and added that there was somebody who was instigating them against the national executive

He denied allegations of theft saying there had been an error concerning the way money was collected from the members. Those workers who felt that they had been overcharged, would be refunded if they came forward, he said

"Nobody in the Union has the right to steal money and our books are always checked by auditors. The accusation that the Union is mis-using monies is unfounded," he said

However, he said he would report the whole Somerset West issue to the national executive meeting on February 19. The Union is investigating the matter

Police investigate Namibia deaths

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lice said they were using the ident re- o by Mr they knew it

However, the Commissioner of the SWA Police said he would "look into the matter," the spokesman said

Mr Hurley's allegations are the subject of an investigation by the South African Police in terms of the Police Act

The Bishop said he had "horribly explicit" colour photographs to back up one of his allegations

He said yesterday he had not been asked to help in the investigations and that he did not wish to comment on the matter —Sapa

Rantho dies

ALINAH DUBE THE WIFE of a well known musician and employee of the Urban Foundation, Mr Michael Rantho, died suddenly at her home yesterday morning

Mrs Mantsho Maureen Rantho (50), was principal at a pre-school she had served for 22 years at the time of her death

Mrs Rantho was chairman of the Anglican Women's Fellowship (AWF) and was also involved with other women's organisations in the township

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Best tasting American

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PFP may call talks on hospital 'payola'

Pretoria Bureau 11/2/83
DISCUSSION of allegations that senior officials of the Transvaal Hospitals Department had received gifts from a drug company may continue on the Provincial Council next week despite the appointment of a commission to investigate the issue

The Administrator announced the appointment of the commission on Thursday and confirmed his "unshakable faith" in the integrity of the officials allegedly involved

He said he wanted to restore their good reputations

The allegations, which appeared in the Sunday papers last weekend, named the Director of Hospital Services,

Dr Hennie Grové, his deputy, Mr G Scheepers, and the chairman of the Provincial Council, Mr B D T Boshoff.

Dr Grove and Dr Scheepers were allegedly assisted to buy TV sets

Mr Boshoff, according to the report, was employed by the company — the Alumim Development Corporation — to negotiate with Government and provincial officials

Yesterday, the leader of the Opposition in the Provincial Council, Mr Douglas Gibson, said there were three days left next week in the current little budget session and, if merited, he would raise the issue again during the third reading debate on the part appropriation draft ordinance

MEDICAL PAYOFF SCANDAL**Company director
drug industry 'sw**

A FORMER director of a company in Mr Isaac Kaye's pharmaceutical empire told the Sunday Express that "sweeteners" totalling as much as R50 000 a year were passed to State officials and medical men who could influence the granting of multi-million rand tenders in his company's favour

Mr Jimmy de Villiers, a former director of Continental Ethicals and the man in charge of Mr Kaye's X-ray division, CE Electro Medical, said

"Yes, it was I who did the dirty work and what did I get out of it? Two coronaries and damn all else

"That is why I speak with an absolutely clear conscience"

Extensive inquiries by the Sunday Express have uncovered documentary evidence for many specific charges made by Mr De Villiers, and have produced nothing that seriously contradicts his account

He was a director of Continental Ethicals from May 1971 until he resigned in December 1978

He had extensive responsibilities, including the establishment and control of a major X-ray plant

Mr De Villiers said that when CE started getting into tenders after he joined in 1964, amounts totalling between R30 000 and R50 000 a year would be spent to keep key officials and influential doctors friendly

"In two years we had got 80% of the X-ray tenders, more than R3-million a year," Mr De Villiers said



The Sunday Express
investigators — MARTIN
WELZ and WILMAR UTTING



"We had to make friends everywhere — from the girls who took the test pictures, to the university professors, hospitals stores men, the Board of Trade, the Transvaal Provincial Administration and the advisers to the State Tender Board," Mr De Villiers said

"Some doctors and officials were always on the take. On their salaries how else could they educate their children or take their wives with them to overseas congresses?"

Mr De Villiers joined Mr Kaye as X-ray film expert in 1964. He left the company last year

At the time he joined the group the giant American 3M company had just taken over an Italian company, Ferrania, to manufacture and market its products in Europe. They were keen to re-establish themselves in the South African market

"We got the agency," Mr De Villiers said

The first big tender that came their way, he said, was the State tender which at that time included supplies to the Cape Provincial Administration and the South West Africa administration

These tenders were granted largely on the advice of

senior radiologists at universities, he said

Professor Joe Tygerberg was and assisted the obtainment of the hospital staff for the use and X-ray film, De Villiers

"If you did the hospital staff you could forget the tender,"

"Sometimes cake and chocolate girls. If that took the boss and within no if he wanted

TOP EXECUTIVES of the Alumina group of companies worked assiduously to win the goodwill or friendship of top men in the Transvaal Provincial Administration, according to Mr Jimmy de Villiers, former director of Continental Ethicals

Among those who were thus cultivated, Mr De Villiers told the Sunday Express, were Dr Hennie Grové, director of hospital services and his deputy Dr G Scheepers, Mr Malan du Preez, assistant director who handled administration, and Mr B D T Boshoff, chairman of the provincial council

Another was Dr Grové's predecessor, Dr DP Verster, with whom the group's executives regularly played bridge

Mr De Villiers said Mr Kaye or his accountant Mr Peter Goldberg did most of the

negotiation at top level in Pretoria

Mr Kaye had dealt directly with Dr Grové, he said

"Mr Kaye and Mr (David) Tabatznik regarded him as a personal friend" Mr Tabatznik was Mr Kaye's partner

Dr Grové, who describes himself as a re-born Christian, told the Sunday Express that he had once invited Mr Kaye to a dinner in the provincial buildings where he had arranged a Jewish convert evangelist as a speaker in the hope of converting Mr Kaye and other Jewish guests to Calvinism

Mr de Villiers said "Dr Scheepers was also one of those for whom we arranged to get TV sets when TV first started

"His was ordered from Globe Electric in

Wynberg and installed in his house in Pretoria by one of our technicians"

The Sunday Express has independently confirmed this

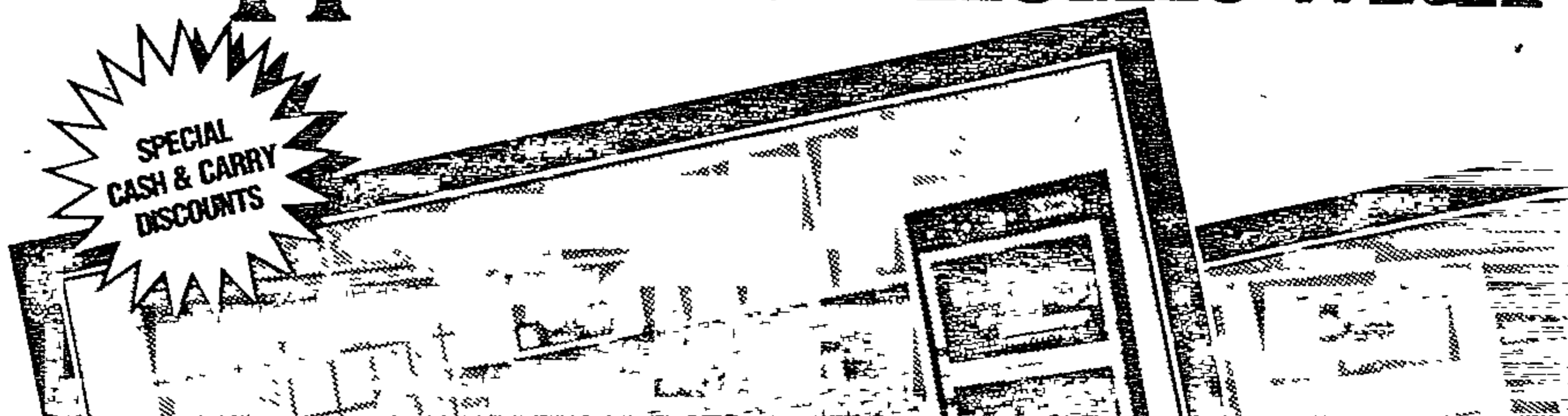
Mr De Villiers said he was a minor conduit for payment of "sweeteners" In most cases he only heard of payments in the office, though he saw the results afterwards

"I and other company employees were often asked to take envelopes of cash to Pretoria, to doctors who tested our products before recommending them to their hospitals

"I remember one in particular, back in 1973, when I was told to cash a cheque for R500 and take the money in notes to Prof

Happiness is a home with

SPECIAL
CASH & CARRY
DISCOUNTS



CALIFAYOFF SCANDAL

Company director tells of industry 'sweeteners'

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The Sunday Express
investigators — **MARTIN
WELZ and WILMAR UTTING**



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"Some doctors and officials were always on the take. On their salaries how else could they educate their children or take their wives with them to overseas congresses?"
Mr De Villiers joined Mr Kaye as X-ray film expert in 1964. He left the company last year

At the time he joined the group the giant American 3M company had just taken over an Italian company, Ferrania, to manufacture and market its products in Europe. They were keen to re-establish themselves in the South African market.
"We got the agency," Mr De Villiers said
The first big tender that came their way, he said, was the State tender which at that time included supplies to the Cape Provincial Administration and the South West Africa administration.
These tenders were granted largely on the advice of

senior radiologists and radiographers at the Cape universities, he said
Professor Joe Muller at Tygerberg was sympathetic and assisted the company to obtain introductions to all the hospital staff responsible for the use and selection of X-ray film, said Mr De Villiers
"If you did not have the hospital staff on your side you could forget about getting the tender," he said
"Sometimes it was just cake and chocolates for the girls. If that didn't work you took the boss out to lunch and within no time you knew if he wanted something"

"I often got a bit acid about the gifts that some people got"
"I remember bringing that up with Isaac Kaye one day when I learned that Prof Muller (then at Karl Bremer Hospital in Cape Town) had got expensive chandeliers from Italy"
"On a trip to the 3M-Ferrania factory in Italy he and his wife chose chandeliers for their home in Cape Town. They were a gift from the company CE imported them and paid for them and Prof Muller later showed them off to me in his home"
Prof Muller, telephoned this week in Windhoek where he is now chief radiologist following his retirement from Stellenbosch University, said he recalled acting as an X-ray film consultant to Mr Kaye
An aged Prof Muller could

not immediately recall the chandeliers, but after consulting his wife confirmed that they had Italian chandeliers in their Cape Town home and that they might have been a gift from Ferrania
Mr De Villiers said helpful officials in the Transvaal Provincial Administration and the Natal Provincial Administration were invaluable in that they could let CE know who had been awarded a valuable tender
"They would tell us before they told the other tenderers. This would give us a few days to act."
"For example, if a tender to supply a number of provincial hospitals had been split 50-50 between us and a competitor we would learn which hospitals we would be supplying
"Let's say we had been allocated to supply country hospitals and our competitor had got the city ones
"We would get straight off to the country with a note that we had been granted the tender, and would get orders for at least three months
"Then we would come back, and again using friendly officials, we would persuade them to switch the allocations, giving us the city hospitals and the competitor the country ones
"When our competitors went to the hospitals they would find them already committed to stocking our stuff for the three months."

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Wolperwitz, of the University of Pretoria
and chief radiologist at Kalafong Hospital
"I slid it across his desk at the hospital,"
Mr De Villiers said "He wanted cash to-
wards an overseas trip for his family"
Prof Wolperwitz has since died but the
Sunday Express has documentation which
supports Mr De Villiers' account of this
incident
Prof Wolperwitz did the actual testing of
sample film that went with the tenders
One area which appeared to Mr De Vil-
liers to be indifferent to CE's approaches
was the Free State Provincial Administra-
tion
Natal, too, remained loyal to Ilford film
for many years.

MR.
ess is a home with a cupboard

183 13/2/83

SA's ethical watchdog family profited by

Prof Brink and family had shares hidden in Isaac Kaye's drug empire

ONE of South Africa's most eminent medical men, Prof A J Brink, dean of the faculty of medicine at the University of Stellenbosch and a guardian of medical ethics, had a strong but hidden financial interest in Mr Isaac Kaye's pharmaceutical empire from which he and his family profited by more than R30 000

His interest was a holding of 4 000 shares, deeply buried in the network of companies of the Kaye group. He did not pay for the shares until Mr Kaye's Alumina group was taken over by SA Druggists, when the purchase price was

deducted from his share of the pay-out

The parcel of shares was in the hands of Professor Brink and his family for two years, from 1976 to 1978. At first the 4 000 shares were held by a private company called Jamap Beleggings, which was controlled by Professor Brink and his wife, but later they were registered in the names of his four children

All this emerges from re-

ports and documents of the Alumina group of companies which had a systematic campaign of trying to win influence in the medical world by giving doctors and officials gifts of television sets overseas trip, swimming pools and parcels of shares

The company records directly contradict reported statements by Professor Brink to an Afrikaans newspaper this week in which he denied drawing any profit from his relationship with the group

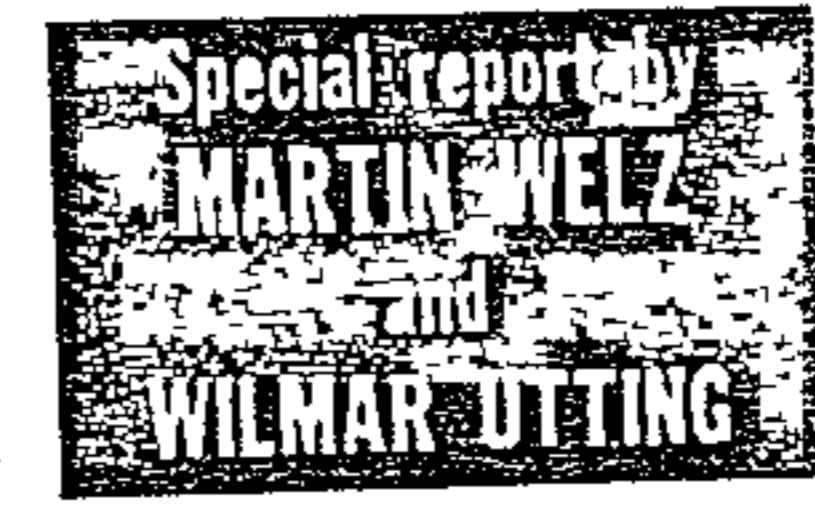
Professor Brink, a long-standing member of the SA Medical and Dental Council, watchdog over ethical standards for the medical profession, has been personal physician to Prime Ministers and State Presidents. He is also president of the South African Institute for Medical Research

Prof Brink has refused to discuss with the Sunday Express the details of his connection with the Alumina group, but he was quoted this week by Die Transvaler as saying that while he was a director of Labethica (Pty), one of the companies in the Kaye group, he had not

- Received a company car
- Had shares in the company registered in his children's names
- Received compensation for the several drug trials he had done for the company
- Received any "direct" remuneration from the company

According to Die Transvaler Professor Brink claimed he had only assisted the company because he wished to support a South

African industry. He said that he had received payment only for certain equipment required for the drug trials. He added that he had obtained the permission of his faculty to do the trials and that the Medi-



cal Council had had no objection to his serving on the board of the company

However, the Sunday Express has documentation which shows that

● In January, 1975 Mr Peter Goldberg, company secretary of the Alumina subsidiary company, Labethica (Pty), wrote to Prof Brink asking him to complete the necessary forms for appointment as a director

Although Professor Brink was not yet a director of the company, Mr Goldberg was concerned about arrangements for his car, saying "we have your car covered under our insurance policies, which costs us R200 per annum. We also paid your 1975 licence amounting to R19,80 and will forward it to you in due course"

Prof Brink acknowledged receipt of the letter and said he had discussed the matter with Mr Kaye

Later, on January 27, 1975, Mr Hannes Zaaiman, the Cape director of Continental Ethicals, another Alumina subsidiary, wrote to his Johannesburg office ("copy to

Mr I Kaye") asking them "please send the 1975 disc" Prof Brink's son's car to Also required (is) the receipt and registration certificate to enable me to tan the CA registration without transfer

● On April 29, 1975, according to the Registrar of Companies records in Pretoria Prof Andries Jacob B. was appointed director Labethica (Pty)

● In 1976 he was allotted 4 000 shares, recorded share certificate No 3, in Alumina Development Corporation Trust. Initially were registered in the name of a private company, Beleggings, controlled Prof Brink and his wife, Maria Brink

The trust, on behalf various company executives and other people, held 65 of the 1-million shares in Alumina Development Corporation, the centre of the Kaye empire

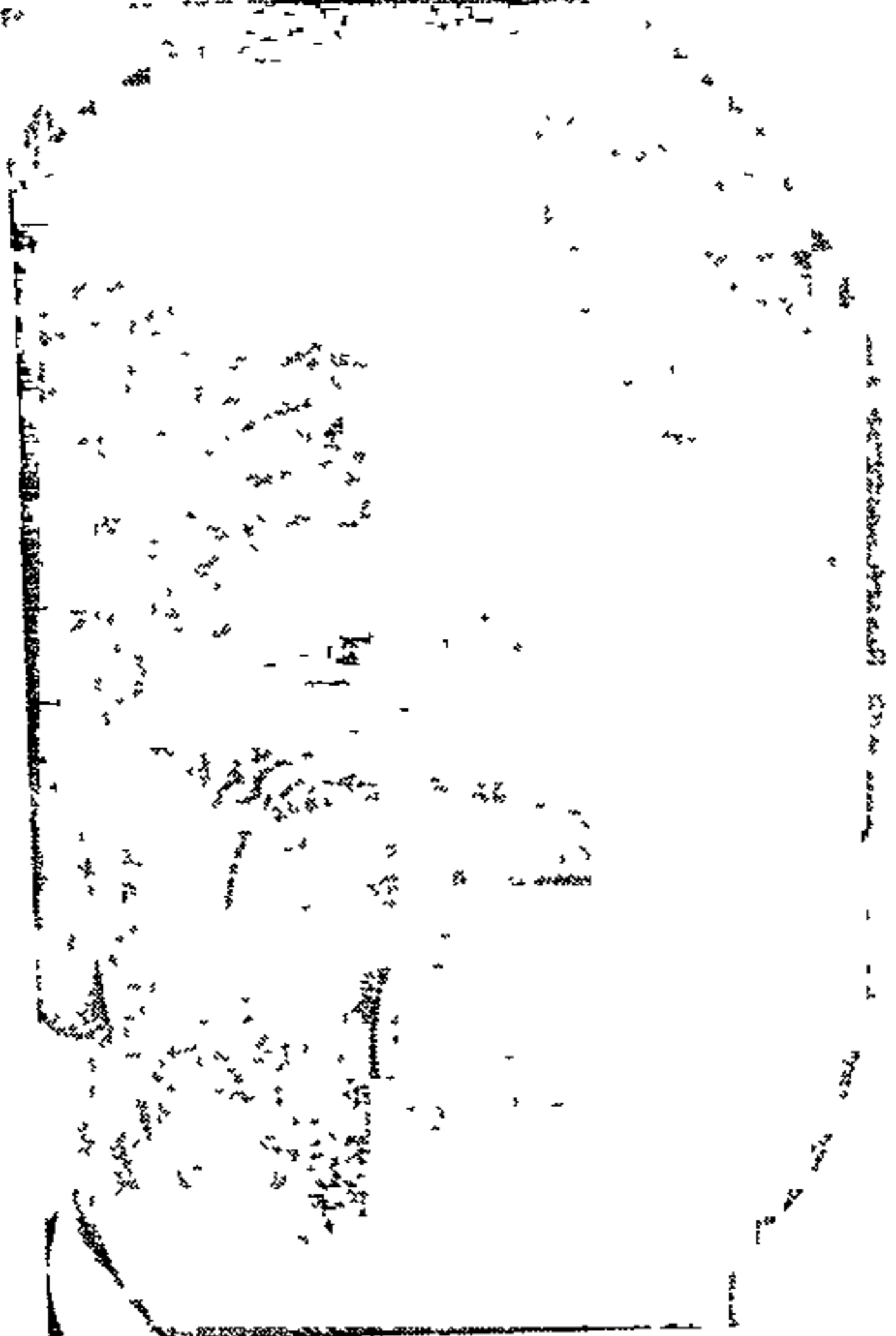
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● Again in November, dividend cheque for R203,77 payable to Jamap Beleggings to Prof Brink

But by the time the 1-million takeover of Alumina group by SA Druggists formally approved in 1978, Jamap had disappeared from the scene

In the takeover...



● Prof A J Brink — he had a strong, but hidden, financial interest in Mr Kaye's pharmaceutical empire

Handwritten notes and signatures at the bottom of the page, including a large 'S' and the name 'Rabau'.

MEDICAL PAYOFF SCANDAL

Medical watchdog and profited by R30 000

Brink and family had shares in Isaac Kaye's drug empire

Records and documents of the Alumina group of companies which had a systematic campaign of trying to win influence in the medical world by giving doctors and officials gifts of television sets, overseas trip, swimming pools and parcels of shares

The company records directly contradict reported statements by Professor Brink to an Afrikaans newspaper this week in which he denied drawing any profit from his relationship with the group

Professor Brink, a long-standing member of the SA Medical and Dental Council, watchdog over ethical standards for the medical profession, has been personal physician to Prime Ministers and State Presidents. He is also president of the South African Institute for Medical Research

Prof Brink has refused to discuss with the Sunday Express the details of his connection with the Alumina group, but he was quoted this week by Die Transvaler as saying that while he was a director of Labethica (Pty), one of the companies in the Kaye group, he had not

- Received a company car
Had shares in the company registered in his children's names
Received compensation for the several drug trials he had done for the company
Received any "direct" remuneration from the company

According to Die Transvaler Professor Brink claimed he had only assisted the company because he wished to support a South

African industry

He said that he had received payment only for certain equipment required for the drug trials. He added that he had obtained the permission of his faculty to do the trials and that the Medi-



cal Council had had no objection to his serving on the board of the company

However, the Sunday Express has documentation which shows that

In January, 1975 Mr Peter Goldberg, company secretary of the Alumina subsidiary company, Labethica (Pty), wrote to Prof Brink asking him to complete the necessary forms for appointment as a director

Although Professor Brink was not yet a director of the company, Mr Goldberg was concerned about arrangements for his car, saying "we have your car covered under our insurance policies, which costs us R200 per annum. We also paid your 1975 licence amounting to R19,80 and will forward it to you in due course"

Prof Brink acknowledged receipt of the letter and said he had discussed the matter with Mr Kaye

Later, on January 27, 1975, Mr Hannes Zaaiman, the Cape director of Continental Ethicals, another Alumina subsidiary, wrote to his Johannesburg office ("copy to

Mr I Kaye") asking them to "please send the 1975 disc for Prof Brink's son's car to me. Also required (is) the 1975 receipt and registration certificate to enable me to obtain the CA registration without transfer"

On April 29, 1975, according to the Registrar of Companies records in Pretoria, Prof Andries Jacob Brink was appointed director of Labethica (Pty)

In 1976 he was allotted 4 000 shares, recorded on share certificate No 3, in the Alumina Development Corporation Trust. Initially they were registered in the name of a private company, Jamap Beleggings, controlled by Prof Brink and his wife, Mrs Maria Brink

The trust, on behalf of various company executives and other people, held 65 000 of the 1-million shares in the Alumina Development Corporation, the centrepiece of the Kaye empire

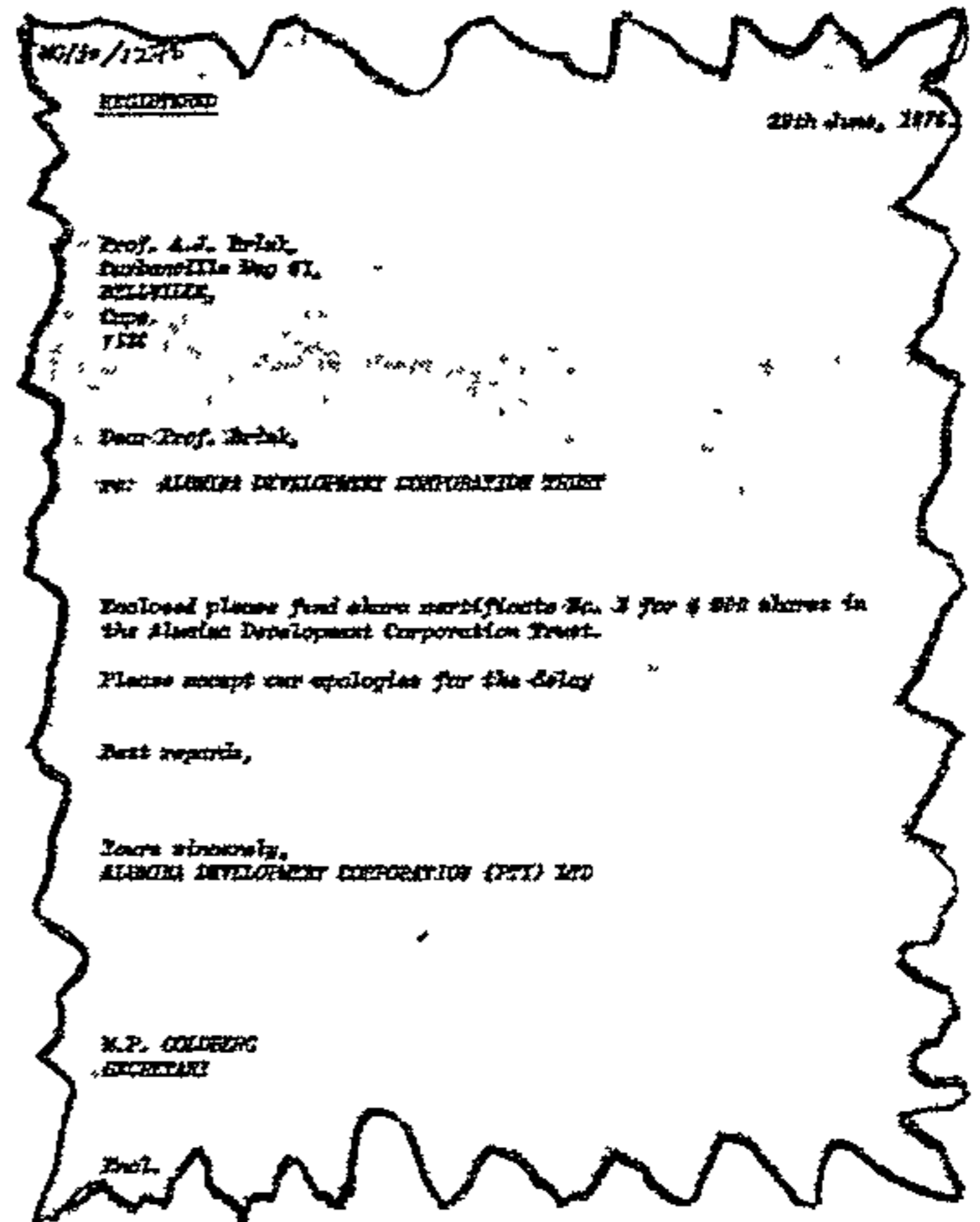
In March, 1976 Alumina Development Corporation paid R5 135 to Peugeot Citroen SA for a car for Professor Brink

In October, 1976 Prof Brink was sent two dividend cheques from the Alumina Development Corporation, each for R203,77 and made out to Jamap Beleggings

Again in November, 1977 a dividend cheque for R407,55 payable to Jamap was sent to Prof Brink

But by the time the R12,7-million takeover of Alumina group by SA Druggists was formally approved in March, 1978, Jamap had disappeared from the scene

In the takeover documents



filed with the stock exchange and the Companies Office the holders of Prof Brink's shares are listed as Analise Brink, Justinus Anton Brink, Maryna Brink and Paul Andries Brink, Prof Brink's children

The company records show that as a result of the sale to SAD the Brink family received more than R30 000 in cash and SAD shares for their Alumina shares

On March 22, 1978 SAD transferred 3 985 SAD shares valued at R5 698,55 to each of the four Brink children. Total value at the time was R22 794,20

A week later Mr Peter Goldberg addressed four cheques (total R3 800) to Professor Brink in payment of the Brinks' share of a R950 000 cash payment from SA Druggists

A further four cheques totalling R4 051,64 were issued on April 4, 1978 and sent to

Prof Brink. In a letter dated April 6 Mr Goldberg explains that this is Prof Brink's share of the proceeds of two-million SA Druggists shares sold to Federale Chemiese Beleggings at R1,25 a share (calculated by the Sunday Express to be R10 000) less the amounts you owed on the purchase price of your shares in Alumina"

On April 12, 1978 Mr Goldberg sent a further four cheques, each for R50, to Prof Brink, his share of the final R50 000 cash payment.

Professor Brink continued as a director of Labethica after it became a subsidiary of SAD and in February, 1978 it is recorded in an Alumina document that he received a gift costing R442 from the company. In the same year he is shown as having a company Peugeot TJ 227195

Prof Brink resigned as director of Labethica on March 30, 1979

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DOCTORS INVESTED IN HEALTH COMPANIES

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By **MARTIN WELZ and WILMAR UTTING**

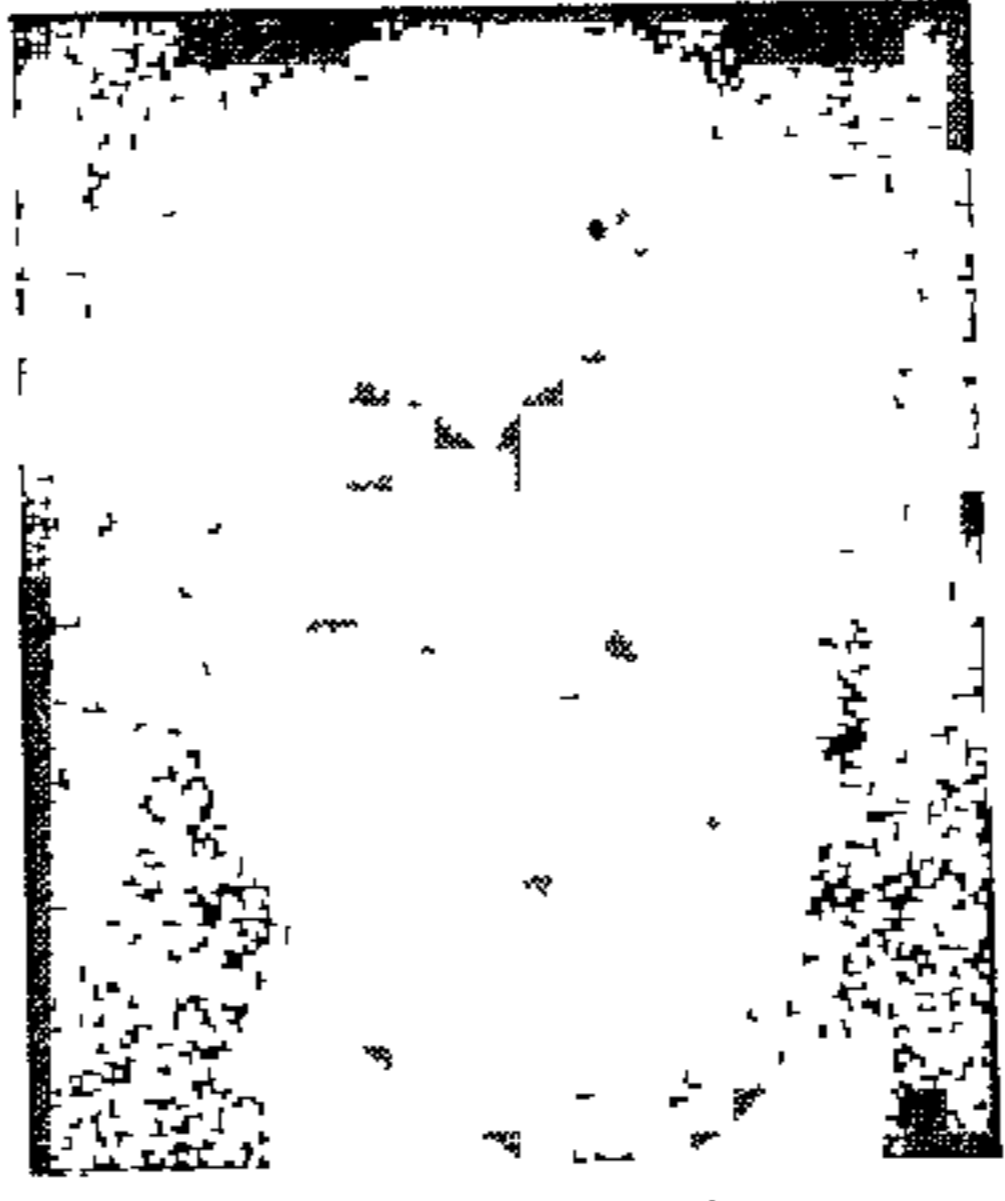
TWO top men in South Africa's medical world have been emerged as shareholders and investors in companies operating in medical fields — in one case making substantial profits from the investments.

Prof A. J Brink, dean of the medical school at Stellenbosch University, and members of his family turned a profit of more than R30 000 from their interests in Mr Isaac Kaye's pharmaceutical empire

The director of hospital services, Dr H A Grové, also at one time owned shares in two companies which have interests in the running of hospitals and mental homes for blacks

However he sold his interest in 1975 when, according to Mr David Tabatznik who controlled the two companies, they began to do business with the provincial administration

Professor Brink's interest consisted of an allotment of 4 000 shares in the



● Dr H A Grové

MORE DISCLOSURES: — Pages 6, 7 & 8

Alumina Development Corporation Trust, which held shares in the Alumina Development Corporation, centre-piece of Mr Isaac Kaye's drug empire

Professor Brink's 4 000 shares were held at first by a company called Jamap Beleggings controlled by Professor Brink and his wife. At a later stage they were held by his four children, and in the end the family received a total of more than R30 000 when their

interests were sold (See Page 7 for the full story)

Dr Grové was a major shareholder in two companies, Banstan Holdings (Pty) and Copybook Investments (Pty) which now form part of a vast empire of companies in the health field which are controlled by Mr Tabatznik

Mr Tabatznik is a partner of Mr Kaye and had interests in the Alumina group of companies but he told the Sunday Express yesterday that when Banstan contemplated ventures that involved doing business with the province, he offered to buy out Dr Grové's shares

Company registers of Banstan Holdings (Pty) show that when the company was set up in 1972, 2 000 shares were allotted to Dr Grové. He is shown as having 1 000 shares in Copybook Investments

Mrs Maria Brink, wife of Professor AJ Brink, still holds 500 shares in Banstan

Dr Grové could not be reached for comment yesterday, either at his home in Pretoria or at his smallholding outside the city

But last week, before the Sunday Express learnt of his interests in these companies, he said he had no company involvements other than a directorship of a State corporation

His comment was taken to mean that he did not have any current company interest, and it did not apply to past investments or interests

64/75

MEDICAL PAYOFF SCANDAL

European tour for Tvl Official still unexplained

Director of drug firm won't reveal

MR PETER Goldberg, chief executive of a subsidiary of SA Druggists, authorised an extensive European tour for the deputy director of Transvaal hospital services and his wife and charged it to SA Druggists' advertising account

The booking for Dr and Mrs G Scheepers was made by Mr Goldberg on a buying order of C E Electro Medical, X-ray division of Continental Ethicals, at that time a subsidiary of SA Druggists

Mr Goldberg was then managing director of C E Electro Medical. He had formerly been the accountant in Mr Isaac Kaye's Alumina group of pharmaceutical companies

The order, No 3473, is dated April 24, 1979, a year after Mr Kaye's Alumina company merged with South African Druggists. It is addressed to Keiser and Gentry, the travel company in Mr Kaye's group

Keiser and Gentry's invoice shows that South African Druggists spent R1 657 on air travel for Dr and Mrs

By MARTIN WELZ and WILMAR UTTING

Scheepers, who left South Africa on May 2, 1979 to visit Tel Aviv, Munich, Dusseldorf, Basle, London and Paris

There was a further invoice from Keiser and Gentry dated June 19. This was for a side trip for Dr Scheepers and his wife, leaving London on June 10 for Copenhagen and Malmo. The two air tickets cost a total of R809,08

Written over the invoice is a note 'Advert CEEM Tvl R400, CGR Tvl R409', indicating that the cost of the latter trip had been apportioned between two divisions of SA Druggists. CGR, an agency for a French electronic hospital equipment manufacturer, and CE Electro Medical

Dr Scheepers could not be reached for comment on his

trip but in an interview last week his superior, Dr H A Grové, the director of Transvaal hospital services, said the province had paid for Dr Scheepers' trip to view hospital equipment

Dr Grové said that there had been a problem only with the payment of a hotel bill on Dr Scheepers' trip

He told the Sunday Express Dr Scheepers found that on his departure from Tel-Aviv, the company had already paid his hotel bill. Dr Scheepers had therefore repaid the equivalent amount to the Treasury on his return to South Africa

The Sunday Express this week asked SA Druggists' accountant and director Mr J P Dandridge, and deputy managing director Mr Tony Karis, to explain the invoices

Later Mr Karis informed the Sunday Express that Mr Dandridge had investigated the matter and had prepared a statement, but that he wished to "consider the matter more calmly" before issuing a statement to the Press



● Dr Scheepers — he and his wife went on an extensive tour

'gift' list

By MARTIN WELZ and WILMAR UTTING

A DIRECTOR of Continental Ethicals, a major subsidiary of South African Druggists Ltd, this week defied his managing director and refused to discuss gifts which he admitted giving to doctors — including a doctor in the provincial service

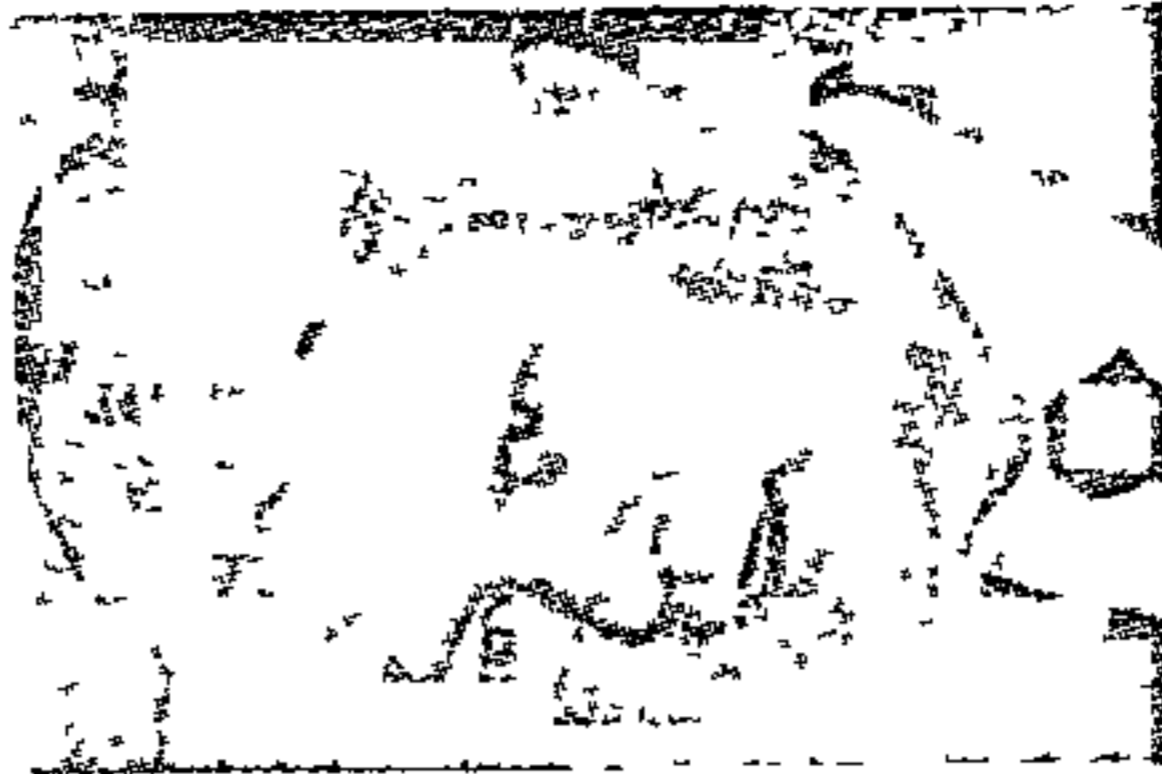
He is Mr Gerald Pienaar, director and general manager of Continental Ethicals, the former kingpin of Mr Isaac Kaye's Alumina group of pharmaceutical companies, and now a subsidiary of SA Druggists

"I have already accepted my career with SAD or any other pharmaceutical company is over," he told top executives of the company

"You can hang me once, but you can't hang me twice"

The vice-chairman and MD of SA Druggists, Mr Brian O'Donnell, gave an undertaking last week that any officer of the company who indulged in the practice of making substantial gifts to doctors would have to account publicly for his actions

Mr Pienaar was summoned on Thursday this



● Mr Gerald Pienaar ... 'can't hang me twice'

who had supported him in the 16 years he had devoted to building up the company

He admitted that he was aware of an occasion where these gifts had included payment of motor car installments totalling in excess of R2 000 on behalf of a doctor in the provincial service

But, he said, he refused to admit or deny that he had negotiated or been involved in the giving of other substantial rewards to doctors that the Sunday Express was

able to name. Disclosure would damage the credit-

Good for PFP praises Administrator's

Their gifts...

By ARLENE GETZ

MR Douglas Gibson, PFP leader in the Transvaal Provincial Council, said that if the allegations about the medical gifts scandal were correct, it would mean that officials of the Provincial Administration had indulged in "foolish and dangerous conduct".

Mr Gibson said "The implication of these allegations is extremely serious

"The giving of gifts and the building of friendships with people in responsible positions is almost standard practice in our business life

"When specific allegations are made that the gift-giving and the assistance has lapped over into the public sector where officials are responsible for spending public money, the situation is much more difficult and serious"

ONE person — probably a lawyer — will make up the commission of inquiry into the giving of gifts to officials in the Transvaal's Department of Hospital Services

The proposed appointment of the commission was announced unexpectedly on Thursday by the Administrator of the Transvaal, Mr Willem Cruywagen, during the first week of a provincial council session dominated by Sunday Express reports that public officials and doctors in official positions had accepted gifts and favours from a group of pharmaceutical companies

The announcement followed a blistering Wednesday-night attack by PFP provincial leader Mr Douglas Gibson on three provincial officials — the Director of Hospital Services, Dr Hennie Grove, his deputy, Dr G Scheepers, and Mr B D T Boshoff, MPC for Sunnyside

Mr Cruywagen's announcement, coming a week before the new MEC in charge of hospital services, Mr Daan Kirstein was expected to reply to the Opposition, was greeted with approval and surprise

The move was welcomed from Cape Town that Dr

Marius Barnard, Opposition spokesman on health, said the provincial commission of inquiry did not go far enough He called on the Ministers of Health and National Education to appoint their own inquiries

point their own inquiries

By ARLENE GETZ

Mr Cruywagen inquiry announced



Earlier in the week the Minister of Health, Dr Nak van der Merwe, said he regarded the allegations in a serious light. But he did not envisage investigating because no one in his department was involved

The commission cannot begin investigating until its appointment is formally announced in the Provincial Gazette. The next issue appears on Wednesday

DARYL BALFOUR reports that Natal's MEC in charge of hospital services, Dr Fred Clarke, has ordered an urgent inquiry into last week's Sunday Express disclosures that a senior provincial official accepted gifts from the SA Druggists group of pharmaceutical companies

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DARYL BALFOUR reports that Natal's MEC in charge of hospital services, Dr Fred Clarke, has ordered an urgent inquiry into last week's Sunday Express disclosures that a senior provincial official accepted gifts from the SA Druggists group of pharmaceutical companies

He said "I have admitted we gave gifts, but I will not discuss them or identify the doctors who took them"

Mr Pienaar insisted the 'gifts' he had made were not bribes "They were a thank you, not a please," he said They were made to people

ity and reputation of the doctors and their families

In a written statement prepared for the Sunday Express Mr Pienaar suggested that his company, Continental Ethicals, had been confused with another company in the group, CE Electro Medical, when it came to allegations of attempts to illicitly influence tender authorities or compromise doctors CE Electro Medical, he said, had "ridden on the back" of the good reputation of his company

When told that the Sunday Express wished to discuss only those incidents with doctors involving himself and his company, Mr Pienaar re-iterated that he had already made his admission Many of the bigger gifts detailed in the Sunday Express last week, he said, had been given on the express instructions of Mr Isaac Kaye while he was managing director of Continental Ethicals, both before and for a short while after the SAD takeover in 1978

Mr Pienaar added that the gifts he had given were "not unusual in the pharmaceutical industry or in any other industry"

The meeting ended with a suggestion from Mr O'Donnell that Mr Pienaar reconsider his attitude overnight The stand Mr Pienaar was taking would bring him "no benefit at all", Mr O'Donnell cautioned

The Sunday Express was informed next day that Mr Pienaar was determined not to explain the circumstances of his gift giving

His position would be discussed at an SAD board meeting in Durban on Friday

Yesterday it was announced that the board had authorised Mr O'Donnell to take a decision about Mr Pienaar A spokesman said that Mr O'Donnell would announce on Monday what action, if any, he intends to take

The 'club' that came up trumps

By MARTIN WELZ and WILMAR UTTING

ONCE a month for a year Mr Julius Butkow, an accountant in Mr Isaac Kaye's group of pharmaceutical companies who happened also to be a South African bridge champion and a world class player, went to Pretoria to partner the former Transvaal director of hospital services, Dr J D Verster

Mr Butkow first told the Sunday Express he was "instructed" by Mr Kaye to partner Dr Verster and to make sure he won

Later, asked to confirm his remarks, he said was "asked" to play, and that his reference to ensuring that Dr Verster won had been facetious

"Isaac did not play bridge himself and I was asked to go once a month with Mr Kaye's business partners, Richard Lurie and Dave Tabatnik, to make a foursome with Dr Verster"

Mr Butkow is president of the Johannesburg Bridge Club and the South African Bridge Federation and a former executive member of the International Bridge Federation

"Dr Verster was passionate about the game We played on a Wednesday afternoon at his home We started at about 3pm and played on right through until the early hours, even eating dinner at the card table We played for two-and-a-half cents a hundred points Verster loved to win"

Mr Butkow said he stopped going after a year

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Manager: gifts 'entirely ethical'

183 ~~183~~ Chief Reporter *Star* 14/2/83

A drug company chief has described the manner in which his company gave money to medical units and gifts to doctors as entirely ethical.

Mr Gerald Pienaar, general manager of Continental Ethicals, was reacting to Press reports concerning gifts and favours accepted by doctors in official positions.

Continental Ethicals was formerly part of the Alumina Development Corporation, which has since merged with SA Druggists.

Mr Pienaar denied any knowledge of attempts to influence tender authorities to buy his products.

If the allegations levelled at his company in this regard were correct, he said, he had no knowledge that Continental Ethicals had been used in this manner.

"I admit that within the framework of Continental Ethicals certain doctors were given gifts, but this is a practice not unusual in the pharmaceutical industry, or, for that matter, in any other industry," he said.

When a medical unit at a hospital was approached to test a drug for the company the unit was given a donation for research purposes to use as it wished.

The company declared this donation for tax purposes and this practice was ethical, Mr Pienaar said.

Individual doctors working at academic hospitals often spent many hours of their free time analysing test results and writing reports.

These doctors had received gifts from the company as goodwill after their research was concluded. The gifts in no way influenced their research findings, he said.

One such doctor, Professor Harry Seftel of the University of the Witwatersrand, who is reported to have received a television set, in fact "killed" a drug through an adverse report, Mr Pienaar said.

Doctors who drew up reports often had to address international symposia. Any articles they submitted to medical journals had to be vetted by a panel of experts.

Doctors would not therefore jeopardise their reputations by trying to give favourable reports for personal advantage.

Mr Pienaar said he would not disclose the names of persons to whom gifts had been given, as he would under no circumstances jeopardise any medical or professional man's status.

(183) RDM 15/2/83

Medical gifts claims 'perturbing'

THE managing director of South African Druggists is "deeply perturbed" by reports claiming medical practitioners and State officials had received "substantial gifts" from pharmaceutical company officials.

Speaking to Sapa after a meeting of the board of directors of the giant pharmaceutical group of companies Mr B T O'Donnell said SA Druggists had never found it necessary to resort to such practices.

He said this apparently happened prior to the SA

Druggists' acquisition in 1977 of some of the companies allegedly involved and may have continued for a short period thereafter without the permission of SA Druggists' management.

Such practices were unacceptable to both himself and the board. An official inquiry would be welcomed, he said.

PAT SIDLEY reports the doctors may hold shares in any company — including drug companies — if they do not abuse that involvement, according to the chairman of the South African Medical

and Dental Council Professor Frans Geldenhuys.

He was responding to articles in a Sunday newspaper which named two top medical men — both in the public service — as having profited from shares they allegedly held at one time in SA Druggists and two associate companies.

Dr Geldenhuys said it could become unethical if the doctor sat on any tender committees which had to buy products from the company and his involvement with the company impaired his objec-

tivity in recommending a purchase.

Doctors may not trade in medicines themselves, but he did not believe owning shares in drug companies constituted trading in medicines.

He could not comment on the allegations however because he had not read the article and could not react until a complaint had been laid with the council.

As far as he was aware there had not yet been any complaints — although one could arise.

'Gifts' row: Commission is appointed

By Sue Leeman
Pretoria Bureau

Retired chief regional magistrate of the Southern Transvaal, Mr Lourens Vosloo de Kock, has been appointed commissioner in charge of the official provincial inquiry into alleged corruption within the hospital services

This was announced yesterday by the Administrator of the Transvaal, Mr Willem Cruywagen, who said the commission would consist of only one man

The commission's terms of reference will be "To investigate allegations printed in the Sunday Express of February 6 and February 13, as well as further allegations and questions during this sitting of the council, that Dr H A Grove and Dr G W Schepers of the Department of Hospital Services received gifts or favours from the Alumina Development Corporation or its subsidiaries which could have resulted in preference being given to tenders by these companies for the provision of medical supplies"

Leader of the PFP in the council, Mr Douglas Gibson, last week called for a "frank and full" statement regarding the alleged involvement of provincial officials

Mr Cruywagen said the commission's hearings would be public, in accordance with the commission's ordinance. But the ordinance allowed the chairman of the commission to bar sectors of the public from attending

The date and place of the hearings will be laid down by Mr de Kock

Reacting to the Administrator's announcement, Mr Gibson said that while he welcomed the appointment of Mr de Kock he felt the terms of reference of the commission were too narrow

"If we are to get to the bottom of the allegations it is vital that the commission be empowered to investigate gifts and assistance to officials other than Dr Grove and Dr Schepers. What gifts were made to wives or families of these or other officials, for example?"

"What also concerns me is that the Administrator has not made it clear that members of the public who have information will be given an opportunity of testifying on matters other than the specific allegations already made

"One must also inquire why Alumina and its associate companies have been singled out whereas SA Druggists, successors to Alumina, have not been included in the terms of reference"

Mr Gibson said he was also surprised that there was to be no inquiry into the allegations against Provincial Council chairman, Mr B D T "Bossie" Boshoff

"He has rejected these allegations with contempt but if the name of this senior and respected public representative is to be cleared, it is important that the allegations be investigated by the commission"

Public won't testify — Gibson

Council gifts probe flawed, claims PFP

By GERALD REILLY
Pretoria Bureau

THE commission appointed by the Administrator of the Transvaal to investigate alleged gift-giving to senior Transvaal Hospitals Department officials was "fatally flawed".

The leader of the Progressive Federal Party in the Transvaal Provincial Council, Mr Douglas Gibson, said the commission was flawed because there was no indication that members of the public would be able to testify.

He was reacting to the appointment of a one-man commission chaired by a former president of the Johannesburg Regional Court, Mr L V de Kock

Mr Gibson called on the Administrator, Mr Willem Cruywagen, to extend the commission's terms of reference

Announcing the commission, Mr Cruywagen said it would investigate allegations — made during the current provincial council session and in a Sunday newspaper — that the Director of Hospital Services, Dr Hennie Grove, and his deputy, Dr G Scheepers, had received gifts or favours from the Alumni Development Corporation or one of its associate companies

The allegations also claimed these "gifts" could have resulted in favourable tenders — for the provision of medical supplies to the Transvaal Provincial Administration — for the companies allegedly involved

Mr Gibson said the terms of reference were far too restricted — to get to the bottom of the "mess" Mr Cruywagen has named Dr Grove and Dr Scheepers, but had remained silent about other officials named in both the Press and the provincial council

Mr Gibson said there was "no indication" that members of the public who had other information not already disclosed would be invited to give evidence before the

commission

"To me this is a fatal flaw," said Mr Gibson. Serious allegations had been made about the council chairman, Mr B D T Boshoff, who had stated that he rejected them "with contempt"

"Surely, in order to clear the name of this senior public representative, it is important that his alleged conduct also be examined," Mr Gibson said

Speaking after the announcement of the commission, Mrs Irene Menell (PFP Houghton) said the allegations emphasised more strongly the need for an open and public inquiry

Nobody who was implicated should be immune from the commission, whatever their office or position, she said

Mrs Menell asked

- What is the specific administration policy on the offer and acceptance of gifts from private sector agencies to persons in the employ of the province,
- What are the procedures for the disclosure of gifts or grants made and received,
- What action is prescribed when such policy and procedures are breached, and,
- Has the administration ever disciplined any of its employees for the improper acceptance of gifts and favours from private sector companies and individuals who have business dealings with the province

Officials were not given adequate facilities to attend conferences professionally necessary to them. It was hardly surprising that help was sought from outside, she said

Referring to the testing of drugs for pharmaceutical companies by the Transvaal's medical personnel, Mrs Menell said such work should carry rewards

"If this is officially prohibited then unofficial procedures will develop — as they have done — and that results at best in situations that are sordid and distasteful and, at worst, an abuse of taxpayers' money," she said

183

ROM

16/2/83

Call to extend inquiry into gifts given to doctors

Pretoria Bureau

A DEMAND to extend the terms of reference for the commission of inquiry into alleged giving of gifts to two senior officials of the provincial hospitals department was made in the Transvaal Provincial Council yesterday.

The leader of the Progressive Federal Party in the council Mr Douglas Gibson said the allegations had been wide ranging and included accusations against other officials and members of named officials' families.

The terms of reference were not wide enough.

The inquiry was restricted to two doctors — the Director of Hospital Services Dr Henrie Grove, and his deputy Dr G Scheepers.

The executive committee had blundered in not advising the Administrator to discuss the terms of reference with the leader of the opposition.

He welcomed the assurance by the Administrator that if the commissioner asked for extended terms of reference he would agree to this.

The terms of reference merely referred to allegations in two issues of the Sunday Express newspaper and to questions in the council.

'What will happen if the Express comes out with further allegations this Sunday. Will they be excluded from the inquiry?'

The terms should have included this possibility.

And what about members of the public who may want to make further allegations? They too were excluded by the commissioner's guidelines.

'We must get to the bottom of the mess once and for all.'

'We are not trying to persecute anyone. Don't cast a pall of suspicion over the commission.'

He failed to understand why the inquiry should be confined to two doctors.

He appealed to the Administrator to reconsider the issue and to extend the terms of reference.

Mr Gibson said he did not enjoy raising the issue in the council but it was a public duty to do so.

In other issues discussed in the council yesterday.

● The MEC in charge of roads and works Mr John Griffiths said overtime had been cut, roads were made to conform with absolute minimum standards, furniture purchasing had been kept to a minimum, old vehicles were repaired and taken back into service.

He was responding to a demand from Mr Gibson that the administration should be streamlined.

'Tell us what more we should do to streamline. You told us to deliver the goods.'

'Tell us what goods we have not delivered,' he said.

● Mr Griffiths also said if the cutting of provincial subsidies was in the national interest then he accepted it without qualification.

The province's financial difficulties would have been greatly eased if it had been able to keep the R300-million cut from its budget, he said.

Everything possible had been done to get the needed finance for the province.

He was reacting to opposition criticisms that the cutting of the provincial subsidy was the bell 'of doom' for the province.

There was no reason for the prophets of doom to fear an early death for the province because of subsidy cuts.

● The leader of the National Party in the council Mr Fanie Schoeman MEC in charge of education said the opposition had come along with instant solutions to the staff shortage problem — the use of other race groups.

He pointed out there were senior posts in the province available to non-whites but contrary to the opposition claim there were not thousands and thousands of suitably qualified blacks to fill the available posts.

(183) ~~93760~~ 18/2/83
Pharmaceutical companies: bribery
Hansard Q. 61,190
*12 Dr M S BARNARD asked the
Minister of National Education

- (1) Whether he has called for an investigation to be conducted into allegations regarding bribery by pharmaceutical companies of professors at institutions falling under his Department if so, (a) when, (b) what are the terms of reference of such investigation and (c) by whom is it to be conducted if not
- (2) whether he intends to initiate such an investigation, if not, why not?

+The MINISTER OF DEFENCE (for the Minister of National Education)

- (1) No
- (2) No, such institutions are autonomous universities which, if necessary can by virtue of their legal powers conduct their own investigation into allegations made against members of their staff

*13 Dr M S BARNARD —Reply standing over

Reports of kickbacks and 'gifts' to doctors by drug companies in an effort to secure orders have appeared in South Africa In Britain, reports Karrier Thomson, an investigation has revealed similar activities

LONDON - More than R150 million a year is being spent by British pharmaceutical companies to persuade doctors to prescribe their drugs

And now, amid growing clamour and concern, the Association of the British Pharmaceutical Industry has told 150 of its member companies to curb "excessive hospital-ity" and gifts in trying to sell their products to doctors

The warning comes at a time when Britain's General Medical Council, the doctors' ruling body, is midway through its own investigation of the method used to promote pharmaceutical products

A total of R180 million is spent on advertising and promotion - including direct approaches - each year

The British Medical Association is reluctant to name names at this stage, but public attention was focused on the problem at the end of January when Liverpool doctors and chemists were lavishly entertained aboard Henry Ford's yacht in the West Princes dock

Earlier, several rheumatologists were given a free trip to Venice on the Orient Express by the manufacturers of the latest successor to the controversial drug Opren

The trip was filmed by the BBC for a programme on Opren and the relationship between doctors and the sales-conscious drug companies

The medical journal, the Lancet, later commented that some of the film sequences "may have been uneasily familiar to many senior hospital staff"

It added "A sequence of postprandial satisfaction mixed with nervous defensiveness made the (documentary's) case without further intervention"

The drug salesmen themselves, however, insisted that their method of "sweetening" doctors fall well within the boundaries agreed with the medical profession in a code of practice intro-

duced in 1957

Mr Tom Mangold, presenter of the BBC's programme and author of a later article in the Listener, insists, however, that relationships between doctors and salesmen are "lurching out of control," and the Lancet itself suggests the drug companies' own guide-

lines are too easily bypassed

Certainly the party on the yacht and the Orient Express trip are exceptionally lavish examples

But doctors themselves have reported "sweeteners" in a multitude of forms

Most recently a major drug company was reported to have offered doctors R15 a patent to report on the progress of heart patients who had been prescribed its brand-name drug

The company later said the fee was to compensate busy GPs for the extra work required in this research

Other GPs have reported being offered lavish meals for themselves and their spouses and even friends, as well as expensive gifts and free holidays

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Professor Brink's company car

MR DAVID Tabatznik discussed with the Sunday Express this week the car given by the Alumina group of companies to Professor Andries Brink, professor of medicine at Stellenbosch University and a former director of Labethica

"I certainly think it wrong for the company to have bought a car for Prof Brink, unless he got his employers' permission," Mr Tabatznik said

"But then that happened when we were no longer responsible for Labethica. In fact the car was paid for by Alumina, for which I was only indirectly responsible as it was a subsidiary of SAD and I was a director of SAD. But I certainly did not know about it. I would not have approved it had I known.

"If at an earlier stage he had merely had the use of a company car, that was different

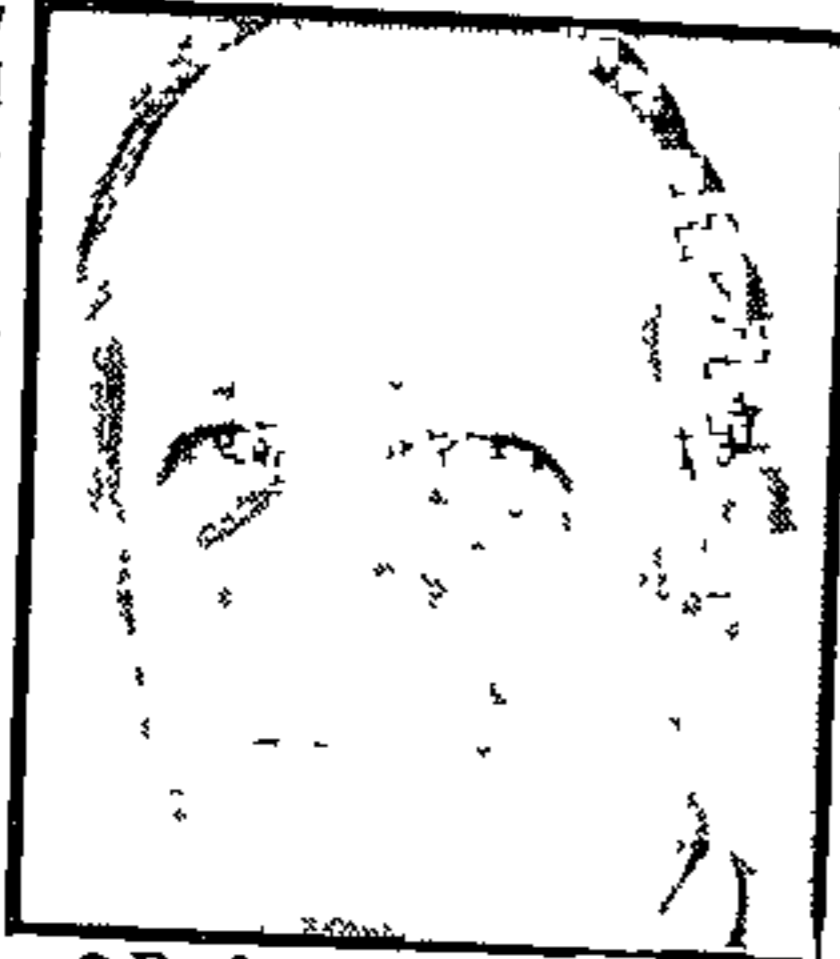
"I did not know about that either, I do not recall it being discussed at a Labethica board meeting. Prof Brink has told me he was given the use of a car for travelling

"It would have been natural for the company to give him the use of a car if he was travelling to Bethlehem from time

to time. I would not have minded him having the car for his personal use if it was to the benefit of the company. It would remain the property of the company," Mr Tabatznik said

"But then I notice that the car was arranged by Continental Ethicals, which was entirely Mr Kaye's company and I knew nothing about that

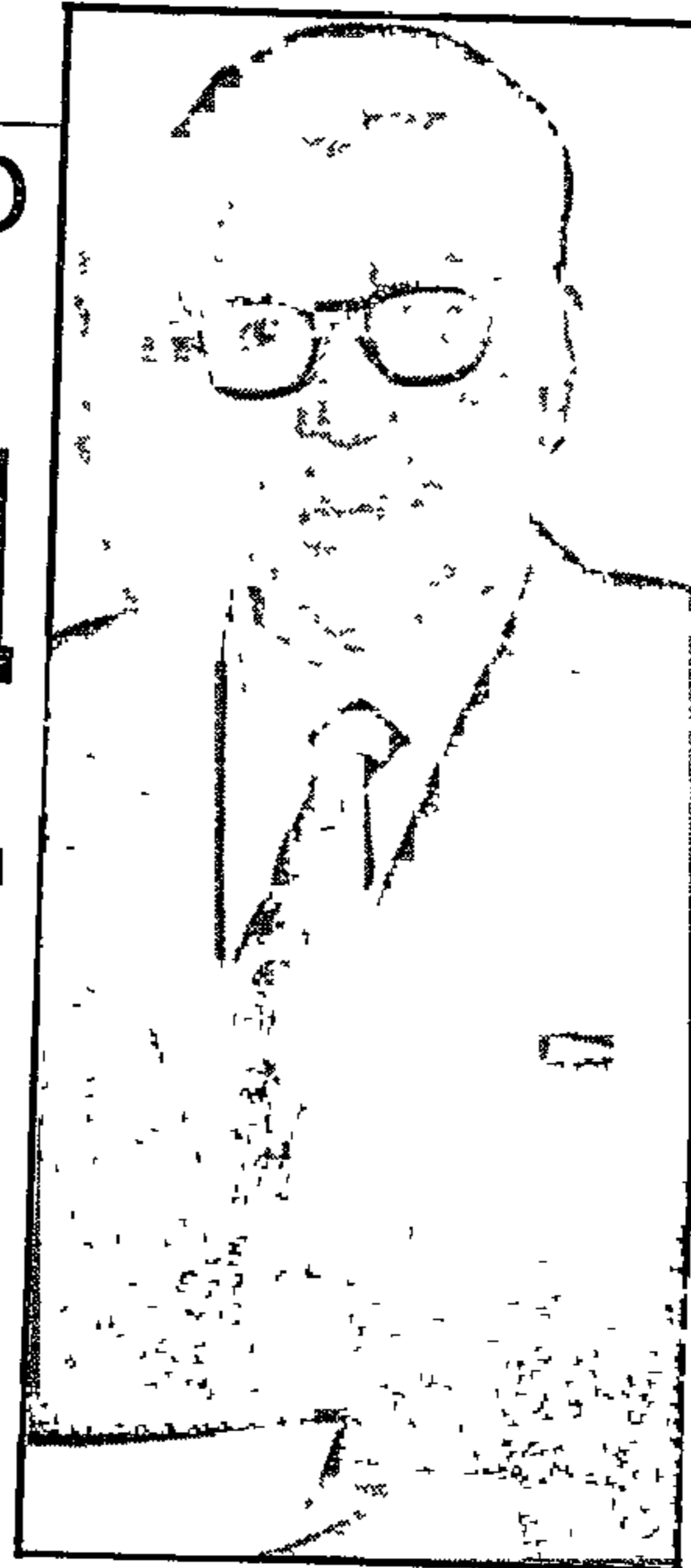
"I was not responsible for inviting Prof Brink to join the board of Labethica. I do not recall the terms of his appointment, I suppose it will be in the minutes."



● Professor Andries Brink had company car

TABATZNIK AND
LURIE EXPLAIN...

We had
nothing
to do
with
Kaye's



● MR RICHARD LURIE



● MR ISAAC KAYE

gift-giving

Reports by MARTIN WELZ
and WILMAR UTTING

TWO major shareholders in subsidiary companies of Mr Isaac Kaye's Alumina group this week said they had held no shares in the Alumina Development Corporation itself or in any of its subsidiaries that were involved in 'gift giving' to influential doctors and officials

"We wish to be clearly separated from the Alumina group," Mr Richard Lurie and Mr Dave Tabatznik told the Sunday Express in a wide-ranging interview

"We had nothing to do with Alumina's gift-giving. As far as we were concerned Alumina belonged to Mr Kaye and his partner Mr Barney Miller," Mr Tabatznik said

"Two of the Alumina subsidiaries in which we held shares had nothing to do with selling"

The three Alumina subsidiaries in which Mr Lurie, former president of the Johannesburg Stock Exchange, and Mr Tabatznik, boss of

scores of hospital and nursing home companies, held shares were

□ Labethica, in which Mr Lurie and Mr Tabatznik held 49% of the shares and Alumina the controlling 51%. Profits and voting rights were equally divided. Mr Lurie was a director, while Mr Tabatznik attended some of the board meetings

The company manufactured intravenous fluids and generic drugs mainly for the State and provincial tenders

"I was responsible for telling them what to manufacture. I was only interested in the technical side of Labethica," Mr Tabatznik said

To his knowledge no 'gifts' were given to doctors or officials by this company

Some of the company's products were marketed and distributed by Continental Ethicals, which was wholly owned by Mr Kaye's group, he said

□ Amilkay, in which Mr Tabatznik and Mr Lurie held a

third of the shares and Alumina the remaining two-thirds. While Alumina held the majority shareholding, a partnership agreement between the shareholders gave both an equal say in the company, but Mr Tabatznik and Mr Lurie were not directors

The company operated a plant that cut and packaged X-ray film. The products of this company were marketed and distributed by Continental Ethicals and another company, CE Electro-medical, also owned by Mr Kaye's Alumina Development Corporation

□ Chemley, the company that owned the factory in which the X-ray film plant operated. The arrangement between the shareholder was identical to that in Amilkay

Last week the Sunday Express described Mr Tabatznik and Mr Lurie as partners

That

BOTH Mr David Tabatznik and Mr Richard Lurie disputed a claim by a former employee of the Alumina group that they had regularly played bridge with a top provincial official.

The employee, Mr Julius Butkow, a champion bridge player was quoted in the



● MR DAVE TABATZNIK

How the medical officials were allotted their shares

MR RICHARD Lurie and Mr David Tabatznik reacted "more in sorrow than in anger" to last week's Sunday Express report that the director of hospital services in the Transvaal had held shares in two companies controlled by Mr Tabatznik.

The companies were Banstan Holdings and Copybook Investments.

Mr Tabatznik explained "I must say I have never thought it wrong to allot shares to people in one of my companies which has no dealings in an area in

I see nothing wrong with helping doctors ... who have helped us.

— Mr David Tabatznik, director of three Alumina subsidiaries

which they are in a position to influence business. "In any case their earnings were not enough to make that difference I have known these people from 1948 onwards. I see nothing wrong with helping doctors (with an investment) who have helped us. "Mr Piet Aucamp (Free State MEC for hospital services until 1971 when

he was elected MP for Bloemfontein East) telephoned yesterday and told me he was surprised to discover he was such a big shareholder in my companies," Mr Tabatznik remarked.

"In fact he has a minor interest in only two of our many companies."

Mr Tabatznik said that Mr Aucamp was MP for Bloemfontein when he was allotted some shares in Banstan and Copybook Investments in 1973.

"He had come to me with a problem because there were blacks and whites in the same hospital in a white area. He asked us if we could not take the black patients. We formed a company to operate a new hospital, Poloko Sanatorium. Banstan and Copybook held the controlling shares.

"Mr Aucamp sent us black patients from the Oranje hospital. Eventually they came from the whole of the Free State."

Asked how Mr Aucamp was in a position to send patients to Poloka, Mr Tabatznik corrected himself: "Of course he had no right to send patients. There was no way he could send us patients, but he spoke to the people concerned. As thanks for what he did for us there we allotted him some shares."

Mrs Maria Brink (wife of Prof A J Brink), Dr Henne Grové, Prof Sarel Oosthuizen and Dr Connie Mulder, then Transvaal leader of the National Party, were among those allotted shares in the two companies.

Dr Grové, he said, had telephoned him and asked for advice on where he might invest some money in shares. "I told him I knew nothing about the stock exchange, if that was what he wanted he should speak

He suggested to Dr Grové that he sell his shares because Labethica was about to enter the tender market for the supply of pharmaceuticals to the province.

"I paid him R2 200 for his 2 000 shares in one company and R2 500 for his 2 000 shares in the other, based on an auditor's valuation."

Mr Tabatznik said he did not believe that Prof Oosthuizen (professor of radiology at Pretoria University at the time) had had any influence on the granting of Transvaal X-ray tenders at that time.

"In any case there are

several doctors who sit on a committee that advises the province on tenders." Mr Tabatznik was chairman of Protea Holdings Ltd, a major supplier of X-ray film and medical equipment to the province but as chairman I never saw a tender."

"In any case, why should I give people shares in my own private company to benefit a large public company in which I have only a small interest?"

"If Protea got R2-million worth of tenders for X-ray film, in terms of my shareholding that would have contributed less than R1 000 to my dividend."

Companies

the Alumina group. This description was based on formal partnership contracts shown to the Sunday Express, their major shareholders in three Alumina subsidiary companies and the fact that the two men were co-signatories with Mr Kaye Mr Barney Miller to the agreement when South African Druggists bought the Alumina group for R12,7-million in 1977.

This week Mr Tabatznik and Mr Lurie said this description was misleading because, they said, it linked them to the alleged misdeeds of subsidiaries in the Alumina group in which they had no interest.

"While there might have been a partnership agreement between our group and the Kaye group in both Amilkay and Labethica, this had probably only been necessary to start the companies

We in fact had nothing to do with the running of the X-ray film operation."

Mr Tabatznik added that while special agreements had been concluded between them and Mr Kaye's Alumina immediately prior to the SAD takeover, these had been necessary to facilitate the takeover deal.

"Mr Kaye was determined to sell and as minority shareholders we had no option but to go along with the deal."

Mr Tabatznik and Mr Lurie received R4-million for their share.

Mr Tabatznik conceded that while the Alumina companies in which he and Mr Lurie had major shareholdings were themselves not involved in the selling operations of the other Alumina subsidiaries, they were dependent on them for their success and shared in the benefits of those sales.

"But we had nothing to do with the day-by-day running of Alumina."

"Only when we became directors of SA Druggists did we have any responsibility for Alumina. Even then we had nothing to do with tenders or the day-to-day running of any of the Alumina companies," he said.

Referring to some of the TV sets for doctors and officials, Mr Tabatznik explained:

"Mr Kaye asked me to get them for him wholesale. I got them for him from Globe Electric (Mr Tabatznik was chairman of Gloclec), but I could have got them from any number of other suppliers."

"It's the sort of favour I would have done for any friend," Mr Tabatznik said.

"He paid for them. Other than that I know nothing more about them."

Bridge story is 'fanciful'

Sunday Express last week as saying he had been asked to partner the former director of hospital services in the Transvaal, Dr J D Verster, bridge at his home in Pretoria every month.

Mr Butkow said Mr Lurie

and Mr Tabatznik were the other partners in these games. The Sunday Express report was written on the basis of what Mr Butkow told two reporters, and was read back to him on the telephone by a third.

This week Mr Lurie said Mr Butkow's story was "fanciful." He said he had never played bridge in Pretoria with anybody and he had never played bridge with Dr Verster.

He had met Mr Butkow

only once — at Mr Tabatznik's home where they were playing bridge.

Mr Tabatznik said he had played bridge with Dr Verster, but as far as he could recall only once or twice.

MEDICAL SCANDAL

THIS newspaper's inquiry into the relationship between the pharmaceutical industry and the medical profession has now unearthed shocking facts

Contaminated intravenous fluid was sold to our hospitals and may have continued in use for months after the contamination was first suspected. Responsible medical opinion concedes it was "potentially fatal." Whether patients died as a result of treatment with this contaminated substance is not known but it seems possible.

It is a scandal and a disgrace.

Where the blame lies, we cannot say but until responsibility is firmly assigned the reputation of some of the world's finest medical men and women will continue to suffer.

This episode occurred in a context of a relationship between the medical profession and the drug industry that is, to say the least, disquieting.

Labethica (Pty), the company that produced the potentially fatal fluid, belonged to a group whose employees pursued a systematic campaign of gift-giving in order to influence attitudes within the medical profession.

Sadly many medical men succumbed, among them the registrar of the Medicines Control Council.

On Labethica's board sat Professor Andries Brink, a member of the SA Medical and Dental Council which is responsible for the ethics of the profession. His wife held shares in a company controlled by a member of Labethica's board. His children had previously held shares in another company of the same group, for which they had not paid and from which they profited.

The director of medical services in the Transvaal, who finally ordered the contaminated products removed from hospitals, had also at one time held shares in a company controlled by a member of Labethica's board.

Public confidence has been shaken by these disclosures.

As things stand, nobody outside the profession can say what effect the gift-giving and the shared business interests might have had on the behaviour or the judgment of the people who accepted favours from the pharmaceutical industry.

How important were these relationships? Clearly the drug salesmen thought them important.

But the question can be answered only by a full and open inquiry. Unhappily, even now the Medicines Control Council will not disclose the full sequence of events that followed first discovery of the contamination. We think this attitude ill-advised.

This newspaper will, unless it is gagged by Government action, continue to publish its findings. But that is not enough. The medical profession must clean its own house and it must be seen to do so.

— THE EDITOR

THE DREAD MEDIC

'Pote
drips
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183

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20/2/83
S-Express

Special investigation by **MARTIN
WELZ and WILMAR UTING**

PACKS of intravenous fluid were permitted to remain in use in provincial, State and private hospitals for at least seven months after some of the stocks were found to be contaminated.

The problem of contamination later proved to be country-wide and the stocks were withdrawn on orders of the Medicines Control Council in July, 1979.

The fluid, popularly known as a drip, is widely used on infants, accident victims and seriously ill patients in intensive care or after major surgery.

Medical experts agreed this week that use of contaminated fluid was potentially fatal, but that it would not easily be identified as the cause of death.

The chairman of the Medicines Control Council (MCC), Professor P. Folb of the University of Cape Town, yesterday confirmed Sunday Express information that Weskoppies Hospital, near Pretoria, was the first to report the discovery of a fungus growth in fluid packs manufactured by South African Druggists subsidiary Labethica in November 1978.

After the Weskoppies complaint was received in November 1978, a number of complaints from other major hospitals followed. Professor Folb told the Sunday Express the first complaint was brought to the attention of the MCC executive which reacted appropriately "within two or three hours" but he refused to disclose what action was taken.

Labethica's IV fluids manufac-

To Page 2

**NON-REFINDER
— IT'S THE
BIGGEST
ISSUE YET!**

**INKOMO
HELD AT
AIRPORT**

— Page 8

What's the
matter w
Janice?

THE

'Potentially fatal' drips used in hospital wards

193 98 S-Express 20/2/83

DEADLY

MEDICINE

Special investigation by **MARTIN
WELZ and WILMAR UTTING**

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Labethica's IV fluids, manufac-

To Page 2

**MEFINDER
IT'S THE
BIGGEST
SUE YET!**

**NKOMO
HELD AT
AIRPORT
— Page 8**



**What's the
matter with
Janice?**

WHAT'S funny-face actress Janice Honey-
man up to? Is she laughing or crying? What-
ever it is, she's telling why she broke down in
hysterics on stage in Johannesburg last week
during the musical Mame. Her story is on
Page 3

Picture by HERBERT MABUZA

CONTAMINATION SCANDAL

A MEDICAL expert told the Sunday Express that contaminated IV fluid, such as the packs removed from the South African market in 1979, may well have killed patients — and nobody would know

"Should an injured patient die from septicæmia — blood poisoning — caused by contaminated intravenous fluid, the true cause is likely to remain undetected

The problem with Labethuca's product was that the packs had developed imperceptible leaks. The leaking sugar and water solution had sealed the crack but the packs then became breeding grounds for fungus and bacteria

dismissed by company salesmen who claimed that the fungus growth in the packs was so obvious that no doctor would administer it

Hospitals that found faulty packs remained ignorant of the fact that the problem was widespread

'Fluid may have killed patients'

Salesmen sent to hospitals to seek out the deadly medicine

From Page 1

tured at its border industry factory near Bethlehem, continued in general use at least until the following July when the MCC "froze" the use of Labethuca fluids

Company salesmen were also aware of it and went from hospital to hospital, trying to sort contaminated supplies from those that seemed to be uncontaminated

On June 22, Mr Goldberg wrote to his Durban manager, Mr Bob Browning, ordering him to withdraw all batches of IV fluid from his stock and send them back to Labethuca

— on the day it was identified — the chairman sent a letter or a telegram to the company informing them that a safety risk existed which could not be allowed.

The factory is one of only two in South Africa that supply South African hospitals and was manufacturing the packs at a rate of more than 100 000 a month for use in State and provincial hospitals

Mr Ivor Robertson, sales manager in Cape Town, said "I sat with the Cape hospital chieftain in his office, squeezing packs to see if they leaked. One squirted fluid right into his eye, so we knew that one was no good"

Mr Tabatznik said this week "SA Druggists handled it badly. They should have come out in the open straight away. I seem to recall board meetings where executives would report that there were problems with the packs, but they would always assure us things were coming right

the executive of the MCC on what date the situation was identified as a public health hazard. He also refused to disclose what complaints had been received, from which hospitals and when they had been received by the council

The problem was that the packs leaked, allowing fungus to grow in the cracks. The contamination was not necessarily visible

Mr David Tabatznik, pharmacist, founder of Labethuca, and a director of SA Druggists at the time of the crisis, told the Sunday Express he had personally received a complaint from a Natal hospital, which he passed on to the board. He could not pinpoint the date

After the July banning, samples of apparently uncontaminated packs were sent for analysis to the Bureau of Standards and to the South African Institute of Medical Research in Cape Town

the MCC had held an inspection at Westkoppies and had then called for a report from SA Druggists

Mr Louw de Villiers, a director of Labethuca, said the company was aware of the problem "early in the year"

But they were inconclusive" the MCC registrar, Mr Nico van der Merwe, said

However, the Sunday Express was shown MCC documents which showed that the MCC had held an inspection at Westkoppies and had then called for a report from SA Druggists

Registrar's wholesale TV set

MR NICO van der Merwe, registrar of the Medicines Control Council which must approve pharmaceutical products before they can be sold, was one of the senior officials helped by Mr Isaac Kaye to acquire TV sets

He ordered the set at the same time as he arranged one for Dr G Schoepers, deputy director of Transvaal Hospital Services

On August 28, Dr Henne Grové, director of hospital services in the Transvaal, wrote to Mr Goldberg "I regret to have to advise you that I have today, in view of the MCC's directive on the suspension of the use of your intravenous solutions, instructed all hospitals to return to you immediately all stocks being held by them

Representatives of the company who were summoned to attend the meeting in Civitas Building, headquarters of the Department of Health, were managing director Mr Brian O'Donnell, his deputy Mr Tony Karis and Mr Albert Sacks, a consultant at the Labethuca factory

Asked if he had received a TV set through Continental Ethicals, Mr Van der Merwe said "I did. They offered it to me. I paid for mine. Kaye got it for me wholesale

"My attitude is unequivocal. No person operating with the Medicines Control Council may accept anything whereby he may be influenced or be seen to be influenced by pharmaceutical companies. Not even a cup of coffee"

Mr Van der Merwe emphasised to the Sunday Express this week that he had "no say" in any decision-making in the council. Professor P I Foh, chairman of the MCC, asked what type of gifts or favours could be accepted by his officials from pharmaceutical companies, said "None at all

Prof Foh said that "when it became clear that the problem was not just a local problem", the council chairman, then Professor R W Charlton, was informed there was a public health hazard

TABATZNIK AND LURIE EXPLAIN

— See Pages 18 & 19

No complaints over 'gifts' to doctors

SA medical group won't order probe

By PAT SIDLEY
Consumer Mail

THE British General Medical Council (GMC) is inquiring into relationships between doctors and the pharmaceutical industry in the wake of the recent Oraflex (Opren) scandal

The South African Medical and Dental Council — equivalent of the GMC — is not investigating the problem despite allegations by the Sunday Express that doctors in the public service had received gifts from a pharmaceutical company

A spokesman for the SA Medical and Dental Council said yesterday the council still had not received a complaint on which it could act and although it could take action without a complaint, this was not contemplated

The spokesman said, however, that if new directions were taken by the British GMC, his council would look at the proposals with a view to possibly modifying

existing rules

The deputy registrar of the British GMC, Mr Robert Grey, told the Rand Daily Mail yesterday that the Standards Committee (a committee which governs the ethical behaviour of British doctors) was looking into relations between the medical profession and the pharmaceutical industry

It had met once, would be doing so again and would then make any recommendations to the full council in May

He said the current guidelines were "rather limited" They covered dishonesty and improper financial transactions as well as doctors prescribing medicines for commercial purposes, when the doctors had a financial interest in the pharmaceutical company

British doctors working in hospitals were also currently required to declare their interests to hospital authorities if they were connected with any firm supplying hospital equipment

Mr Nico Prinsloo, registrar of the SA

Medical and Dental Council, said yesterday that according to the council's rules, South African doctors were not allowed to encourage the preferential use of medicines if they received valuable gifts in return

They could also not trade in medicines — beyond dispensing to their own patients

SA doctors are not prohibited from holding shares in pharmaceutical companies provided they are public companies (more than 50 shareholders)

The apparent reluctance of the SA Medical and Dental Council to investigate the allegations of corruption in the medical profession had a mixed reception from doctors yesterday

A spokesman for the Medical Association of South Africa (Masa) said the matter would be taken up by Masa

A doctor who cannot be named for ethical reasons said he believed the further the council stayed from doctors, unless there had been gross neglect of a patient, the better

New turn in faulty drip bags row

Consumer Mail

THE chairman of the Medicines Control Council (MCC), Professor Peter Folb, will seek permission "from the appropriate authorities" to make a full disclosure of the events leading to the withdrawal of intravenous drip bags found to have fungus growing in them

This follows disclosures in the Sunday Express that a subsidiary of SA Druggists

supplied the faulty drip bags to hospitals, but that they were only withdrawn by the MCC eight months after the first complaints were made

Prof Folb had told the Express that, in terms of the law, he was unable in terms of the law to disclose the details

Yesterday he told the Rand Daily Mail that under the Medicines and Related Substances Act of 1965 he was unable to divulge any infor-

mation from a (drug company's) dossier.

But in view of the fact that the MCC now had a "cloud of suspicion" over it, he was "examining the possibility through the appropriate channels of making a full disclosure"

Prof Folb said the MCC was responsible to the people of South Africa and not to any other authority

He would not allow it to

have a cloud of suspicion hanging over its activities

Referring to allegations that a staff member of the council had received a TV set at a discount from SA Druggists, he said he did not know "if the man had committed a crime"

"What goes on in the MCC is my business," he said, by which he meant he was responsible for the behaviour of staff of the MCC and would look into the matter

**'No NPA
23/2/83
favours,
183
for drug
firm gift**

MARITZBURG — A senior Natal Provincial Administration official had received gifts from a certain pharmaceutical company, but there was no evidence that preferential treatment was offered to or received by the company from the NPA, the Administrator of Natal, Mr Stoffel Botha, said in the Natal Provincial Council yesterday

Mr Botha said, however, disciplinary action would be taken against the official

Mr Botha's statement followed recent disclosures that the senior officer in charge of hospital supplies for Natal, Mr Jack Nicholson, received 500 shares in a drug company and a control unit for a model boat valued at R238

The gifts were allegedly in return for favours or preferential treatment received by a particular pharmaceutical company in connection with tenders for supplies

Mr Botha said a full departmental inquiry had been undertaken at the direction of the acting Provincial Secretary

This had shown that while gifts were received by the officer, there was no evidence that advantage or preferential treatment was offered to or received by the company in relation to any tender, contract or purchase by the administration

Mr Botha said the officer was in no position to influence the award of any tender

Disciplinary action would be taken in terms of the Public Service Act — Sapa

Probe reveals *Mercury* senior official 23/2/83 got gifts from firm

Pietermaritzburg Bureau

A SENIOR official in Natal's Department of Hospital Services received certain gifts from a pharmaceuticals company, a departmental investigation has revealed

However, there was no evidence to suggest that the company concerned had received any advantage or preferential treatment, the Administrator of Natal, Mr Stoffel Botha said in the Provincial Council yesterday

The investigation, headed by the Acting Provincial Secretary, Mr W R Bezuidenhout, was the result of reports in the Sunday Press two weeks ago

'I would like to emphasise that the officer concerned was in no position to influence the award of any tender,' Mr Botha told the council. The official was not named

The investigation also had served to confirm that the interests of the Natal Provincial Administration in the acceptance of tenders were adequately safeguarded

'The NPA had suffered no loss in this case, except the damage to its image by virtue of the publicity accorded to the matter'

He said the matter of disciplinary action in terms of the Public Service Act would be pursued

Business interrupted in accordance with Standing Order No. 42(3)

Questions standing over from Friday, 18 February 1983

183 ~~277~~ Hansard Q 61.274 - 275
Pharmaceutical companies: bribery

23/2/83
*13 Dr M S BARNARD asked the Minister of Health and Welfare

- (1) Whether he has called for an investigation to be conducted into allegations regarding bribery by pharmaceutical companies, if so, (a) when, (b) what are the terms of reference of such investigation and (c) by whom is it to be conducted, if not,
- (2) whether he intends to initiate such an investigation, if not, why not?



275

WEDNESDAY, 23

The MINISTER OF HEALTH AND WELFARE

(1) No,

(2) no, no substantial accusation against any officer of the Department of Health and Welfare has been brought to my attention and I am not prepared to initiate a witch-hunt in the Department. The Minister of Health and Welfare has no jurisdiction in provincial matters and over pharmaceutical companies. Steps have already been announced by the Administrators of the provinces concerned.

Statement

In addition I wish to make the following statement. It has been insinuated, since the question was published, that the Registrar of Medicines was influenced by a company in the performance of his duties because he obtained a television set at wholesale price by the agency of the company. The transaction was common knowledge from the beginning and nothing secretive was attached thereto and there is proof of payment.

I am satisfied that the Registrar and his staff acted properly and that there was no influencing with regard to the performance of their duties.

Strength in diversity proves true for AECI

(102)
CAPX Times 24/2/83

By JOHN MULCAHY

JOHANNESBURG. — Strength in diversity has proved true for huge chemical group AECI, which in 1982 weathered a substantial downturn in some of its divisions to end with an unchanged dividend and an earnings decline of only 12,8%.

Turnover last year was 6% higher than in 1981, at R1 550m compared with R1 467m and trading income fell 8% to R221m from R239m.

A feature of the increased turnover was an improvement in export sales to R83m from R65m, the combined result of higher volume exports and an increase in rand receipts.

Earnings dipped to 137,8c a share from 158c and the final dividend has been left at 31c, for an unchanged annual payment of 55c.

Interest leapt to R19 400 000 from R11 100 000, due partly to higher interest rates, but also to increased borrowings, which took the ratio of interest-bearing debt to 48% of shareholders' funds at the end of December from 30% at the end of 1981.

Difficult year

Mr Denys Marvin, AECI's managing director, yesterday made no bones about the fact that 1982 was a difficult year, and that 1983 would probably present equal problems, but he was confident that earnings this year would match those of 1982, with the proviso that there was no further serious deterioration in the economy.

"Whatever happens to the gold price, the scene is set for a very difficult year. A higher gold price might help to hasten the upturn, but I do not see this happening before 1984."

Chemical plants were extremely volume-sensitive, said Mr Marvin, and AECI was sitting with spare capacity in almost every division, with SA Nylon Spinners operating at about 60% of capacity and the ammonia plant at around 65%.

R200m capex

The group is planning capital expenditure of about R200m this year, of which R70m will be absorbed by renewal and replacement of existing equipment, while other projects include a R25m plant to convert fly ash to fuel at Modderfontein's No 4 ammonia plant, as well as improvements to the cyanide plant and on a chloro-alkali plant at Richards Bay, a joint venture with Mondri.

A soda ash plant, either at Saldanha Bay or Richards Bay, is also under consideration, but Mr Ted Smale, an executive direc-

tor, said AECI would have to make sure of the Government's view on the strategic importance of domestic soda ash production.

The proposed plant would have a capacity of about 300 000 tons a year, said Mr Smale, and would probably cost about R200m.

Most divisions performed satisfactorily last year, says Mr Marvin, especially in view of the soft demand in most sectors.

Trading profit

Addressing a news conference in Johannesburg, Mr Marvin said last year was the first time in his 11 years in SA that AECI's second-half earnings had been lower than the first six months.

Trading profit for the first half of 1982 was R120m and R100m in the second six months, compared with R108m in the first half of 1981 and R231m in the second half.

From these figures it is clear that the downturn accelerated in the later part of the year, and in volume terms, domestic sales in the first half were 3% below the first half of 1981 and 12% down in the fourth quarter of the year, for an annual decline of about 6%.

The two main problem areas last year were the agricultural division and SA Nylon Spinners (SANS) which reported volume downturns of 10% and 19% respectively.

Fertilizer

Reduced demand for fertilizer products was a direct result of the serious drought which has afflicted the farming sector for more than a year, while SANS faced the onslaught of competitive imports.

Mr Marvin said the SANS difficulties represented a classical situation which arose during every downturn.

In his view the solution to the problem was for the authorities to take a decision to employ South Africans rather than South Koreans and Taiwanese.

The flow of cheaper imports from such countries was exacerbated in times of gold-price strength, said Mr Marvin, when the Govern-

ment relaxed controls on imports.

An additional problem for SANS was that the fibre producer was exposed to a greater extent than any other AECI division to exchange rate vagaries, and import costs rose by more than R20m last year, which in a weak textile market could not be passed on to customers.

Medicines council 'acted appropriately'

MCC chief denies 'drip' bag charges

(183) RDM 25/2/83

By PAT SIDLEY
Consumer Mail

THE Medicines Control Council (MCC) had "acted appropriately", concerning the finding of contaminated intravenous fluid units at hospitals, the MCC chairman Professor Peter Folb, has said

Prof Folb was commenting on the apparent delay between the finding of the contaminated units and their withdrawal by the MCC

Complaints were received about fungus in the "drip" bags manufactured by Labethica, a subsidiary of SA Druggists, in November 1978

Labethica was told in July 1979 to stop producing the bags

The statement from Prof Folb said "The council was informed on November 17 that six units for large volume intravenous administration at Weskopies Hospital, Transvaal, were contaminated

"On 20 and 21 November 1978 a detailed inspection by the inspectorate of the council of Labethica revealed

several defects in production which the council ordered to be rectified as a matter of urgency"

The company undertook to stop production of the defective systems

"Between November 1978 and July 1979 there was further consultation between Labethica and the MCC, and the council was assured in writing in December 1978 that its specifications of quality control at the manufacturing plant of Labethica had been met, and that the sterility and good quality of its products were guaranteed

"The council satisfied itself as far as was possible at that time that a more widespread public health problem did not exist. The council, through its inspectorate, subsequently maintained a watching brief on the accuracy of these assurances"

The council received no further complaints until June 27, 1979, and then on July 6, when it received reports that contaminated units had been found at other hospitals in South Africa

"An order was issued by the chairman of the council on July 6, 1979 for immediate cessation of all production at

Labethica, and for a telegram to be sent to the directors of all hospitals in the Republic and SWA, and to all other persons or institutions who may have been in possession of stocks with instruction for stocks to be frozen

"On July 13, 1979, an extra-ordinary meeting of the executive committee of the council was called to discuss the matter and the company was instructed to cease all production and to destroy such stocks

"I have reviewed the entire record in the light of unsubstantiated questions raised regarding this case. I have satisfied myself beyond doubt that the MCC acted appropriately and urgently at all stages in this matter, and that its penalties were correct"

Prof Folb said the actions of the registrar of medicines and his staff "were beyond reproach"

Early this week, the Rand Daily Mail reported that a further batch of contaminated "drip" bags was found at Bargwanath Hospital in 1980

Prof Folb could not be contacted yesterday concerning the incident

PAID

OFFICIALS IN BY DRUG FIRM

183
~~267~~
~~518~~
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S. Express 27/2/83

FIRMS

FAVOURS, GIFTS FOR HOSPITAL ADVISERS

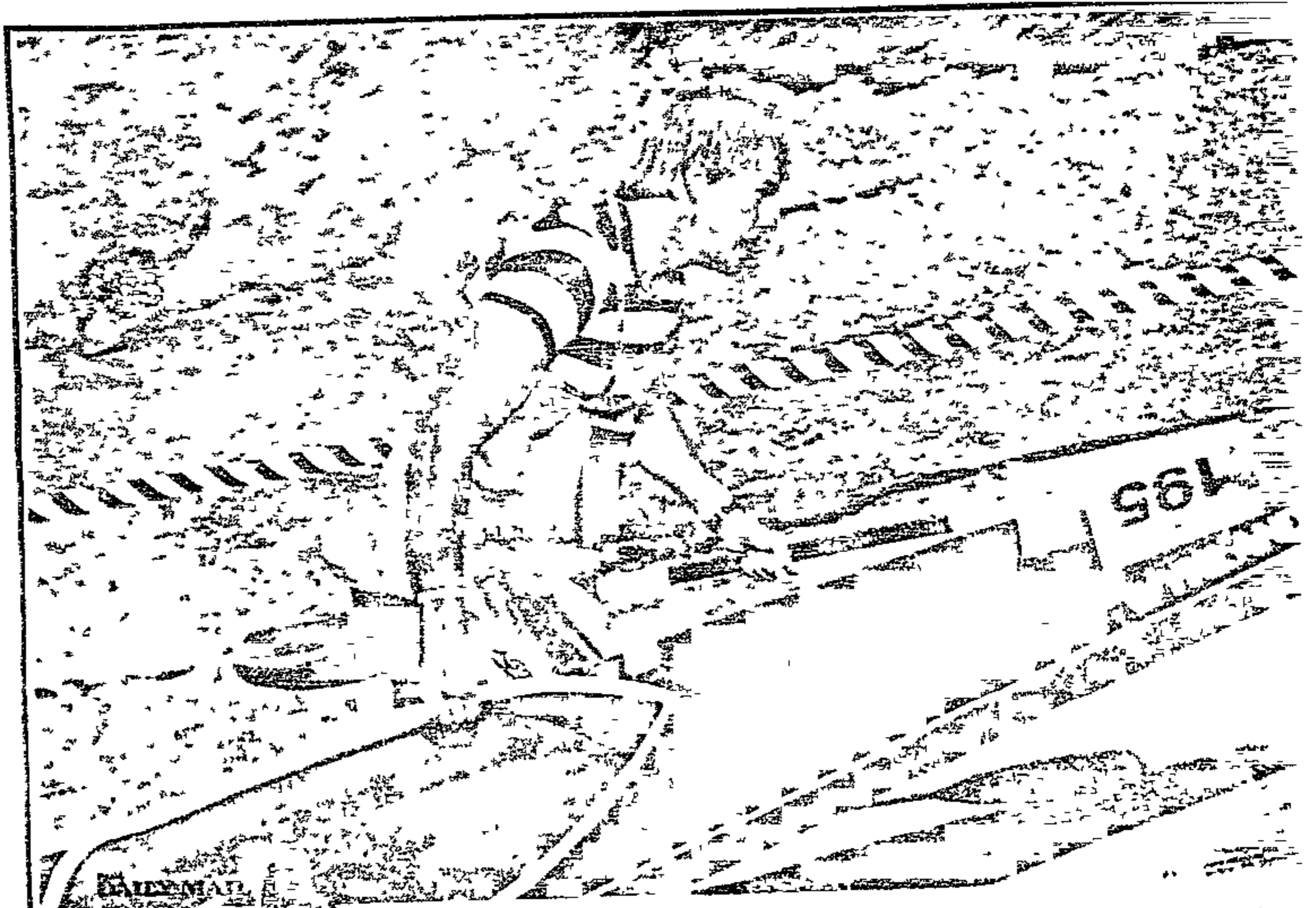
By MARTIN WELZ, WILMAR
UTTING and ARLENE GETZ

TWO provincial officials have been found to have received regular payments from the Alumina group of medical supply companies at times when they were giving advice on official purchases of medical supplies and equipment.

In the Transvaal, Mr Stan Cooper, chief surgical equipment technician until his retirement last year, received a retainer and a commission from a surgical equipment company

At the time he was advising the Transvaal Department of Hospital Services on its equipment.

And in the Cape, Mr Jack Boshoff, a former chief radiographer at Tygerberg Hospital who was also an adviser to the State Tender Board has admitted that he received regular gifts and favours from the major supplier of X-ray film and equipment to South



The face of Iron Man contestant Tim Cornish — his first place was in down the agony of the event

Cornish is king in the Iron M

MEET South Africa's 'Iron Man' — Maritzburg's 29-year-old Tim Cornish who beat 295 entrants — including four women — to win the 160km Rand Daily Mail/Nutrisport Iron Man Triathlon yesterday

Cornish won the gruelling test of endurance — canoeing, cycling and running and held in blistering Transvaal heat — in 8.19.20

But his win was not without drama. As he finished in front of a large crowd at a Sandton hotel, a

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BOULDER CITY - Daredevil Steve McPeak was married on a set of cables spanning the Hoover Dam gorge yesterday - then said his fourth venture 229m above the Colorado River might be his last.

He said he and his new bride, Carly Bliss, 22 would spend today on the cables but after that, would "settle down and have a bunch of little wirewalkers".

The Rev Jim Hamilton conducted the five-minute ceremony standing among a crowd of spectators while Steve and Carly stood on the cables by a wind-whipped American flag.

"Or Wednesday I gave them some marriage counselling the minister said. "I told them not to fall off - Sapa-AP

The payments made to officials

From Page 1

African hospitals

A former executive of Surgicare a company in Mr Isaac Kave's Alumina group said that in 1979 Mr Cooper had been a frequent visitor to the company's Johannesburg offices, where he collected a monthly retainer of R100.

The Sunday Express was subsequently able to trace documentary evidence of at least six payments made by the company to Mr Cooper while he was still a provincial official in Pretoria.

Five of the payments to Mr Cooper, made either by cheque or in cash, were for R100. The amounts were variously described in company documents as charges for advertising, entertainment consulting fees and sundries.

A sixth payment in September 1979 for R500 was paid for 'Purchases, Mark VIII Velt'.

The R100 payments were made on August 16, August 29, October 12, November 15

and December 3 1979.

Mr Cooper refused to discuss the issue this week saying he had "no comment".

According to Mr A Byrne, liaison officer for the provincial secretary of officials of the provincial administration were forbidden to accept outside employment without the permission of the Administrator.

Should they receive payment in cash or kind without this permission they were obliged to pay the cash or equivalent value in cash into the provincial coffers.

Mr Byrne said there was no record of any application by Mr Cooper for permission to accept an after-hours job.

The policy of the administration would have been to refuse such an application unless there were special circumstances, in which case the application would have been considered by a special provincial committee.

"I can see no special circumstances in this case," Mr Byrne said.

Mr Jack Boshoff, chief ra-

diographer at Tygerberg Hospital until 1976 and thereafter chief radiographer to the SWA administration in Windhoek, admitted this week that Continental Ethicals, another company in the Alumina group had:

- Paid various bills on his behalf
- Made him gifts of liquor and cigars
- Sponsored his attendance at radiological congresses where he promoted its products
- Paid his airfare to attend a relative's funeral

Mr Boshoff who retired last year to live in Bellville, Cape, said he had had no influence in the granting of tenders or his hospital's buying policy.

He admitted, however, that he had done 'trials' on the company's X-ray film and equipment, and that his reports had been submitted to the hospital authorities responsible for evaluating multi-million rand tenders.

He said he had not been

paid for those trials and that they had been done with the permission of his head of department at Tygerberg Professor Joe Muller (The Sunday Express reported a fortnight ago that Professor Muller admitted he was given expensive imported Italian chandeliers by a company in the Alumina group).

A former director in the group said Professor Muller was sympathetic and helped obtain introductions to all the hospital staff responsible for the use and selection of X-ray film.

Shortly after the trials conducted by Mr Boshoff, Continental Ethicals succeeded in obtaining the total Cape Provincial tender for the supply of X-ray film.

In Namibia Mr Boshoff was responsible for the evaluation of equipment to be bought for the massive new Windhoek Hospital completed last year.

Mr Boshoff said he was not prepared to discuss over the phone the circumstances of the gifts he had received from the company.

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admits funding 6-week trip

183 (MS) JMB
paid for tickets issued to them in London for a side trip to Copenhagen and Malmo on June 10. According to a note by C E Electro Medical's accountant, Mr Colin Resnick, the cost was shared by the company and a French X-ray equipment manufacturer, CGR

This week SAD also announced that it intended retaining the services of a senior executive despite his admissions that he had made "abnormally generous" gifts to doctors and public officials.

Mr O'Donnell said that Mr Gerald Pienaar was a "most competent executive who has made valuable con-

tributions to our company"

SAD had decided to retain his services because, he believed, the actions to which Mr Pienaar had admitted were the result of "influences which no longer exist".

Other developments following Sunday Express reports of gift-giving in the pharmaceutical industry include:

● An announcement by the Administrator of the Transvaal, Mr Willem Cruywagen, that the company activities of the chairman of the Transvaal Provincial Council, Mr B D T Boshoff, are not included in the brief

of the Commission of Inquiry he has appointed

Mr Boshoff was employed by Continental Ethicals shortly after the company was faced with a crisis in the provincial council about its supplies of X-ray film to the province in 1977

● Mr L V de Kock, retired president of the Johannesburg Regio Court and member of the board which reviews banning orders, was appointed to investigate only reports concerning Dr Grové and Dr Schepers

● The Minister of Health, Dr Nak van der Merwe, rejected a call for a national commission of inquiry. A

27/2/83
full commission of inquiry had been proposed by the chief opposition spokesman on health, Dr Marius Barnard, MP

● Disciplinary action is to be taken against Mr Jack Nicholson, the senior Natal administration official named by the Sunday Express as having received gifts from employees of SA Druggists

But the Administrator of Natal, Mr Stoffel Botha, said that while it was true that Mr Nicholson had received gifts there was no evidence that preferential treatment was offered to or received by the company as a result.

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 267
 27/2/83
 Sun. Express

Professors named on Kaye gift list

By BARRY STREEK

MEDICINES had to be hastily withdrawn from the market because of an acute shortage of inspectors in the Department of Health

In its annual report tabled in Parliament this week, the department admitted its inspectorate was operating with only 25% of its normal staff. Quality had suffered as a result.

The department was unable to conduct the necessary routine inspections of pharmaceutical manufacturing facilities, the report said. Inspections had been limited to factories with serious problems.

"Serious incidents occurred where the relevant medicines had to be hastily withdrawn from the market as a result of the total lack of quality of the products concerned."

These incidents emphasised the "absolute necessity" for obtaining necessary staff.

In the Witwatersrand area recruiting came to a standstill last year because starting salaries could not compete with those paid in the private sector, the report said. The position with approved staff was even more serious, the report said.

In the circumstances, the department's staff position was far from healthy.

FIVE medical professors have been named in company documents as being among those who were given gifts from Mr Isaac Kaye's Alumna group of medical supply companies.

The doctors named were

- Professor Saul Zwi, dean of the University of the Witwatersrand Medical School
- Prof Brian Cremm of the Department of Radiology at the University of Cape Town
- Prof Albert Solomon, former head of radiology at Soweto's Baragwanath Hospital
- Prof F Zaidy, formerly of the Department of Medicine at the University of Pretoria, now at 1 Military Hospital, Voortrekkerhoogte
- Prof Andre van As, formerly of the University of the Witwatersrand and head of the Department of Medicine at the J G Strijdom Hospital

Earlier the Sunday Express reported that Prof Harry Settel had accepted a TV set from Continental Ethicals, a company in the Alumna group, in return for carrying out medical trials for the company.

Asked by a Johannesburg newspaper to comment on Prof Settel's TV set, Prof Zwi was quoted as saying he was "not aware" of any action planned against Prof Settel.

This week Prof Zwi was asked if he could explain a number of credit card payments recorded as having been made in his favour by the same company. He replied "Not really."

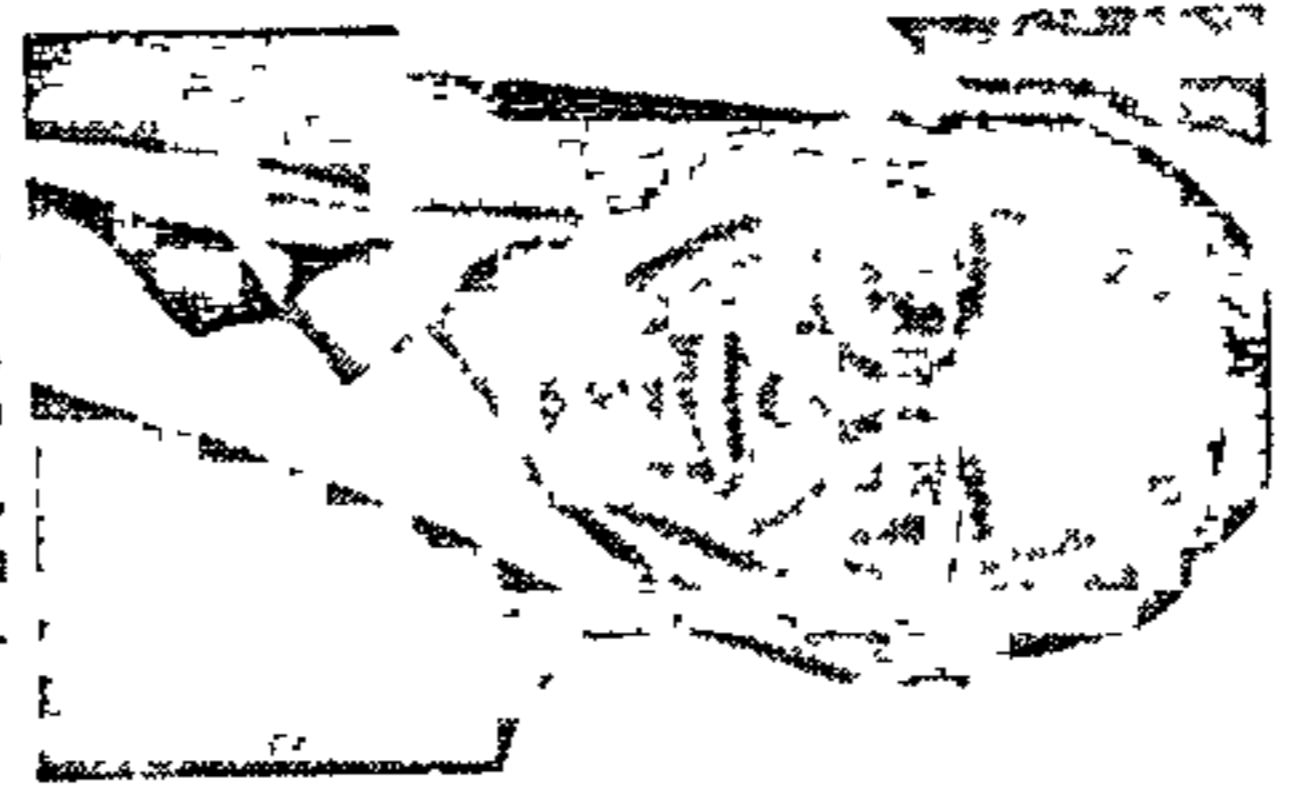
The payments for Prof Zwi made in 1975, are described in company documents as "advertising and gifts." They were R115,70 in June, R45 in August and a further R104,15 in September, the latter described as "gift for Prof Zwi".

By ARLINE GETZ

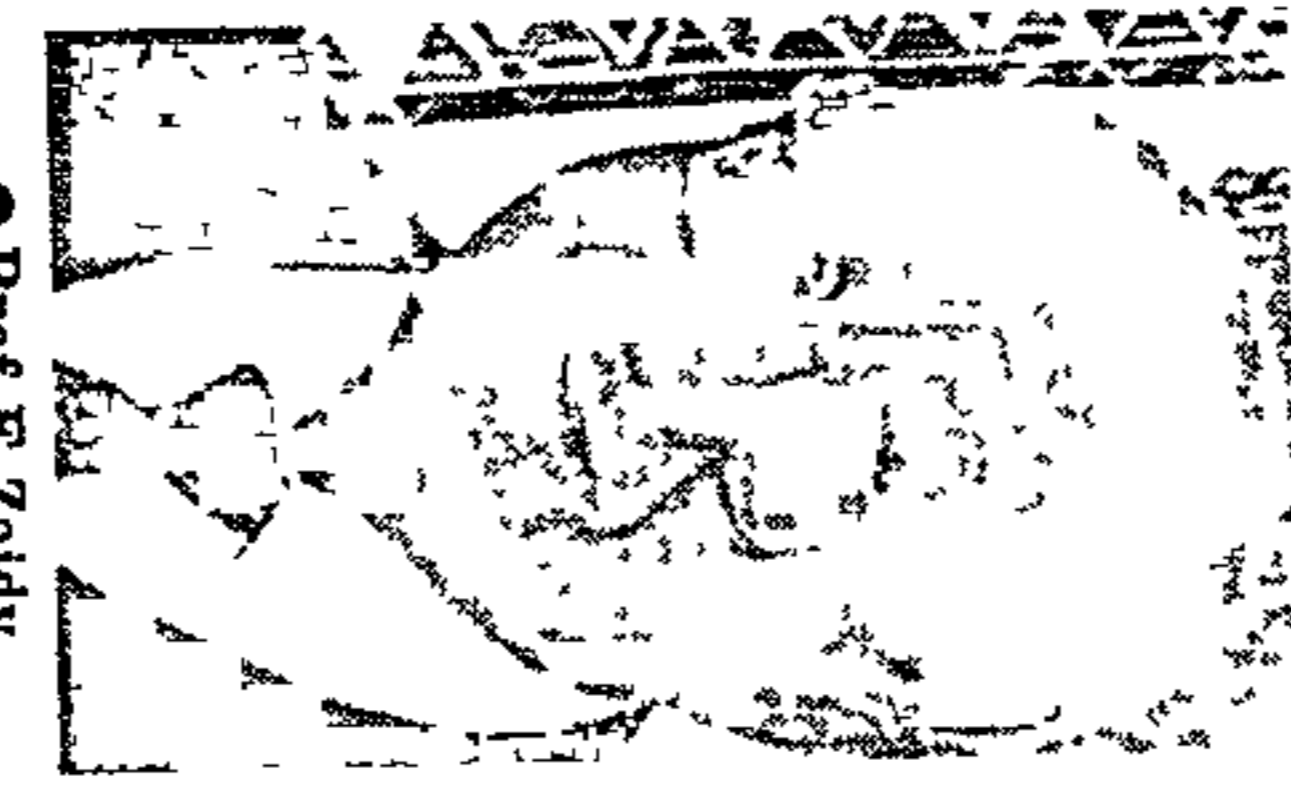
● Prof Albert Solomon ... left SA in 1979



● Prof Saul Zwi ... credit card payments



● Prof F Zaidy ... travel payments



such a company or a Mr Kaye But, when reminded of a letter signed by him to "Dear Isaac" in July 1978, in which he wrote of sending a Mr Mike O'Dillon, Prof Cremm broke in "One bottle."

He denied receiving anything at all from Mr Kaye or his companies. Telephoned again this week, Prof Cremm denied that CE had paid for a visit by himself and his wife to the X-ray film factory of 3M Italia, Ferrania, Italy in 1975.

Asked about his dealings with CE and Mr Isaac Kaye, Prof Brian Cremm at first said he knew nothing about

"Nobody paid my fare to Italy," Prof Cremm said. He added "I have no influence on decisions or contracts about Continental Ethicals, none at all."

"I was there and might have been visiting the factory and looking at some film, but I have no knowledge that I or my wife's fare was ever paid for. In fact it wasn't."

Prof Cremm said that if he had visited Italy in 1975 he would have paid his own expenses. According to invoice No 2454 of World Travel Agency in Johannesburg, dated April 1975, 3M Italia were charged R4 237 for visits to Italy by Prof and Mrs Cremm.

Pretoria's Prof Zaidy confirmed that CE had paid his travel bills totalling more than R3 600 to attend cardiac congresses in Amsterdam in 1976 and Tokyo in 1978.

He had been about to test a drug for angina which the company wished to market, but, he said the trial "never got off the ground."

Prof Zaidy said he had not done any testing for CE either before or after that time. He had discussed drugs for inclusion in the hospital codes while on the therapeutic committee of the H F

then controlled by Mr Isaac Kaye and partners.

He said the company might have paid R2 333 in 11 post-dated cheques to Staninc — through which he had bought several cars — for the hundreds of hours he had put into advising them on their products and how to market them.

"I cannot actually say if CE paid me in this way because I advised so many pharmaceutical companies," he said.

Dr Van As said he had always resented the fact that academics who had done so much work for drugs companies to advance research were compensated so little for their work.

"But among some officials helping to get the drugs coded and so on — there was a different ball game going on there."

He said it was common practice for drugs companies to pay travel expenses for academics attending congresses. He recalled that CE had paid for himself and his son to travel to Cape Town where he had delivered a lecture at Tygerberg in 1975.

Dr Van As named several Government officials who, he said, were known to accept large bribes. He was assured inquiries would be made.

In its annual report tabled in Parliament this week, the department admitted its inspectorate was operating with only 25% of its normal staff. Quality had suffered as a result.

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pany documents as being given gifts from Mr Isaac Kaye's Alumina group of medical supply companies.

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Also in September the company paid R386,20 to Rennes Travel for Prof Zwi. According to documents in 1976 two further payments were made for Prof Zwi R112,76 in February and R57,75 in March.

Asked about his dealings with CE and Mr Isaac Kaye, Prof Brian Cremun at first said he knew nothing about

He denied receiving anything at all from Mr Kaye or his companies. Telephoned again this week, Prof Cremun denied that CE had paid for a visit by himself and his wife to the X-ray film factory of 3M Italia, Ferrania, Italy in 1975.

SAULENE GETZ



● Prof Albert Solomon ... left SA in 1979



● Prof Saul Zwi ... credit card payments



● Prof F Zaidy ... travel payments

such a company or a Mr Kaye. But, when reminded of a letter signed by him to "Dear Isaac" in July 1978, in which he wrote of sending "some port" to Mr Kaye and a Mr Mike O'Dillon, Prof Cremun broke in "One bottle".

According to invoice No 28454 of World Travel Agency in Johannesburg, dated April 1975, 3M Italia were charged R4 237 for visits to Italy by Prof and Mrs Cremun and Prof and Mrs Solomon, described as "heads of radiology department at Groote Schuur Hospital and Baragwanath Hospital, respectively".

The account was, addressed to 3M's agents in South Africa at the time, Continental Ethicals. The account was, however, paid from Italy by 3M, Ferrania.

Prof Solomon left South Africa in 1979 and could not be contacted this week.

Earlier company documentation shows a bank draft was obtained by the company in favour of Prof Cremun for R327,63 in August 1973. Continental Ethicals was reimbursed for this amount by Ferrania.

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Dr Van As named several Government officials who, he said, were known to accept large bribes. He was assured inquiries would be made.

A spokesman for the Provincial Secretary in Pretoria said doctors employed in Provincial hospitals were prohibited from doing work or receiving payment in cash or kind outside of their official employment.

In exceptional circumstances permission could, however, be obtained from the Administrator to take a few hours employment. If work was done without this permission, however, the cash or the equivalent in cash of goods received in payment had to be paid in to the treasury.

While he had been at the J G Strijdom Hospital he had been involved in the testing of an asthma drug for CE.

Prof Cremun said that if he had visited Italy in 1975 he would have paid his own expenses.

Prof Cremun said that if he had visited Italy in 1975 he would have paid his own expenses.

Drug firm

183
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27/2/83
S. J. Mason
SOUTH African Druggists has admitted — after "calmly considering" its reply — that in May 1979 it paid for a six-week overseas trip for Dr G Schepers, Transvaal's deputy director of hospital services, and his wife

Dr Schepers was sent to Israel and other countries to view medical equipment — "a practice common in the equipment industry" — SAD said

This admission followed an earlier company denial

While still chief executive of SAD subsidiary CE Electro Medical, Mr Peter Goldberg claimed in an interview conducted in the presence of SAD vice-chairman, Mr Brian O'Donnell, that the tickets had been arranged at short notice by

the company but the cost had been refunded by the provincial authorities

Dr Hennie Grové, Transvaal director of hospital services, too, had claimed in an interview with the Sunday Express that his department had paid for Dr Schepers' trip

Dr Grove said the company had only paid for Dr Schepers hotel bill in Tel Aviv. Dr Schepers had paid this amount into the Treasury on his return to South Africa

Documents in the possession of the Sunday Express show that R1 651 was paid by SAD subsidiary CE Electro Medical (Pty) for two air tickets, London/Europe, departing on May 2 for Dr and Mrs Schepers

An additional R809 was

THE MEDICAL SCANDAL

Accounts differ on contaminated IV fluid packs

183 (W) S. Express 27/2/83

SOUTH African Druggists and the Medicines Control Council this week gave differing accounts of the circumstances that led to the withdrawal of the company's intravenous fluids from the South African market, seven months after contamination was reported by hospitals.

Medical experts said last week that contaminated intravenous fluid packs supplied to hospitals throughout South Africa by SAD in 1979 could have proved fatal. The MCC agreed it was a public health hazard.

"SAD insisted this week that a health hazard did not exist"

Both SAD and the MCC still refused this week to divulge details of the complaints received from hospitals throughout South Africa between November, 1978 and July, 1979.

But SAD revealed that there had been not one, but two withdrawals of its fluid packs, the second, in the Transvaal, as recently as 1981.

On both occasions the packs were found to have leaked, allowing the contents to become contaminated with fungus or bacteria.

**Reports by MARTIN WELZ
and WILMAR UTTING**

The main differences between the two accounts given this week were

● The MCC disclosed that after a complaint from Weskoppies Hospital on November 18, 1978, a detailed inspection of the Labethica plant (where the packs were made) by MCC officials had "revealed several defects in production which the council ordered to be rectified as a matter of urgency"

MCC chairman Professor P I Folb said the company had undertaken to stop all production related to the defective systems. A month later, he said, the MCC had received a written assurance from SAD that its specifications for quality control at Labethica's factory had been met.

SAD made no reference to such an instruction in a statement this week. Instead, the company merely admitted it had previously had problems reported to it.

But, it said, "manufacturers having confidence in their product cannot institute a recall every time they receive a complaint"

When manufacturers investigated they "often" found the

damage was due to rough handling or improper storage.

● In the MCC's statement Prof Folb said no further complaints had been brought to the notice of the council until June 27, 1979. He did not elaborate. The SAD statement said simply that "the main contributor" to problems at two Natal hospitals in June was that the hospitals had stacked the cartons of fluid too high, subjecting the lower cartons to too much pressure. The batches "thought to be affected" were withdrawn from the market.

By July 6, the MCC said, it had received reports that contaminated IV fluid had been found at other hospitals and immediately ordered Labethica to stop production. The company was also ordered to send telegrams to all hospitals, instructing them to 'freeze' stocks.

But, according to SAD, all it did early in July was to send Telexes to hospitals, cautioning them to carefully examine all containers to insure they were not punctured and that the solution was clear before using them.

Medical staff using the fluid

packs were, in any case, required to inspect them before use, the SAD statement said.

Medical experts and Prof Folb agreed that the fluid was frequently administered under emergency conditions which did not allow for close examination to detect possible contamination.

● On July 13 the MCC executive held an extraordinary meeting to discuss the matter and instructed the company to cease all production and to retrieve all stocks already distributed and destroy them.

Prof Folb said this had happened after the MCC had found a widespread public health hazard existed. But SAD insisted this week that a major health hazard never existed.

The company's statement does point out that after the second withdrawal in 1981, the company scrapped the packaging and introduced new American technology.

It emerges from SAD's statement that the 1981 problems, which were restricted to the Transvaal, arose because in this province the fluid was still supplied in a single-layer pack. The other three provinces had already, after the first incident, insisted on double-layer packs.

The New Drug Poulshers

S. Express 27/2/83

By MERVYN REES
 LEAVING aside Professor Chris Barnard's admission this week that he received presents ranging from new cars and gold medals to clothes from well-wishers, gifts to doctors from pharmaceutical companies have long been the subject of controversy

Professor Guy de Klerk, chairman of the Medical Council of South Africa, describes such gifts as 'utterly reprehensible' while Professor Peter Foub chairman of the Medicines Control Council puts it more strongly

My attitude is unequivocal. No person operating with the MCC may accept anything whereby he may be influenced or be seen to be influenced by pharmaceutical companies. Not even a cup of coffee.

But as long ago as 1978, the 10-man Steenkamp commission of inquiry into the pharmaceutical industry found that free-gift advertising in South Africa had assumed 'ugly forms'. Under the heading of 'Questionable business practices and actions', the report of the commission noted that a leading pharmacologist had said in evidence "We probably have just about five times too many medicines in the market in South Africa".

The report said Here, as

WHAT A COMMISSION OF INQUIRY SAID FIVE YEARS AGO ABOUT GIFTS TO DOCTORS

elsewhere, the pharmaceutical sector indulges in both excessive and objectionable promotion. It is true, no doubt, that products produced at such high cost and risk render powerful promotional efforts necessary and inevitable.

"It is likewise true that other industries also expend much money and effort on marketing that serves no other purpose than product differentiation. But these considerations are not sufficient to make it unnecessary to try to curb waste of scarce resources.

"Apart from the allegation that certain pharmaceutical manufacturers have started giving pocket calculators, tape recorders, motor cars and air tickets to medical practitioners in an effort to promote their products, the practices that caused most discussion before the commissioner are sampling' and bonusing.

The former involves the distribution of samples to medical practitioners which, the commission said 'improves competition, if it serves to attract attention to new and better medicines.

"Like most things however,

er, it is subject to abuse and it then ceases to be beneficial. Thus, it has come to the attention of the commission that a dispensing doctor wrote to a manufacturer demanding samples and threatening otherwise to stop prescribing its products."

The commission also criticised the giving of 'bonus' supplies to practitioners ordered new pharmaceutical products, which practice, it said, was "excessive".

The report went on to describe another "objectionable" development — both from the economic and ethical aspects — and outlined the strong reluctance of the SA Medical Council to act in the matter.

"As early as October 1972 it was brought to the attention of the Medical and Dental Council — the self-governing body of the medical profession that is expected to harmonise the interests of its members with those of the public — that groups of medical practitioners had formed companies (three were mentioned at the time) that contracted with pharmaceutical concerns to supply them with medicines.

"The council then proceeded to draft a new ethical rule that, it considered, would prevent doctors from trading in medicines and profiting by it."

A practitioner was not to participate in the manufacture for commercial purposes, sales, advertising or promotion of, or in any other activity which amounts to trading in, any medicine as defined in the Medicines

"It took the Medical Council no less than nearly five years to resolve the issue, and that in a manner that does not yet appear to be effective."

"Rather than promptly draft an ethical rule prohibiting such action on the part of medical practitioners, it declined to act before, as was stated in one of its letters, 'evidence could be adduced that shareholders were prescribing specific drugs, as well as the manner in which such drugs were prescribed'."

"Eventually, after further pressure and protracted investigation by the council, a charge was laid and a doctor found guilty, according to the evidence of the chairman of the council."

"The council then proceeded to draft a new ethical rule that, it considered, would prevent doctors from trading in medicines and profiting by it."

A practitioner was not to participate in the manufacture for commercial purposes, sales, advertising or promotion of, or in any other activity which amounts to trading in, any medicine as defined in the Medicines

Control Act, 1965
 ● Engage in, or advocate, the preferential use or prescription of any medicine, from which preferential use or prescription any valuable consideration is derived.

However, the commission report said, a doctor was not prohibited from owning shares in a public company manufacturing or marketing medicines.

"That (the new rule) is proof against transgression is subject to strong doubt doctors or their relatives could still form a company trading in medicines that would be registrable as a public company and it might be very hard to prove that they were not according undue preference to the medicines traded in by that company."

"To close this loophole, it may be desirable to place a limit on the shareholding of doctors in such firms. Meanwhile, the companies complained about have not ceased their operations."

In its summary of findings, the commission recommended various measures to combat abuse and objectionable practices, saying "Medicine costs, and in particular prescription medicine costs, are the smallest element in the health care bill, the four main components of which are hospitalisation costs, doctors' and dentists' fees, administration costs and medicine costs."

"Of the last mentioned, again, medicine prices generally seem to be the least important factor. In spite of this, they appear to be attracting the most attention."

"In the commission's view, it is more than time that the question should be posed, and posed insistently, whether the ill-effects and the wastes of the use and abuse of modern medicines do not constitute a far greater burden upon society than the prices of these 'wonder drugs'."

"The commission has, therefore, found it necessary

to devote its attention not only to the possibility of reducing prices or the rate at which they will inevitably increase in a time of continuous inflation, but also to the objectionable and wasteful actions and practices both in the pharmaceutical industry and in the medical profession."

The report said the commission was "of the opinion that the authorities should, by and large, continue to refrain from direct interference in this area, provided the industry, with the assistance, where needed, of the Medical Council and the Pharmacy Board, proves its willingness and ability to discipline itself."

"The commission understands, in fact, that the executive of the industry association is already taking steps in this direction."

It recommended that free-gift advertising and 'bonusing' be prohibited and that the Medical Council and the Pharmacy Board be required to promulgate suitable ethical rules to achieve this, but that, for the rest, the industry be given an opportunity to curb excessive promotion of all types of medicine and to demonstrate its ability to do so before any further action was contemplated.

Chandeliers are chickenfeed!

IN A submission to the Medical Council, the Medical Association of South Africa reported last year that 2 000

bute medicine. Informed pharmaceutical sources have told me of four phar-

round that the gut advertising in South Africa had assumed "ugly forms"

Under the heading of 'Questionable business practices and actions', the report of the commission noted that a leading pharmacologist had said in evidence "We probably have just about five times too many medicines in the market in South Africa"

The report said "Here, as

to promote their products, the practices that caused most discussion before the commissioner are 'sampling' and 'bonusing'"

The former involves the distribution of samples to medical practitioners which, the commission said, "improves competition if it serves to attract attention to new and better medicines"

"Like most things, howev-

tion of the Medical and Dental Council — the self-governing body of the medical profession that is expected to harmonise the interests of its members with those of the public — that groups of medical practitioners had formed companies (three were mentioned at the time) that contracted with pharmaceutical concerns to supply them with medicines

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"To close this loophole, it may be desirable to place a limit on the shareholding of doctors in such firms. Meanwhile, the companies complained about have not ceased their operations"

Chandeliers are chickenfeed!

IN A submission to the Medical Council, the Medical Association of South Africa reported last year that 2 000 of the country's 16 000 medical practitioners were responsible for yearly sales of dispensed medicine totalling a staggering R30-million

Thanks to special deals offered to them by the pharmaceutical industry, doctors who do their own dispensing can make profits of up to 300%

Given the high cost of prescription medicine, a doctor can double his consulting fee by supplying the medicine as well

Consider what the 2 000 dispensing practitioners must earn at such profit margins from sales of R30-million a year! Chandeliers, champagne, luncheons and trips to the Far East pale into mere chicken feed in comparison

The practice of doctors dispensing for (and not with) profit is a growing trend that is potentially as great a source of embarrassment to the medical profession as the current furore over TV sets, lunches, rifles, chandeliers and holidays abroad

The real 'gifts' by the drug companies are the abundantly tempting deals offered to the medical profession — deals which MUST strain the objectivity of even the most sainted prescriber

Doctors have the right and the duty to dispense for their own patients in certain circumstances, where the convenience and the well-being of the pa-

By a DOCTOR

tient is the first consideration

But the tremendously tempting deals offered by the drug companies to doctors who prescribe their products is turning the practice of dispensing into a lucrative business.

A mild example is that of the wholesale price minus 15%. Since it is common for doctors to charge medical aid societies or patients the 'retail' or 'Mims' price based on the smallest pack, the wholesale minus 15% deal applied to moderate bulk buying yields easily in excess of about 100% markup. Margins of 300% are not uncommon

A pharmacist who put pressure on a medical representative to give him the same deal as the dispensing doctors was sold 200 bottles of medicine, given a bonus of another 50 bottles and a further 'bonus' of 150 bottles euphemistically called 'replacements of damaged goods'. This yielded to the pharmacist an easy 100% markup — 400 for the price of 200

It has also become a clandestine practice for some doctors to buy from drug companies and then sell to wholesalers who then sell to pharmacies who then sell to the patient — many bites at the cherry

The increase in trading by doctors is naturally viewed with extreme alarm by the pharmacist who is after all the professional person trained to distri-

bute medicine. Informed pharmaceutical sources have told me of four pharmacies closed in country towns over the last year as a direct result of competition by doctors who simply took over the dispensing

Pharmacists in Nababeep, Britstown, Willowmore and Hopetown all had to fold their tents and head back to the cities, depriving the dorps of a pharmaceutical service.

The subject of trading in medicine by doctors was of concern to the Steenkamp commission of inquiry into the pharmaceutical industry which recommended in 1978 that the practice be stopped by legislation

The findings of the commission were accepted by the Cabinet but then the matter seems to have been shelved

While the SA Medical Council disapproves of doctors dispensing with profit as a motive and in direct competition with pharmacies, it accepted in 1982 a recommendation by the Medical Association of SA that the matter not be discussed for another two years

This is a pity. The incoming president of MASA, Dr J J Geere, observed what he called 'an unusual pattern' of practice in recent years. He felt the dispensing of drugs by doctors, usually more costly than dispensing done by pharmacists, required investigation and possibly specific licensing of doctors to dispense

● The writer of this article is an eminent medical practitioner who cannot be named. He wrote voluntarily to the Sunday Express

Hits ies ours

Agar 28/2/83

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By Colleen Ryan
 Many South African doctors are buying drugs at cut prices from manufacturers and making profits ranging from 50 to 800 percent in the re-sale of the medicines, claims Mr Kosié van Zyl, vice-president of the South African Pharmacy Board
 "Between 1 000 and 2 000 doctors in South Africa sell medicines in competition with pharmacies, buying supplies from manufacturers at

Doctors are cashing in on drugs trade, says Van Zyl

ridiculously low prices," Mr van Zyl told The Star
 In a recent issue of SA Retail Chemist, Mr van Zyl was quoted as saying some doctors received extra bonuses from manufacturers for selling their medicines
 "These doctors do not only sell to their own patients, but some also re-sell to retail pharmacies and wholesalers
 "Everybody is making a good profit in the chain of buying and selling and it is the man-in-the-street who is the loser"
 Mr van Zyl, who man-

ages a large wholesale drug business in Cape Town, said doctors had approached him offering to sell medicines at prices lower than the manufacturers' wholesale price
 "These manufacturers are selling drugs to doc-

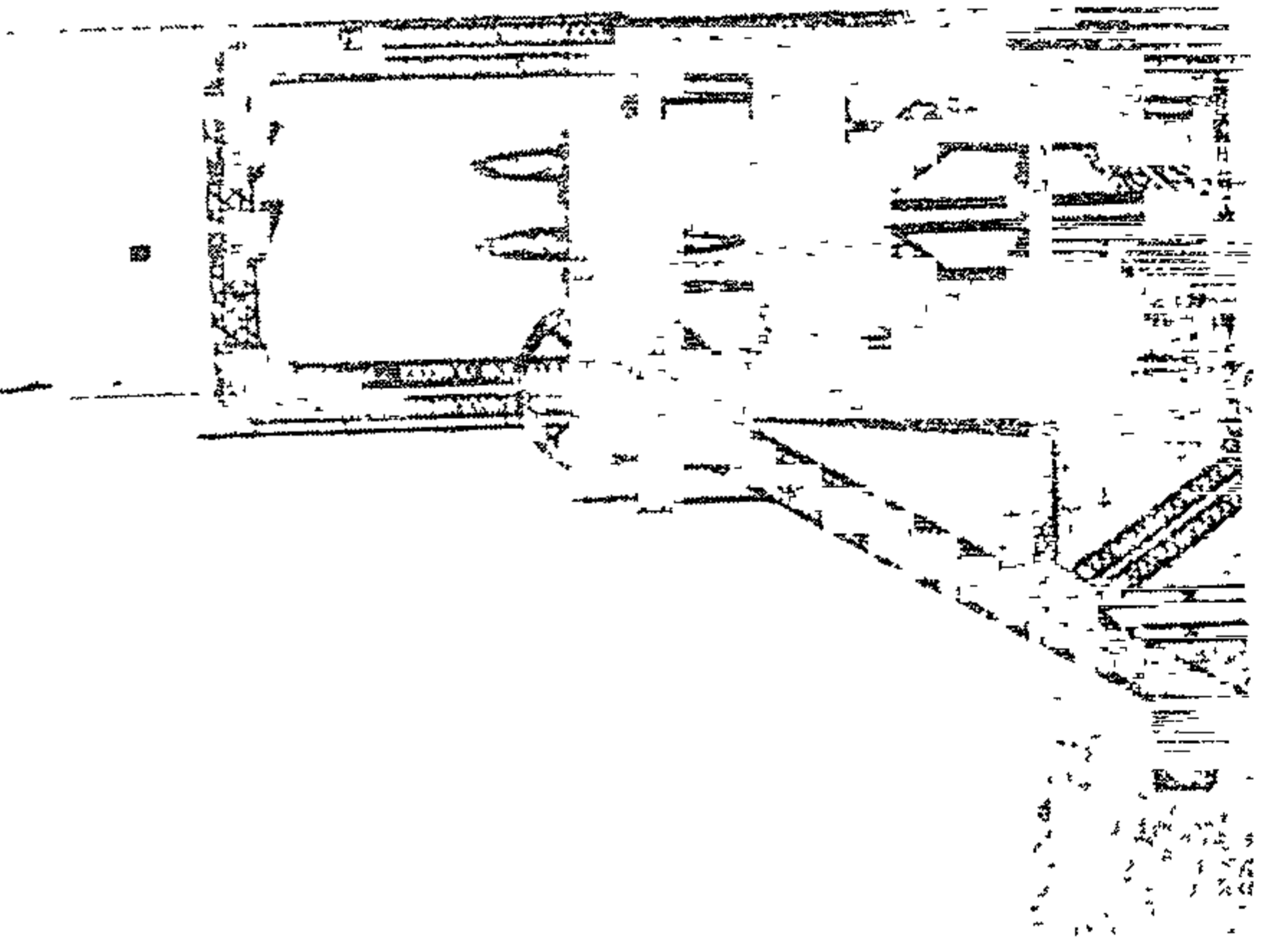
tors cheaper than they do to wholesalers," he explained

Mr van Zyl, who is also a member of the SA Medical and Dental Council, said the council had policy rulings regarding the dispensing of drugs
 "Doctors should not sell drugs in competition with pharmacies, and if a situation arises where they do dispense drugs, they are required to recoup their money at a reasonable profit level"

and that quote from Mr van Vuuren's letter of resignation which states "I would appreciate it if the council would issue a statement saying that all differences have been settled and that I have resigned voluntarily"

The circular refutes complaints that the council refuses to meet the association and says that, in terms of the standing orders, the management committee may receive a deputation after it has submitted a memorandum

Referring to "Mr Cliphams's irresponsible and mostly incorrect statements concerning the finances of the council", the circular says Mr Cliphams showed a small deficit of R121 000 after making a contribution of R350 000 to the capital development fund in its first year.



Plan for R60-m canal scheme to go ahead

CAPE TOWN — The Government has decided to go ahead with the construction of a R60 million canal scheme between the P K le Roux Dam and the drought-stricken Rietriver area in the southwestern Orange Free State

The decision had been taken despite severe financial restrictions, the Minister of Agriculture and Fisheries, Mr Sarel Hayward, said in a statement issued in Cape Town
 The Rietriver area was experiencing an extreme drought and the

Privilege:

Courts

CAPX TIMES
1/3/83

may have

to decide

By MICHAEL ACOTT

HOUSE OF ASSEMBLY. — The absolute right of MPs to raise any issue in Parliament was reaffirmed yesterday, but there is still uncertainty about the right of newspapers to report freely what is said in Parliament.

This emerged as press freedom, balance and responsibility dominated the third reading debate on the mini budget.

A parliamentary row was provoked by government attempts at the weekend to suppress further reports of a parliamentary speech by Mr John Malcomess (PFP Port Elizabeth Central) on the government's role in the Salem oil fraud.

This raised a storm of criticism from Opposition members, who maintained that the press had a cherished and absolute right to report anything said in Parliament.

The Minister of Finance, Mr Owen Horwood, and the Deputy Minister of Environment

Affairs and Fisheries, Mr John Wiley, countered with strong attacks on the fairness and balance of parliamentary reports in Opposition newspapers.

Mr Horwood questioned last week whether Mr Malcomess had not breached parliamentary privilege, and possibly the 1977 Petroleum Products Act, by disclosing details of the Salem affair to the Assembly. This was followed at the weekend by the Minister of Mineral and Energy Affairs, Mr Piet du Plessis, warning newspapers that they could contravene the Act by reporting what Mr Malcomess had said.

Important rulings

The new Speaker, Mr Johan Greeff, gave two important rulings during yesterday's debate. He was asked directly by the New Republic Party leader, Mr Vause Raw, whether a minister could forbid publications of speeches recorded in Hansard, the parliamentary record.

Mr Greeff said an MP had "absolute privilege" in the Assembly. What was recorded in Hansard could be reported and had been in the past.

Later in the debate however, the Speaker said press reports did not fall under his authority. Newspapers would have to ascertain their rights in each specific case.

Mr Horwood yesterday refused a request from Mr Harry Schwarz (PFP Yeville) for a parliamentary select committee to investigate all aspects of the Salem affair, including what had been said in Parliament and what could be reported.

Mr Horwood said the government had handled the matter as responsibly as it could, and he did not believe any purpose would be served by a further inquiry.

Oil embargo

In a statement to Parliament yesterday, Mr Du Plessis said he had no wish to impinge on the privilege of Parliament. He appealed to MPs not to raise in the House matters which could jeopardize South Africa's oil supplies when attempts were still being made to effect an oil embargo against the country.

Opposition members replied that they had no intention of doing so, but asked again why South Africa could not be told details of the Salem fraud which had been raised in foreign courts and were known to the rest of the world.

- Malcomess's Salem speech, page 4
- MPs' freedom of speech defended, page 4

17 10/10
- 10/10

Waste gas used as energy source

8/2/83

~~9/3~~
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Financial Staff

The R5 million scheme announced last year by Phillips Carbon Black of Port Elizabeth to convert waste off-gas into a profitable energy source was officially commissioned today

In the manufacture of carbon black, a certain amount of off-gas is produced

As this contains only about 20 percent combustible material, the gas has to be passed through an oil-fired incinerator to meet air pollution requirements before being discharged to the atmosphere

With the installation of the plant, it is possible to burn the 90 000 cu m of off-gas with the minimum addition of supplementary fuel oil and to use the heat produced for the generation of steam

As the steam generated is more than Philblack requires, it has contracted to supply steam to a factory nearby and to the municipal sewerage disposal works

Designed and installed by Rekuperator K-G Dusseldorf, the plant is capable of recovering the equivalent of 3,5 tons of coal an hour or 24 tons of fuel oil an hour

Philblack is South Africa's sole manufacturer of oil furnace carbon black — an essential compounding ingredient in making tyres and mechanical rubber components

Debate soon on Salem oil fraud

CAPL TRICKS
3/3/83
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Political Staff

HOUSE OF ASSEMBLY. — The government is to arrange a special parliamentary debate on the Salem oil scandal — more than three years after the biggest fraud in maritime history rocked the world.

The surprise move was announced here yesterday by the Minister of Mineral and Energy Affairs, Mr Pietie du Plessis

He also said the government was preparing a "comprehensive document" on the Salem affair to be made available to all Members of Parliament prior to the debate, which informed sources say could be as early as Wednesday next week. The minister was reply-

ing to questions by Mr John Malcomess (PFP Port Elizabeth Central), who last week warned that the Salem affair could become the biggest cover-up in South African history

The government move also follows more than a week of heated exchanges in the House sparked by an earlier speech in which Mr Malcomess disclosed details of the Salem saga

Attempts by Mr Du

Plessis to prevent newspapers from reporting the contents of Mr Malcomess' speech precipitated a major row over parliamentary privilege and the rights of the press to report what is said in Parliament

In a statement outside the House yesterday, Mr Malcomess welcomed the government decision to hold a special debate

File

Mr Malcomess said he had built up a file on the Salem affair and was already in possession of the names of some of the people involved

"I have shared this information with some of my colleagues. I also telephoned London today for the House of Lords judgment

"To me the importance of this matter is to establish parliamentary control over funds which are extracted from the public in the price of fuel

"The annual incomes of the State Fuel Fund and the Strategic Oil Fund are enormous and the Salem affair is indicative of costly mistakes being made," he said

It is understood that MPs will be given ample time to study the document before the special debate

Agent

In the House yesterday, Mr Du Plessis declined to give details on the role of the State Fuel Fund in the controversy or who had acted as agent for the Salem

In reply to another question by Mr Malcomess, he said that between December 28 and 30, 1979 the Salem had discharged oil at single buoy mooring off Durban

In his speech to the House last week, Mr Malcomess disclosed that a government agency had bought a shipload of stolen oil from a tanker subsequently scuttled, and had paid the owners a vast sum in compensation, without Parliament knowing

He demanded that a parliamentary select committee be set up to investigate the deal and try to retrieve the lost \$30,5 million in compensation money

Handwritten notes and scribbles on the right side of the page, including a large bracket and some illegible markings.

PETROL

183 FM 4/3/83

Ferocious fuel

Two years after its introduction, the alcohol added to petrol sold on the Witwatersrand is still causing corrosion in the carburettors of some cars

The problem appears to be most serious in SU carburettors fitted to Leyland cars, such as Jaguars and Rovers. Because of the SU's design, corrosive sludge accumulates around the float and can clog jets and impede moving parts

Part of the problem is that, unlike petrol, alcohol mixes with water and carries it to the carburettors where corrosive chemical reactions occur

An oil industry source notes that there is now a far greater awareness that water should be kept out of fuel. "Consequently problems are now rare," he says. "But we still expect difficulties when the fuel is introduced to a new area."

Pretoria filling stations started selling alcohol fuel about a month ago. Later this year, it will be sold throughout the Transvaal and northern Free State.

A Leyland spokesman says the SU carburettors can be permanently protected by a once-only introduction of 500 ml of a chemical additive to the vehicles' fuel supply. The reagent treats the carburettor during normal running. "At one stage the problem was something of a plague," he says. "Complaints are now very isolated."

Fred Bothma, the AA's technical manager, advises Jaguar and Rover owners in Pretoria, and areas still to convert to alcohol fuel, to contact their service agents.

FM 4/3/83

EXPLANATION NEEDED

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Government's refusal to reveal the sources of SA's oil is soundly-based. Possibly there are factors in the Salem affair which, if revealed, could be harmful to SA's interests. Hence government's fury with the PFP's John Malcomess for raising the matter in Parliament.

Nevertheless Malcomess has a point. The Salem affair is so bizarre, and the losses to SA so substantial, that an explanation is necessary. One could surely be issued without jeopardising strategic interests.

Sasol and the Strategic Fuel Fund Association (SFFA) have the reputation for being sound organisations with considerable expertise and conservative buying policies. Nothing of course, is known about their suppliers but it is standard practice in the oil industry to deal only with those of proven substance and ability to deliver the goods.

According to details revealed by Malcomess in Parliament, they suddenly became involved with people who, far from being of proven substance, had to be assisted to buy a tanker and who turned out to be operating one of the biggest confidence tricks on record. What on earth made the SFFA do it and who made the decision?

It is also intriguing that, again according to Malcomess allegations, the SFFA compensated Shell to the extent of more than R30m seemingly without any legal decision on liability and before it had been established whether that company had an enforceable claim against its underwriters. There were obviously reasons.

It would be logical to assume that the deal had an element of recklessness. Any oil importing country needs to schedule deliveries to meet the limitations of handling, storage and refining facilities. The non-arrival of a shipment can have serious consequences — which is a major reason why oil buyers restrict their business to people with a known ability to perform.

In these circumstances one would expect any potential supplier to be subjected to the most stringent checks on background, financial standing and expertise. Were such checks carried out in the Salem case?

SA's strategic interests must obviously be protected, if need be by secrecy. At the same time government must convincingly demonstrate that it is not using secrecy to hide its own bungling.

Butakem Transkei acid plant extension provides 40 new jobs

By Stan Kennedy

Butakem, a major manufacturer of food acids at Butterworth in the Transkei, has completed a R375 000 extension to its malic acid plant

The expansion has increased production of malic acid by 50 percent and created 40 jobs

At the same time, it has made Southern Africa independent of imports of malic acid and for most of its requirements for citric acid

All raw materials used in the process — maleic anhydride, sulphuric acid, caustic soda, soda ash and hydrochloric acid — are produced locally

Butakem is the only plant in the world successfully to manufacture tartaric acid synthetically. The only available tartaric acid was previously derived as a by-product of the wine industry from Italy, Spain and Argentina

After spending R500 000 on research, development, design and tooling, Henred Fruehauf's new Bathtub tipper trailer has gone into full production

Chief engineer Mr Tony Ricci says the company has totally re-engineered the conventional tipper, and the design will be used on all the end-tip semi-trailers in the company's range

As part of a R4-million factory expansion pro-

gramme, the trailer plant — the largest in Africa — is to be increased by 50 percent to 15 800 sq m

Extensions to the ASEA cable factory at Rosslyn, which are nearing completion, have incorporated a cable-making process that has not been used before

The basic difference of the technique is that, from the insulated core stage, cables are made in a tandem process

They are laid up, given a talc dusting before the PVC bedding is extruded, armouring is then applied, a PVC outer sheath extruded overall, and automatic testing to SABS requirements is achieved — all in a continuous operation

Local authorities lose millions of rands a year repairing roads damaged by overloaded commercial vehicles

Modcorp of Johannesburg is marketing a portable device, called the Loadmeter, which can check vehicle loads at the roadside

It is recognised for legal purposes in all provinces and is able to check payloads within minutes at a fraction of the cost of weighbridge installations

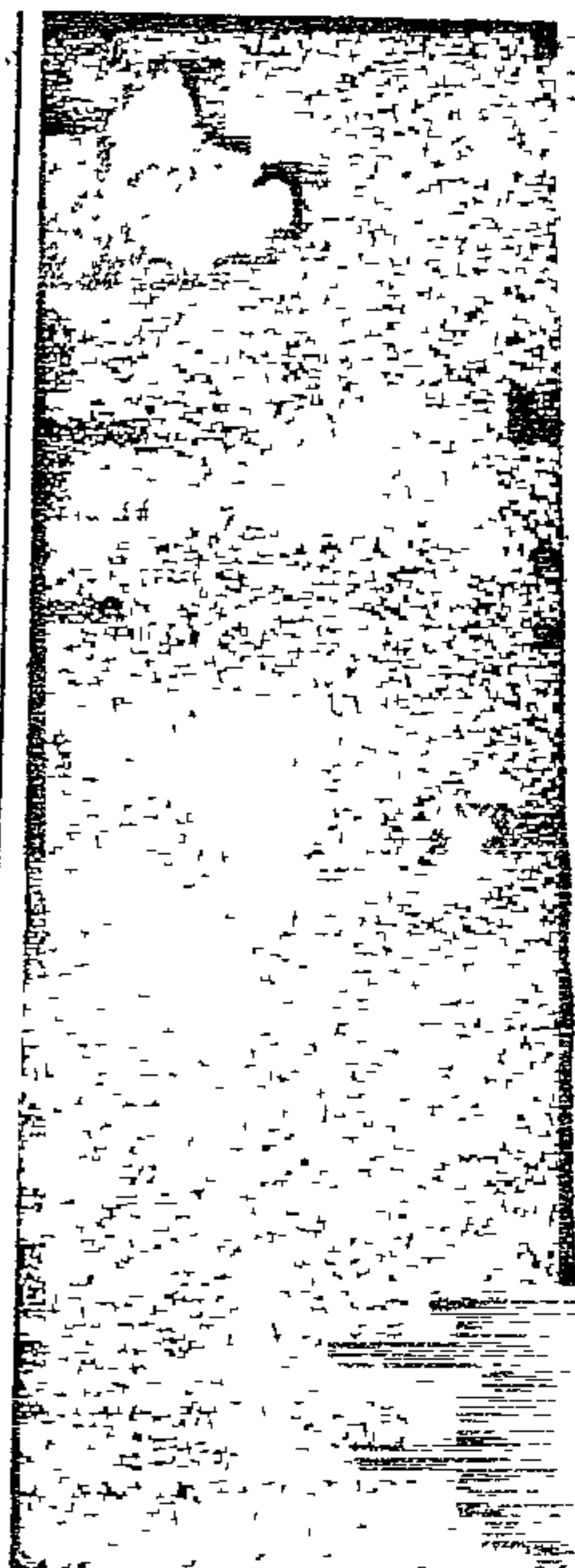
'Gifts'

— Wits

dean

resigns

CAPE Times 5/3/83
Zwi
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All the terrors of tobogganing team from the University of the Witwatersrand, launches at the YMCA, launches...

Own Correspondent

JOHANNESBURG. — Professor Saul Zwi yesterday resigned as dean of the University of the Witwatersrand Medical School as a result of reports that he received gifts from a medical supply company.

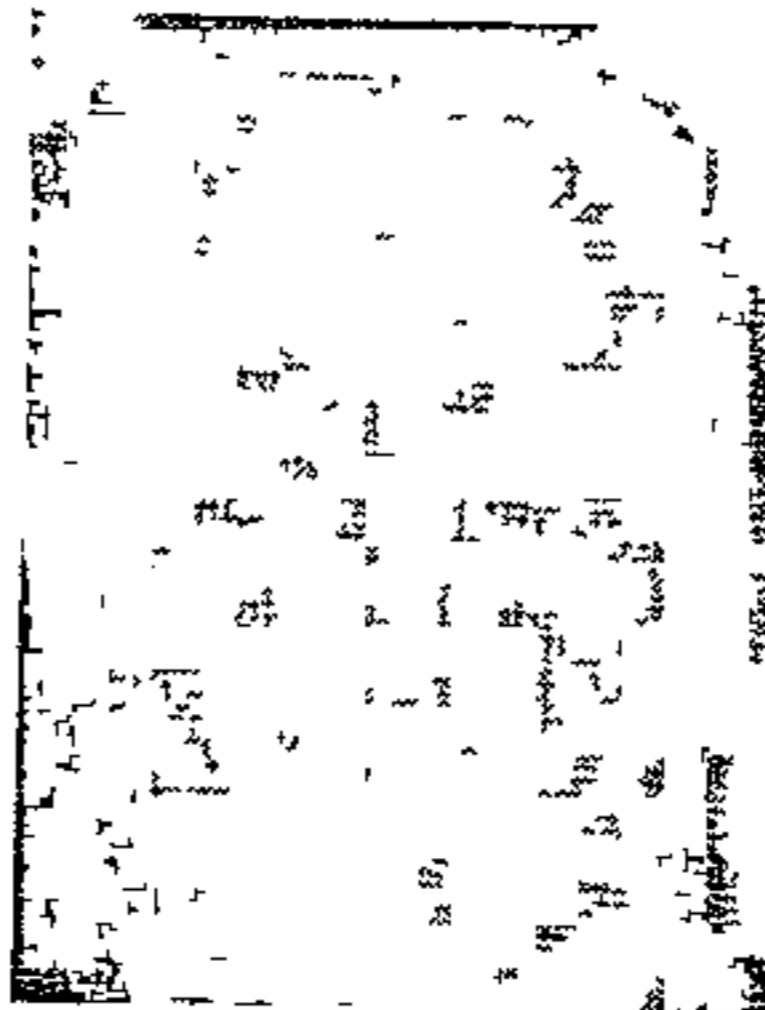
The Sunday Express reported last week that Professor Zwi received several credit card payments from the Alumina group of medical supply companies in 1975 and 1976. Five payments ranging from R45 to R115, were recorded.

A further amount of R386,20 was allegedly paid to Rennies Travel for Professor Zwi.

Professor Zwi's resignation will come into immediate effect, the Wits vice-chancellor, Professor D J du Plessis, said yesterday. However, his position as professor of respiratory medicine would not be affected.

Professor Du Plessis stressed that Professor Zwi's resignation was voluntary and was motivated by a fear that "recent press statements might impair the image of the deanship".

Professor Du Plessis also disclosed yesterday that a committee consisting of "the most senior" members of the Medical School staff had been appointed to "formulate



Professor Zwi

guidelines as to what the relationship should be between staff and the pharmaceutical industry."

There was an "unusually close relationship between the pharmaceutical industry and the medical profession" which had led to "confusion among staff as to their exact attitude with the pharmaceutical industry", he said.

The university now realized there was a problem and Professor Zwi was a victim of the problem, said Professor Du Plessis.

Professor Zwi's deanship lasted scarcely two months — he took over from the former dean Professor Philip Tobias in January this year.

Commenting on Professor Zwi's resignation, Professor Du Plessis said "The university is completely satisfied that he has at all times behaved in an honourable manner and has never allowed his medical judgement to be influenced by any non-professional consideration."

'Unfortunate'

"The university understands and admires Professor Zwi's concern that no aspersion should be cast on the deanship and has therefore with great reluctance accepted his resignation."

Professor Zwi declined to comment on his resignation and referred all queries to Professor Du Plessis.

The director of Hospital Services, Dr Hennie Grove, declined to comment.

● HOMEFINDER appears with today's Cape Times
● On Monday JOBFINDER will appear with the Cape Times

● Further easing of exchange control
● Porter buys Motors WP for R1,5m
PAGE 18



CLASSIFIED ADVERTISEMENTS BEGIN ON PAGE 11

BUSINESS BRIEF
Gold (close) \$412,50
FT index (close) 660,30
RDM 100 825,00
Dow Jones 1 140,96

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PROFESSOR Neil Goodwin, chief anaesthetist at Addington hospital and at the University of Natal, approached Labethica, a company in the SA Druggists group, to pay the costs of a trip to America in 1979

The sponsorship was arranged by Prof Goodwin through Labethica's sales manager, Mr Gordon Shalvey.

Mr Shalvey told the Sunday Express that he had checked his records and found that the amount of R2 200 for Prof Goodwin's trip had been paid by the company to the University of Natal

The accountant and also a director of Labethica at the time, Mr Louw de Villiers, said he remembered the incident because he had

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6/3/83

Drug firm paid for prof's trip to USA

been asked to pay out the amount without any formal estimate of Prof Goodwin's expenses having been supplied. Prof Goodwin had also refused to supply the company with vouchers

"Under normal circumstances I would have refused to pay the amount asked for without vouchers," Mr de Villiers said. "But we were having trouble in Natal with our intravenous fluids and Profes-

sor Goodwin had tremendous influence on what intravenous fluids were accepted. I was made to understand that we had no choice but to pay for his trip."

Professor Goodwin confirmed that he might have approached the company for assistance to attend congresses in America and Spain that year. "The amount would have been paid into our department's travel fund at the university and I

would have collected it from there," he said

Asked why he did not supply the company with vouchers, he replied "The university and the province I always give vouchers when I go on a trip paid for by them. But I have never given a pharmaceutical company receipts for a trip it has paid for."

Professor Goodwin said he had subsequently advised Labethica on its intra-venous fluids. He was also an adviser to the Natal administration on intra-venous fluids. But, he said, he had advised several companies on their products in the past in order to improve the quality of medical products

THE MEDICAL SCANDAL

Solomon denies he took any gift

Sunday Express Reporter

THE former head of radiology at Baragwanath Hospital, Dr Albert Solomon, has denied absolutely that he ever received gifts or benefits from the Alumina group of medical supply companies.

The Sunday Express reported last week that Dr Solomon was one of five professors named in company documents as having received gifts.

Through his lawyers in Johannesburg, Professor Solomon this week disputed the information contained in the documents, saying that he had "never been given, or received, or accepted gifts or benefits as alleged".

Attempts to reach Prof Solomon before publication failed. It is understood he has taken up residence abroad.

This week, however, Prof Solomon's attorneys wrote to the Sunday Express "Our client has never been given, or received, or accepted gifts or benefits as alleged, and, in particular, did not visit Italy, whether in or about 1975. Nor were the expenses of any visit to Italy which our client may have made at any other time, borne by anyone other than himself".

Reached by phone in Tel Aviv this week, Dr Solomon refused to discuss the matter and referred all questions to his attorneys.

MR ISAAC KAYE, managing director of the Alumina group of companies, reacted this week for the first time to allegations that his employees promoted company products by bestowing gifts on influential doctors and Government officials.

Mr Kaye's eight-page statement was released to the Sunday Express late this week after several attempts had been made in recent weeks to arrange a personal interview with him.

Contradicting claims by the managing director of South African Druggists, Mr Brian O'Donnell, that executives had continued to act under the influence of the Alumina directors for "some time" after the takeover of the group by SAD in September 1977, Mr Kaye denied responsibility for anything that happened subsequent to that date.

Although Mr Kaye remained a director of SAD until last year he claimed that from "about mid-1977" the management and control of the group was taken over by South African Druggists executives and "I had no line function".

His Alumina group had endeavoured to obtain the benefit of the best medical brains in South Africa, he

said, and had called on people of the calibre of Professor Joe Muller and Prof A J Brink and other eminent medical people for advice.

Mr Kaye admitted that

Kaye confirms: We gave gifts

Sun. Exp. 6/3/83

(183)



BUT DOCTORS DIDN'T GET THE PRESENTS AS AN INDUCEMENT, SAYS ALUMINA BOSS

Prof Muller, who was professor of radiology at the Carl Bremer and Tygerberg Hospitals, at the time had acted as an adviser to his group on quality control and other aspects of X-ray film.

Prof Muller had visited Italy on his company's behalf and had also received a gift of chandeliers from the group's principals in that country.

Prof Muller was senior adviser to the Cape Provincial Administration and

Dr van der Merwe said "I can say with the greatest confidence that no doctor who is in the service of the Department of Health and Welfare is involved in the whole situation".

He regarded the allegations about Professor Andersons Brink, dean of the faculty of medicine at the University of Stellenbosch and a member of the SA Medical and Dental Council, and a member of the SA Medical and Dental Council, as "a very, very serious light".

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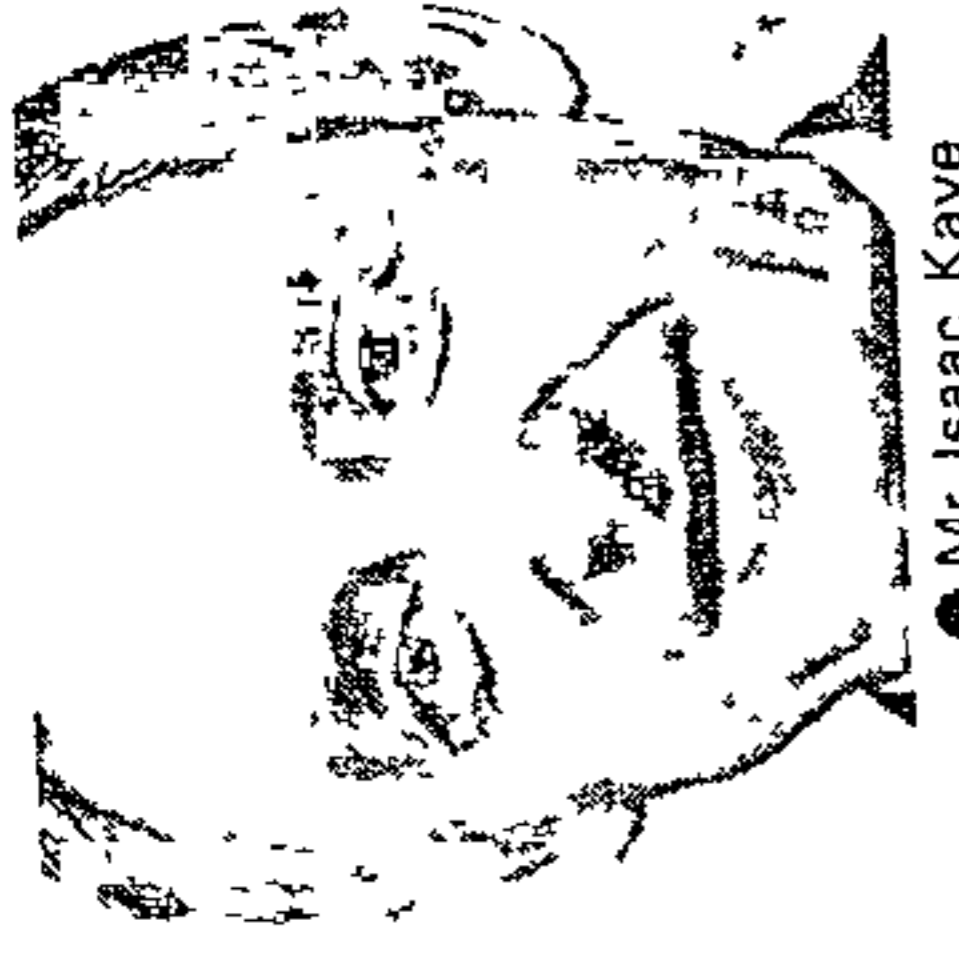
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Mr Isaac Kaye eight-page statement

no time offered gifts or favours in expectation that anyone would "forego his duty and favour us," the statement said.

The Sunday Express has again requested an interview with Mr Kaye to clarify several issues arising from the statement. However, his public relations adviser, Mr Ben Temkin, informed the Sunday Express that Mr Kaye was not prepared to be questioned "at this stage".



Dr Nak van der Merwe "gossiping"

immediate family were paid out more than R30 000 in cash and SA Druggists shares for their interest in Alumina. The purchase price of the shares was then deducted.

The Sunday Express has also reported that Prof Brink received a company car in 1975, even before he was formally appointed a director of Labethica. The company paid for its licence

at a cost of

South West Africa on the purchase of X-ray film at the time.

Mr Kaye also said "In accordance with common practice prevailing in the drug industry throughout the world, gifts were given to some medical practitioners, not as an inducement, but in appreciation of their having prescribed drugs marketed by the Alumina group," the statement said.

Mr Kaye said his group at

Minister sticks to his guns on drugs inquiry

In Parliament Dr van der Merwe said Prof Brink had given him evidence that he had the permission of the university council and the Rector of Stellenbosch university for the work he had been doing.

"To therefore make allegations of this sort throughout the country, to make accusations against honourable people, only fills me with abhorrence," Dr Van der Merwe said.

He said substantive complaints should be taken to the Medical Council.

"My call to those people is

to

IT DOCTORS DIDN'T GET THE PRESENTS AS AN INDUCEMENT, SAYS ALUMINA BOSS

and had called on people of the calibre of Prof Muller and Prof A J

Brink and other eminent medical people for advice Mr Kaye admitted that

Prof Muller, who was professor of radiology at the Carl Bremer and Tygerberg Hospitals, at the time had acted as an adviser to his group on quality control and other aspects of X-ray film Prof Muller had visited Italy on his company's behalf and had also received a gift of chandeliers from the group's principals in that country

Prof Muller was senior adviser to the Cape Provincial Administration and

South West Africa on the purchase of X-ray film at the time

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Minister sticks to his guns on drugs inquiry

BARRY STREEK

Government has again decided to appoint a commission of inquiry into allegations of corruption in the sale of drugs The Minister of Health, Dr van der Merwe, this time rejected a renewed offer of a commission by the situation spokesman on health, Dr Marius Barnard Barnard said it was something was done to practices that brought the name into disrepute.

He said a commission was necessary because "these allegations, based on good reasons, must be investigated

"We are paying too much for our pharmaceutical products," Dr Barnard said

Dr van der Merwe replied that the cost of medicine and allegations of gifts to doctors should be separated

He accused the Sunday Express of making every effort to involve certain departmental doctors in "one or other problem situation"

Dr van der Merwe said "I can say with the greatest confidence that no doctor who is in the service of the Department of Health and Welfare is involved in the whole situation"

He regarded the allegations about Professor Andries Brink, dean of the faculty of medicine at the University of Stellenbosch and a member of the SA Medical and Dental Council, in "a very, very serious light"

In Parliament Dr van der Merwe said Prof Brink had given him evidence that he had the permission of the university council and the Rector of Stellenbosch university for the work he had been doing

"To therefore make allegations of this sort throughout the country, to make accusations against honourable people, only fills me with abhorrence," Dr Van der Merwe said

He said substantive complaints should be taken to the Medical Council

"My call to those people is to bring the facts forward and stop gossiping," he said

● FOOTNOTE The Sunday Express has reported that Professor A J Brink is shown in company records as having held shares in the Alumina Development Corporation, which controlled the Labethica company of which he was a director

The Labethica company produced and sold an intravenous fluid in defective bags which caused fungus to grow in some of them Prof Brink has been described as its technical adviser

Prof Brink did not immediately pay for his 4 000 Alumina shares which were held through the Alumina Development Trust and registered in the name of a private company, Jamap Beleggings (Pty) controlled by Prof Brink and his wife

Four years after he received the shares he or his



● Dr Nak van der Merwe "gossiping"

immediate family were paid out more than R30 000 in cash and SA Druggists shares for their interest in Alumina The purchase price of the shares was then deducted

The Sunday Express has also reported that Prof Brink received a company car in 1975, even before he was formally appointed a director of Labethica The company paid for its licence and insured it at a cost of R200 a year

Prof Brink also received ● Payment of R107,27 a month to a finance company for his Datsun CY39294 in 1976 and 1977 by Continental Ethicals — not the company of which Prof Brink was a director

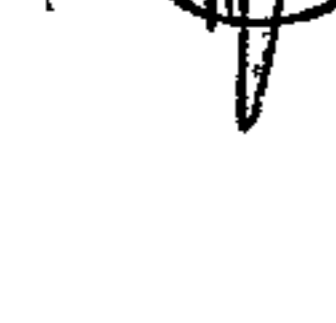
● Two dividend cheques for R203,77 each, paid to his company Jamap Beleggings in 1976

● An item described as a 'gift for Prof Brink' from the company in February 1978, costing R442

● Alumina paid R5135,00 to Peugeot Citroen SA for a car for Prof Brink and by mid-1978 Prof Brink was shown in the Alumina books as having a company Peugeot (TJ227195)

Professor Brink has refused to discuss these matters with the Sunday Express

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The student who risked all by asking for a company sponsorship

travelling and accommodation expenses" The company replied that it was unable to assist

ing at any recognised hospital in the world" "As I believe that it would prove immensely valuable to the enrichment of my career and the broadening of my experience, I would very much like to spend this period at a hospital in Europe or America. "I inquire if your company would be prepared to sponsor me in covering

selling himself like this This letter, if it was forwarded to his university, could destroy him." The young man, who said he was studying at the University of Cape Town, attached a copy of a record of his school career and gave full details of his 'curriculum vitae' at the university He said all (medical) students were expected to "complete an elective train-

opportunity once I have qualified "As I intend to specialise, I believe this could be of much benefit to your company." The student's letter was shown to the Sunday Express by a company executive who said. "They're learning young, nowadays. "He is probably not aware of the full significance of what he is suggesting.

A MEDICAL student recently appealed to medical supply companies for sponsorship to spend six weeks at an overseas hospital, promising to "promote and use" company products once he had qualified. The 21-year-old student wrote: "Apart from the goodwill that would be generated, I would make a concerted effort to promote and use your products at every

● The Sunday Express has agreed, at the request of the company executive, to withhold the student's name from publication to avoid ruining his career at its outset, but his identity is known — Editor.

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**Banned
drug
is on
sale in
South
Africa**

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24/11

S. Tribune

6/3/83

Tribune Reporter

THE pain-killer drug Zomax, which has been withdrawn temporarily in the United States by Johnson and Johnson after five deaths from allergic reaction were linked to it, is available on prescription in South Africa

Johnson and Johnson — which last year had to withdraw its Tylenol capsules after some were found to have been poisoned with cyanide, causing seven deaths — said Zomax would be withdrawn pending relabelling of the product

A US Food and Drug Administration official said in Washington the drug was clearly labelled not to be used by people hyper-allergic to aspirin, as two of the people who died had been

He said an estimated 15 million people had taken the drug since it was approved in 1980. His organisation had received 1000 reports of adverse reactions in the past two-and-a-half years

In Durban, the national president of the Pharmaceutical Society of South Africa, Don Sutherland, said he was unaware of any moves to withdraw the drug here, probably because the action had only just been taken in the US

HOW

REVEALED!

DOCTORS

S. Express 6/27/83

183
78
267

BEG

Week Five of the
SUNDAY EXPRESS
SCANDAL SERIES

FOR CASH

See you at Wanderers!

TAKE a Sunday Express with you to the Currie Cup match today and double your fun!

Transvaal stumble in — See Page 38

By **WILMAR UTTING** and **MARTIN WELZ**

MEDICAL supply companies this week produced files of letters to prove they are put under intense pressure by doctors, medical academics and even students to make gifts

Among the examples given to the Sunday Express were

● A request to medical equipment supply companies in January by Mr J W Bryer, a surgeon at Natal's Addington Hospital, for money to help him attend a series of medical congresses

The congresses ranged from Cape Town to New Mexico, and included a "festival" surgi-

cal congress in Edinburgh scheduled to coincide with the Edinburgh Festival

● Professor Neil Goodwin, chief anaesthetist at Addington hospital and at the University of Natal asked Labethica, a subsidiary of SA Druggists, to pay the costs of a trip to America in 1979 (Full report — Page 5)

● A 21-year-old student at the University of Cape Town appealed to medical supply companies for sponsorship of his six-week training course overseas, promising to promote the company's products "once I have qualified" (Full report — Page 5)

Questioned about Mr Bryer's letter, the head of the Department of Surgery at the University of Natal, Professor L W Baker, said "I do not approve of this practice I do not believe it is common at this university It will not happen again"

Mr Bryer said "If the companies help us, good and well If not, there are no hard feelings"

In his letter of January 23 Mr Bryer listed nine congresses which he and a colleague wished to attend during the course of this year

He asked for an indication of the assistance he could expect so that we can make

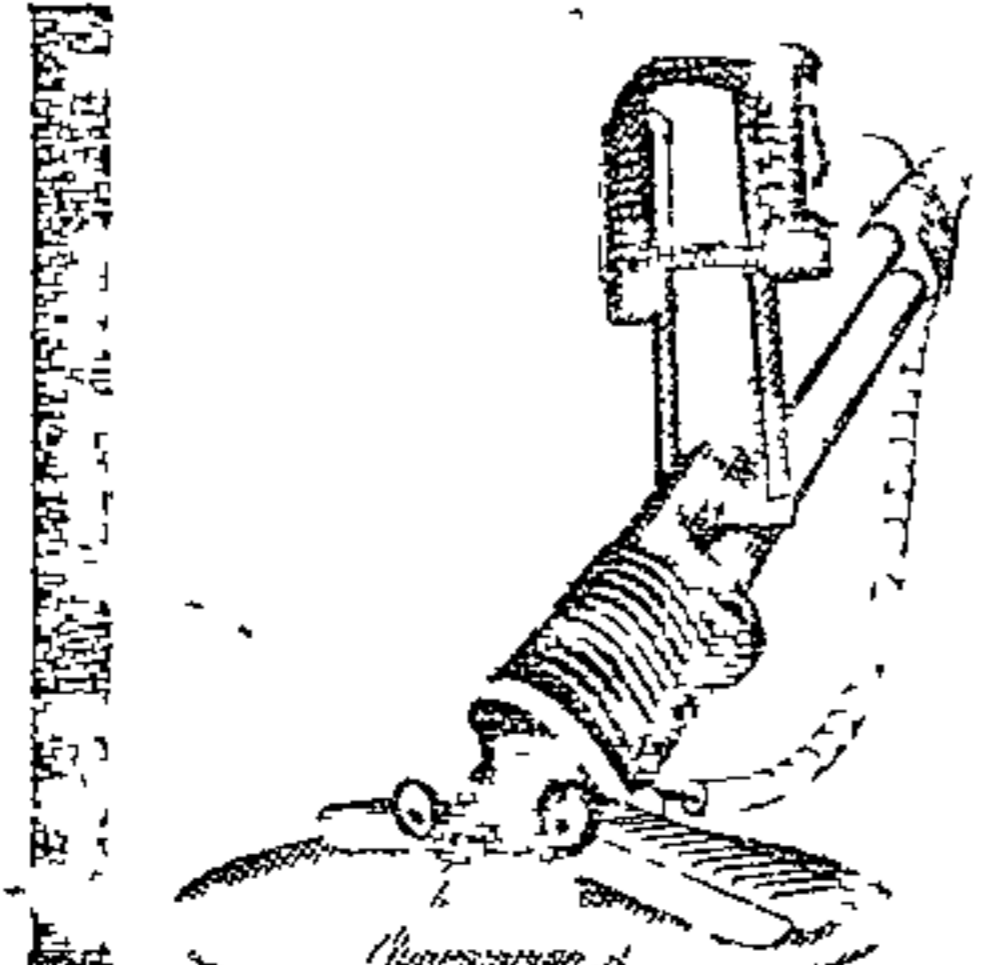
Homefinder comes to Pretoria

THE Sunday Express HOMEFINDER, South Africa's top property medium, comes to Pretoria next week. It will be the Pretoria Homefinder. Don't be parted from it.

torla property front and has been welcomed by the city's estate agents and property developers.

The new Pretoria Homefinder next week — don't miss it!

To Page 2



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Doctors beg for company cash

From Page 1

arrangements as soon as possible to attend as many as possible.

His letter, under the letterhead of the University of Natal's Department of Surgery reminds the company of "our co-operation and the use of your products"

One company executive said "This sort of thing is bare-faced coercion"

Another said "The soliciting of funds by doctors has reached horrendous proportions. It belittles the profession"

According to the executives who spoke to the Sunday Express this week, requests for money were seldom dropped if a donation was not sent after the first approach

"Last year, when we did

not immediately agree to help sponsor a trip by Mr Bryer to Seattle, where he was to deliver a paper, he wrote to us again, stressing the extent to which our product was used in his hospital

"Eventually our sales representative told me that if we did not send a donation the use of our products could be adversely affected"

So we sent Mr Bryer a cheque. What could we do? He had us over a barrel," the executive said

Mr Bryer's letter, sent to at least two companies, said

"Mr Raidoo and I are the full time Consultant Surgeons at Addington Hospital. We run the entire general surgical disciplines. Mr Raidoo controls the Venous Clinic and is attached to the Head and Neck and Gastro-Intestinal Clinics. I run the Breast Cancer Clinic, the

Gastro Intestinal Clinic and Endoscopy Clinics with Dr Good and am attached to the Oesophageal Carcinoma Unit at King George V Hospital. We have recently established an Active and Viable Hyperalimantation Unit at Addington

"We are desirous of attending some of the following Surgical Congresses in 1983, viz,

"In South Africa the Surgeons' Refresher Course in Johannesburg, April 28-31, and Gastroenterology (SAGE) in Cape Town, July 4-5

"Overseas Australian Surgeons in Hong Kong, April 28-31, and S E Asia Surgeons in Taipei, March 27-30

"Gastroenterology in London, April 20-22

"Breast Cancer in Amsterdam, April 27-30

"Colon-Rectum Cancer in Boston, June 5-9

Asked for his comments, Mr Bryer said he had at no time suggested that the use of a company's products depended on whether they sponsored his attendance at congresses

"If they can help, good and well, if not there are no hard feelings," he said

'Surgical Festival in Edinburgh, August 31-September 2

"Accident Surgery in Mexico City, September 27-30

"Your local agents will no doubt better inform you of our co-operation and the use of your products

"We therefore make a request of you to help us if at all possible. Perhaps you could indicate what assistance you can give us, if any, so that we can make arrangements as soon as possible to attend as many as possible"

Since writing the letters asking for assistance to attend this year's congresses, he had been made aware of an 'edict' in the department that such appeals to companies were to stop, Mr Bryer said

"Now I will not be in a position to go to any congress, except perhaps in Johannesburg Cape Town is out. My funds have reached the bottom of the barrel. There simply are no funds for research or development and we in Government service get such miserly salaries"

Prof L W Baker, head of the Department of Surgery, said Mr Bryer had been a very loyal employee for many years but was not in a position to influence the awarding of provincial contracts to particular companies

He, Prof Baker, had re-

peatedly reminded his staff that all donations to research and development of knowledge should be sent to the university itself, and not directly to staff members

However, it was possible that Mr Bryer had not been aware of this

Since the Sunday Express had approached him, he had seen Mr Bryer's letter and could not detect a suggestion of coercion "It depends on how it is read," he said

"Mr Bryer apparently misunderstood our policy which is that before seeking a grant for research doctors should apply directly to the Medical Research Council"

Prof Baker said doctors were forced to approach private industry for assistance because, in Natal at any rate, the province was not sympathetic to subscribing towards research and development

Hawke swoops to a sound victory

By GRAHAM BARRETT MELBOURNE — The Australian Labour Party came to power yesterday with a decisive victory in the general election

The Labour Party leader, Mr Bob Hawke, has been an MP for less than three years, and opposition leader for only a month

The leader of the governing Liberal Party, Prime Minister Malcolm Fraser, conceded defeat late last night

Labour will have a majority of at least 19 seats in the House of Representatives

A calm, cool, and supremely confident Mr Hawke, 53, told Australians on national television that Labour "would give hope where previously there had been despair"

The Labour Party has been in opposition since the day in 1975 when the controversial Prime Minister, Mr Gough Whitlam, was unseated by Mr Fraser and the then governor general Sir John Kerr, in what is still described by bitter Labour supporters as a bloodless constitutional coup

Mr Hawke was leader of the trade union movement-

Wits students plead with Prof over his resignation



luctantly accepted Prof Zwi's resignation because it "understands and admires Prof Zwi's concern that no aspersions should be cast on the deanship"

Prof du Plessis also announced that a committee of senior members of the Wits Medical School was trying to formulate guidelines about

tion was more important than himself has shown a quality of character and a sensitivity which is pretty unique for South Africa

"If he had been a thick-skinned person he would simply have made a statement and carried on in his position"

Describing Prof Zwi's ac-

ask Prof Zwi to reconsider his resignation, while the Vice Chancellor, Prof D J du Plessis praised him for his "honourable" action

Prof Zwi is a genuine, delightful chap who enjoys enormous admiration and respect," Prof Du Plessis said yesterday

"His belief that his position was more important than himself has shown a quality of character and a sensitivity which is pretty unique for South Africa

"If he had been a thick-skinned person he would simply have made a statement and carried on in his position"

from a medical supply company

His resignation barely two months after he took office — came into immediate effect, but he remains a professor of respiratory medicine

Wits medical students planned a mass meeting to

By ARLENE GETZ

THE University of the Witwatersrand has been rocked by this week's resignation of Professor Saul Zwi as Dean of the Medical School following Sunday Express reports that he received gifts

Mass meeting about professor

Post Correspondent

Post Correspondent

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JOHANNESBURG — Witwatersrand University medical students are to hold a mass meeting shortly to ask Professor Saul Zwi, who resigned as Dean of the Medical Faculty of Wits last week, to reconsider his resignation

Prof Zwi resigned as dean because of his alleged involvement in the medical pay-off controversy unmasked by a Sunday newspaper

He and four other medical men alleg-

edly received gifts from pharmaceutical companies as goodwill gestures

He said he would consider withdrawing his resignation if the university allowed it

Prof Zwi will retain his post as professor of respiratory medicine. He voluntarily tendered his resignation — and Professor D J Du Plessis, Vice-Chancellor of Wits, said he had accepted the resignation with "great reluctance" and that although Prof Zwi had committed an indiscretion he was "not dishonest"

CAPE TOWN 7/3/03 (30/11/03)
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Salem: Press rights 'must be cleared up'

Political Reporter

UNCERTAINTY about the rights of the press to publish speeches in Parliament had to be cleared up as soon as possible, the Nationalist Sunday newspaper Rapport said yesterday.

Rapport's leading article follows an order last week by the Minister of Mineral and Energy Affairs, Mr Pietie du Plessis, that newspapers could not publish details of a speech in Parliament by the Progressive Federal Party MP for Port Elizabeth Central, Mr John Malcomess.

The speech gave extensive details of the four-year-old Salem oil tanker fraud scandal — details which have never been published in South Africa because of legislation prohibiting speculation or reporting on South Africa's oil and petrol sources.

'Privilege'

The Speaker, Mr Johan Greeff, subsequently ruled that what was said in Parliament had absolute privilege, but he could not take responsibility for subsequent action against the press for reporting MPs' speeches.

This "creates serious problems", Rapport said, adding that the ruling did not only apply to speeches which contravened legislation, but also to potentially defamatory statements which in the

past could be published without fear of newspapers being prosecuted.

It was "almost unthinkable" that what was said in Parliament could not be reported by the press, and "it is thus clear that the position of the press with regard to parliamentary reporting be cleared up as soon as possible so that no doubt whatsoever can remain," the editorial concluded.

In a separate article in Rapport yesterday, Professor S A Strauss of the University of South Africa's law faculty summarized the legal position of media reports on Parliament and concluded that what was said in Parliament must be reported by the media.

'Specific'

If the government wished to restrict coverage of what was said in Parliament, then it should introduce specific legislation aimed at restricting this coverage — a move he strongly opposed.

Professor Strauss concluded "The House of Assembly is an extension of the people themselves. It is a miniature version of an assembly of the people.

"The people should not only have the right to know what is said in the House of Assembly. One can almost say the media has a duty to inform the people about these matters."

Probe into alleged plea by medicals for travel aid

Mercury Reporter

AN OFFICIAL probe is to be conducted into allegations that some Addington Hospital staff members have been requesting medical-supply companies for assistance with travel expenses to get to medical congresses

Natal's MEC in charge of hospitals, Dr Fred Clarke, yesterday described the disclosures as 'very perturbing'

It had been claimed in a Sunday newspaper report that an Addington consulting surgeon sent letters to equipment suppliers on January 23 in which he asked for money to help him and a colleague attend forthcoming congresses in, among other places, Hong Kong, London, Amsterdam and Mexico City — as well as a 'surgical festival' in Edinburgh

Declined

Addington's medical superintendent, Dr Margaret Barlow, declined to comment on the controversy yesterday, saying it was a matter to be investigated by Natal's Director of Hospital Services, Dr Johan Vorster

Dr Vorster could not be contacted

Dr Clarke, however, said he had read one of the letters as a copy had been sent to him anonymously last week. He regarded the tone of its contents had been 'anything but desirable'

In the light of the apparent problems in this regard around the country it seemed a meeting was needed between representatives of the university medical colleges, provincial administrations and pharmaceutical industries — with the object of co-ordinating the financing of attendances at overseas congresses

The present system could at best be described as unsatisfactory, Dr Clarke said adding 'And having been a practise myself, I know all about it.'

Zwi's exit dismays students

By LIZ MCGREGOR
Medical Reporter

WITS medical students yesterday expressed "deep disappointment" at the university's acceptance of Professor Saul Zwi's resignation as dean of the faculty.

Prof Zwi resigned last week — just two months after he took office — after a report in the Sunday Express that he had received several credit card payments from the Alumina group in 1975 and 1976.

Wits Medical Students' Council (MSC) chairman, Mr. Jonathon Moch, said in a statement issued yesterday that "knowing Prof Zwi was a man of honour and integrity, we were not surprised that he resigned, but we are deeply disappointed by its acceptance by the university."

"As an educational institution, the medical school must research and debate the issues raised by this unfortunate state of affairs and formulate guidelines for the relationship between the medical profession and the pharmaceutical and drug industry," said Mr Moch.

Such guidelines would have to distinguish between legitimate sponsorship and advertising, on the one hand, and attempts to influence the professional judgement of the doctor on the other, he said.

"These guidelines must be supported not only by the medical school but also by the medical profession, as well as the suppliers of drugs and medical equipment."

Appropriate legislation should enforce the resulting code of ethics, he added.

"We ask the question: Should it not be an offence to try to bribe a medical doctor in the same way that it is an offence to try to bribe a judge or public servant?"

Oil fraud: Govt to give details today

Political Correspondent

HOUSE OF ASSEMBLY — The first official government details of the three-year-old Salem oil fraud are expected to be published today

The Department of Mineral and Energy Affairs is drawing up what was promised to be a "comprehensive document" in preparation for the special parliamentary debate on the Salem deal tomorrow

Pressure for the debate built up following opposition disclosures in Parliament which broke the South African news blackout on the Salem affair

Details of how the tanker off-loaded a cargo of stolen oil in Durban in December 1979 and was subsequently scuttled off West Africa in early 1980 have been published throughout the world as they emerged in court cases

The government invoked the 1977 Petroleum Products Act to prevent newspapers here reporting details

Mr John Malcomess (PFP Port Elizabeth Central) claimed in Parliament last week that government agencies had lost 30,5-million dollars (about R30 million) through having to pay compensation to the rightful owners of the cargo in addition to the purchase price paid to "crooks"

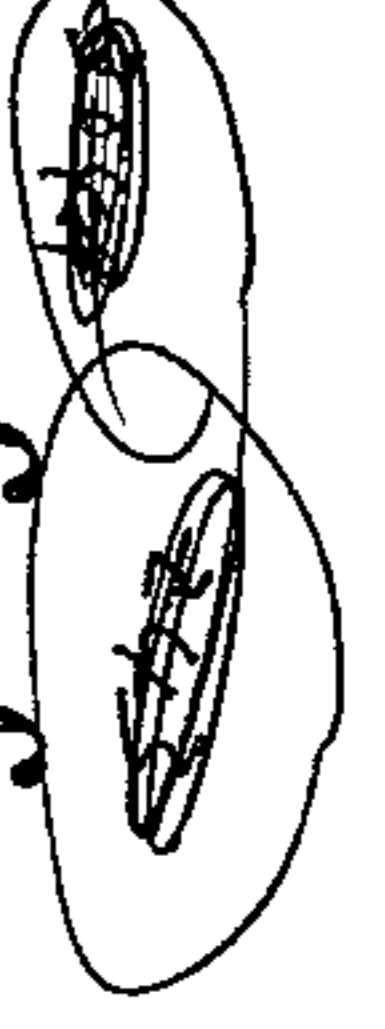
He demanded parliamentary control over state oil funds and attempts to recover the money from those responsible for the deal

The Minister of Mineral and Energy Affairs, Mr Pietie du Plessis, subsequently promised a special debate on the affair and undertook to produce a document on the deal for the information of Parliament

'A most audacious act of fraud'

Cape Trident 8/3/83

1983



Chief Reporter

EARLY in 1980, soon after the mysterious sinking of the 214,000-ton Liberian-registered tanker Salem off the coast of Senegal, millions of people around the world — except in South Africa — were enthralled by detailed accounts of what the most audacious acts of fraud in history

The reason South Africans — except those who happened to be abroad at the time — were not kept fully in the picture on the Salem saga was that news media in this country were and still are, subject to the provisions of the Petroleum Products Act of 1977

This measure prohibits publication of any information about the source, transportation, destination or supply of any petroleum product.

However, through sporadic press reports, South Africans were given some of the basic facts of the Salem affair. The following picture emerges when these are pieced together:

- The Salem left the Persian Gulf port of Mena

- al Ahmadi on December 10, 1979, carrying 193,000 tons of Kuwaiti light crude oil, supposedly for delivery in Italy

- Off the coast of East Africa, the Italian owners of the oil cargo were said to have sold it to Shell in a spot-market deal, reportedly for 56-million dollars and for delivery to France But Shell's "spot" oil purchase never reached its destination

- Somehow, somewhere it appeared to have been hijacked and diverted

- The next news of the Salem was that it had sunk in mysterious circumstances off the West coast of Africa on January 17, 1980

- First reports said the tanker had caught fire and had "had to be abandoned" Later it was suspected that the vessel had discharged its cargo in Durban — under the assumed name "Lema" — and that its holds had subsequently been flooded with seawater, to give it the appearance of being still fully laden

- Before it sank the Salem was sighted by the British tanker Trident. The master of the Trident, who later referred to the Salem's "strange trim" (the ship was listing badly), was sufficiently suspicious to take photographs of the vessel, before and when it sank

- Only five minutes after the two tanker masters had spoken to each other by radio, there were signs of an explosion in the Salem, and the tanker's crew immediately took to the boats, which were later found to have been well-prepared for imminent use. The crewmen were picked up by the Trident and taken to Dakar

- Suspicion was heightened by the fact that although the Salem was supposed to have been laden with crude oil the vessel, after sinking over one of the deepest trenches in the Atlantic, left an oil slick very much smaller than would be expected from a cargo of nearly 200,000 tons

- In February 1980 it was reported from London that insurance investigators looking into the fate of the crude oil cargo in the Salem were checking reports that the oil could have been discharged in Durban

- Lloyd's of London were the insurers of the cargo and also of 75 percent of the value of the R20-million tanker

- Scotland Yard opened an inquiry about the same time, and a writ was served on behalf of Lloyd's for R46.5 million, as compensation, on Mr Fred Soudan, a director of the Oxford Shipping Company — a Liberian "brass-plate" company with an address at Houston, Texas, said to be the owners of the Salem

- Mr Soudan left for Switzerland soon afterwards
- The Salem was later said to have been chartered by Mr Soudan for or during this particular voyage to a Swiss company, Shipomex, with headquarters in Zurich. But it was found by investigators that Shipomex had no street address in Zurich — only a telex number

- The official Lloyd's Index for January 1980 still showed the Salem under its original name, South Sun, and its owners to be the Pimmerton Shipping Company of Liberia. Originally the tanker

- was known as the Sea Sovereign, which was sold in 1977 after the tanker division of its Stockholm owners ran into trouble

- While Mr Soudan was being questioned by officers of Scotland Yard's fraud squad, the Salem's Greek master, Captain Demetrios Georgoulis, was arrested in Dakar, where he said under interrogation that the ship's sinking had been due to an explosion in the vicinity of the engine-room. He denied that he had unloaded his oil cargo at Durban

- Captain Georgoulis and his chief engineer were later released, on grounds that there was insufficient evidence on which to charge them

- There were reports at the time that Captain Georgoulis was "a fake and a professional sea-pirate, responsible for the scuttling of other ships in the past year"

- He denied these and other allegations, and insisted that the Salem had gone down with its full cargo of Kuwaiti light crude. The ship's log-book had also gone down with the ship, he claimed

- In April 1980 it was reported that Shell International Petroleum had accepted "a substantial sum" from the official South African oil-purchasing agency, SFF Association, as the agency's full settlement for crude oil discharged in Durban in December 1979

- In August 1980 Scotland Yard's fraud squad issued warrants for the arrest of four men, including Mr Fred Soudan and Captain Georgoulis. The Yard believed they were involved in a multi-million-pound plot to trick Lloyd's underwriters and the Shell Oil group

- In April 1981 the High Court in London ruled that a Lloyd's insurance group should pay Shell International Petroleum R43 million, for loss of the Salem's cargo

- The judge said it had been established that had been a conspiracy between an American company, a Liberian shipping company and South African interests to obtain a ship and a willing crew to divert the Shell oil cargo to Durban, and then to sink the ship

Today's Salem debate

THE parliamentary debate on the Salem incident takes place in the House of Assembly today. A government white paper on the matter will be available to MPs. It is important that the country should be informed as fully as possible, subject to convincing considerations of national security, on what a British law lord has described as an "astonishing story of fraud". Up to now, the world has had access to details of the matter, but South Africans, who footed the bill for the R30,5m that had to be paid over to Shell in compensation, have been largely in the dark. The government has used the strict petroleum legislation to prohibit newspapers from publishing, and tried to stop publication of a speech on the matter by Mr John Malcomess, MP, which attempt, if successful, would have invaded MPs' traditional and fundamental right to have speeches reported.

Agreed statement

Before the hurly-burly of the debate, it is worth noting the essential features of the incident, as given in an agreed statement of facts mentioned by Lord Roskill in the House of Lords judgment on the question of the US \$56,3m insurance unsuccessfully claimed by Shell from Lloyds. These are:

1. The conspirators obtained a purchase contract from the South African Strategic Fuel Fund Association (SFF) providing for the delivery of a cargo of Saudi Arabian crude oil to Durban.
2. They used that contract to obtain an advance payment from a South African Bank (Mercabank Ltd) sufficient to finance the purchase of a suitable tanker to carry the cargo.
3. They purchased a tanker (the Salem).
4. They manned it with a master and principal officers (including the captain Georgouhs and chief officer Annivas) who were parties to the conspiracy and with a crew which was likely to be amenable to the conspirators' instructions.
5. They chartered out the tanker to an innocent charterer (Pontoil SA) for a laden voyage (in the event) from Kuwait to Europe.
6. They deceived the charterer (Pontoil SA) and the shipper (Kuwait Oil Co) of this cargo and the Kuwaiti authorities, none of whom would have permitted the loading of the cargo nor the departure of the vessel had they known the conspirators' actual intentions.

7. Either before or after loading they procured the agreement of SFF to accept a cargo of Kuwaiti oil in place of Saudi Arabian oil and at a slightly reduced price.

8. They carried the cargo to and discharged as much as possible of it at Durban.

9. They collected the price from SFF.

10. They scuttled the tanker in the Atlantic (on January 17, 1980) so as to attempt to conceal what had occurred.

The judgment added that the quantity actually discharged at Durban was 180 392 metric tons. The balance, 15 840 metric tons, remained on board when the Salem left Durban and was physically lost when the Salem was scuttled off Dakar. The conspirators ultimately received directly or indirectly some US \$45m from SFF. A noteworthy passage in the judgment said that at a late date the conspirators had still to persuade the South African authorities to accept Kuwait oil and not Saudi Arabian oil and documentation which bore no relationship to that which ought to have been tendered to them. The judgment noted:

It is perhaps eloquent of the determination of the South African authorities to get this oil to Durban under any circumstances that they were willing at that late date to accept what was proffered against an indemnity in circumstances which even the most credulous buyer in the open market would not have considered for one moment, thus enabling the conspirators to succeed in their objective.

Pertinent questions

There seems to be every justification for Mr Malcomess's statement that a government-linked oil agency dealt with "crooks" and became the receiver of stolen goods. His questions remain as pertinent as ever. They include:

- What steps are being taken to bring the crooks to court?
 - What steps have been taken to recover the R30,5m?
 - Who was responsible for negotiating the deal?
 - Was any cabinet minister asked for authorization? (One might add, in view of the enormous amount involved: If not, why not?)
 - Was there a suspicion among our negotiators that the oil was being illegally obtained? (The passage from the judgment quoted above is apt.)
 - Why was a total of more than R50m paid for oil without ensuring that the sellers had legal title to it?
- The public, who pay for these things, have a right to be fully informed in Parliament today.

Kaye backed Nat losers

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MR ISAAC KAYE, head of the pharmaceutical em-

... at the centre of the medical pay-off row, gave extensive backing to two unsuccessful National Party candidates in the last two General Elections

The candidates Mr John Erasmus and Mr Gerrit Bornman, stood against the Progressive Federal Party MP in Bryanston, Mr Horace van Rensburg, in the 1977 and 1981 elections

... and ARLENE GATZ

When Mr Kaye backed Mr Erasmus — a former member of the Rhodesian Security Forces and a one-time officer in the King's African Rifles — he paid his deposit and sent one of his company directors, Mr Jimmy de Villiers, to help with the campaign

Mr de Villiers was a director of Continental Ethicals from 1971 until 1978 and was in charge of the X-ray com-

pany, CE Electro-Medical — both subsidiaries of Mr Kaye's Alumna Development Corporation

"Isaac Kaye backed Erasmus as the National Party candidate in Bryanston against Horace van Rensburg, and paid the R5 000 deposit with a CE cheque," Mr de Villiers said

"I was actually in the office when Kaye told his accountant Peter Goldberg to write out the cheque then and there," he added

Mr De Villiers was sent to help the National Party office in Randburg with the postal and special votes

"I worked full-time for three months, getting my full salary from CE and a car with driver

"We had all the United

COMPANY DIRECTOR TELLS OF ELECTION SUPPORT

Party's old canvassing records to work from," he said

Mr Erasmus, who did not win the seat, said this week that he had "no comment whatsoever," about the financial backing of his campaign

During the last election, Mr De Villiers said, he was again sent to help the National Party candidate for Bryanston, Mr Gerrit Bornman

"I wasn't enthusiastic," said Mr De Villiers

"It was a totally disorganised campaign

"I worked for them for a month and all my expenses went on CE Electro Medical's expense account," said Mr De Villiers

Mr Bornman, like Mr Erasmus before him, lost the election fight and Mr Van Rensburg retained the Bryanston seat

Approached for comment on the extent of the backing given to him by Mr Kaye, Mr Bornman said he objected strongly to the suggestion that someone had paid his deposit

"I also object to the suggestion that someone might have tried to influence me by financially supporting my election campaign," he said

"I paid my own deposit and it was paid back to me."

Mr Bornman said Mr De Villiers' contributions to party funds were, however, another matter

He said he knew Mr Kaye, who was a well-known businessman

Had Mr Kaye made donations to National Party funds?

"Yes, he has made many contributions over several years — but that was to party funds"

None of Mr Kaye's employees had been instructed to help with his campaign, he said

But he recalled company director Mr De Villiers

"He worked for us for a week or so

"He came and offered He was on sick leave and was recovering

"He wasn't there for SA Drugists (the company which later merged with Alumna)"

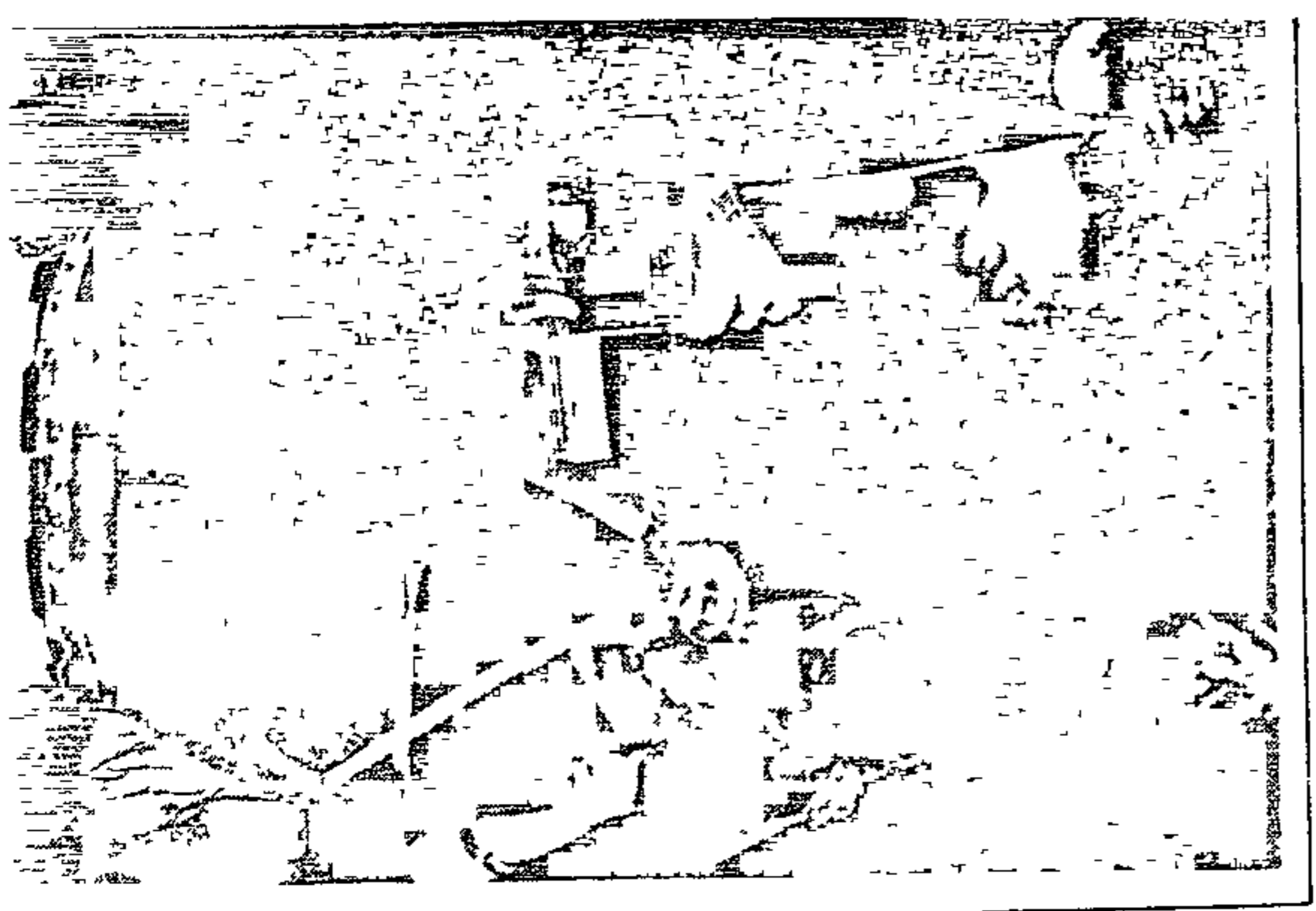
Asked if SA Drugists had provided cars and drivers to ferry his voters to the polls, Mr Bornman said he did not know every car or driver used on election day

Mr Horace van Rensburg said this week he had not known Mr Kaye had provided money for the two NP candidates

But he did remember that both Mr Bornman and Mr Erasmus had obviously had "large financial resources" at their disposal

"However, candidates are entitled to raise funds from whomever they please," he said

Mr Kaye has refused to be questioned about the Alumna group, but he has issued a statement saying control of Alumna passed to SA Drugists in mid-1977 and, although he remained a director, he had no "line function" after that time



Salem swindlers: Govt reveals oil-fraud details

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ARGUS 9/3/83

By Tos Wentzel
Political
Correspondent

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AN INTERNATIONAL group of swindlers was "in all probability" responsible for the Salem fraud of 1979 which cost the Strategic Fuel Fund (SFF) \$25.5-million

After more than three years, however, the full facts have not yet been learnt beyond all doubt — and there is little likelihood that this will happen

This emerges from a memorandum tabled in the Assembly by the Minister of Mineral and Energy Affairs, Mr P T C du Plessis, to coincide with today's special debate on the Salem affair

It was drawn up by the SFF at the request of the Minister

A major new fact disclosed in the memorandum was an agreement by the SFF to bear the loss of the fraud equally with Shell International

THE supertanker Salem — photographed under its original name, Sea Sovereign.

after a long legal wrangle

Shell was sold the oil for \$52-million, while the SFF paid \$45-million

COMPLICATED

The memorandum outlines long and complicated dealings which led to the oil being sold to Shell and to South Africa

But the memorandum says final certainty on what actually happened could be achieved only by further lengthy international investigations, which were not practically feasible

"In all probability it was an international group of swindlers taking advantage of the crude-

oil shortage of that time, the international involvement of the parties, as well as the particular vulnerability of South Africa," the memorandum says

"Facts and speculation become so entwined that commercial realism convinced Shell and SFF to settle"

The memorandum deals with many facts about the affair which are already known, while large parts are devoted to the particular problems South Africa has in buying oil on the international market

From October 9 1979
Mr F E Soudan, execu-

tive vice-president of an American company, American Polamax, negotiated to sell the oil to the SFF, which included a consignment of 1 450 000 barrels of Kuwaiti crude

The crude was arranged by a certain A Reidel and was on board a ship named Lema, which became known as Salem, which has lent its name to the whole controversy

OFFLOADED

Then followed complicated financial dealings involving companies such as Beets Trading AG of Zug, Switzerland, which resulted in the crude being off-loaded at Durban on December 19 1979, for which 90 percent of the purchase price was paid the previous day

The final payment was made on January 10, seven days before the Salem sank "under suspicious

(Turn to Page 8, col 7)

'Very high risks' in getting crude oil

Political Correspondent

THE risks in obtaining crude oil are still exceedingly high in the extraordinary circumstances in which South Africa finds itself, a memorandum tabled in the Assembly today by the Minister of Mineral and Energy Affairs, Mr P du Plessis, states

The memorandum, tabled to coincide with a debate on the Salem affair, says that these circumstances have not yet normalised

In the House this afternoon Mr du Plessis moved a motion expressing appreciation to the Government and the Strategic Fuel Fund

(SFF) for their efforts to obtain oil supplies for South Africa and emphasising the need to maintain the confidentiality of this

EXPORTER

The memorandum sketches the circumstances the Republic found itself in in respect of crude oil supply at the

time of the conclusion of the Salem contract in 1979

Iran was then virtually the only country exporting crude oil to South Africa

After the Shah had been deposed Iran joined

(Turn to Page 8, col 8)

Stephens
Lester

more money to spend. There are much more funds than
forward and the MPC of the country would this
investment in a function of various variables. Things
such as the weather can alter the investment function.
Investment is thus no simple matter. We can't predict
when technical change will occur. Technical

There's just no such thing as medical ethics!

STUDENTS WORRY ABOUT PARKING, ... NOT PRESENTS

A Wits medical student looks at an ethical dilemma and finds that future doctors don't care — so long as it's not published.

By JILL MEILRAITH

AAAAH, the seduction starts young! It begins before medical students even get to the wards, while still in their first years as students.

It begins with gifts from medical supply companies and with requests from students to drug companies to sponsor everything from cocktail parties to conferences

By the time the young doctors walk off, degree in hand, the incestuous relationship is consummated

Seduced as much by the argument that "everybody does it" as by the gifts themselves, even the most idealistic medical student puts out his hand to receive the passing 'freebie', whether it be stethoscope, patella hammer, free subscriptions to journals or elaborate lunches in his final year

And that's where the dilemma begins — for when does a freebie become a bribe and when does a token gift become a hidden persuader?

What is the real difference, one Wits medical student asked this week, between getting a bottle of whisky (acknowledged by many business people as the acceptable token gift) and the TV set for a study that didn't even produce the results the drug company hoped for?

For many medical students and some doctors, there doesn't seem to be any real difference. Anyway, the ethics of taking gifts, whether they be trips overseas, cars, credit card payments or even personalised stationery, does not seem to concern many of South Africa's future doctors

Following the lead of Government politicians in other issues, many students this week at Wits chose to blame the Press for exposing the relationship between doctors and drug and medical

supply companies, and not those who did it in the first place

The widely held view was that it was "sad" the unduly close relationship between drug company and many top doctors had been exposed — not that it is sad they set out to seduce each other

The extreme of this view was postulated by one of the most popular candidates in this week's annual Medical Students' Council elections at Wits, fourth year medical student, David Seftel

After flippantly declaring to a small group of students that "there is no such thing as ethics", he defended the right of doctors to accept gifts on the basis that "everyone does it" and "doctors are so poorly paid anyway"

The day after saying during a noisy election meeting that "everyone does it", Mr Seftel topped the poll in the MSC elections. The medical students who voted (to give a high poll of nearly 70 %) based their choice more on such "hot" issues as who would get to park closest to medical schools

Indeed, most medical students and some doctors seem oblivious to the damage that the practice of gift-giving, or acquiescence in it by silence, can do to the credibility and image of a medical profession still haunted by the ghost of Steve Biko.

Somewhere in the debates as to whether doctors should take gifts or beg for sponsorships from drug companies — few and far between as such debates are between students at Wits' new R75-million medical school — the man in the middle whom the doctor takes on oath to serve, has been forgotten

Patients do not speak with one voice or have a powerful "Patients' Association of South Africa" to safeguard their interests, but what is best for them and the future of medicine in South Africa should remain as the pivot point of the argument.

Until the resignation of Wits' Dean of Medicine, Prof Saul Zwi, the dilemma of the relationship between doctor and drug company, and their seeking to influence one another with gifts and threats, was not an issue in the medical students' council elections

Subsequently, none of the 12 candidates for the five places on the faculty council took the unpopular stand of supporting Prof Zwi in his resignation or applauded his courage in being one of the few people named so far who was prepared to make a personal sacrifice for the institution he served

In a week during which Wits Medical School was inundated with election speeches and manifestos, no one dared to voice the view

that Wits was being brave, not foolish, in taking the lead in working out guidelines for relationships between drug companies and doctors

The failure of many students to see the relationship with commercial interests as one aspect of the many ethical issues they will face when they practice must be a cause for concern by all those in the profession who do wish to safeguard high ethical standards in medicine, and those on the receiving end of doctors' care, the patients.

Five years ago the Steenkamp Commission slated the practice of drug and medical supply companies seeking to influence doctors with presents, and the doctors accepting them. But this seems to have had little effect in reducing the aggressive lobbying of each other in the name of profit or academic ambition

Drug companies and doctors are each the villain and the victim but the real loser must be the patient. It is he who risks his health when suspect products are intro-

duced to, or left on the market, or when doctors' objectivity may be compromised by their becoming too close to the drug companies

It would be naive to suggest that doctors and drug companies should remain entirely separate but the delicate balance between what is a symbiotic relationship that lets each party maintain a healthy independence and a distorted "affaire", is easily upset

It is up to the doctor to keep the balance in favour of the patient's welfare by maintaining a scepticism and not let it tip in favour of drug companies' profits at possible cost to his patients, no matter what gentle and seemingly innocent persuasion he is offered

The issue of doctors accepting gifts is not a clear cut one of condemning those exposed of doing it. It should also entail soul-searching among every doctor and medical student and a prospective stand with guidelines for the future and not just a retrospective condemnation

Suggestions that the universities set up special committees to control and monitor all gifts offered to their medical school staff and handle requests from them for funds for research and sponsorship, may be one way out of the dilemma

This view was supported by Mr Jonathan Moch, the outgoing Medical Students' Council president, in a statement concerning Prof Zwi's resignation

He said that the medical school must "research and debate the issues raised by the unfortunate state of affairs and formulate guidelines for the relationship between the medical profession and the pharmaceutical and medical supply industry"

Medical ethics is not part of the formal curriculum at South African medical schools. But the apathy shown in the Medical Students' Council elections to reports of doctors taking gifts or threatening companies indicates that such courses are long overdue

Along with ethical issues

such as abortion, euthanasia, confidentiality, genetic counselling and the treatment of detainees and prisoners, students need to confront the question of what they will do when people with a vested interest in one course of action seek to influence their patient care and how they run their medical school and hospitals

If future doctors cannot identify the doctor-drug company mutual seduction as an ethical issue, how can patients be sure that they will, or even want to, identify other crucial aspects of doctor-patient relationships?

If medical students don't pause in their pursuit of high marks and the hard grind of ward rounds (and some deserved fun) to recognise that ethics is important, is there much chance they will suddenly see the light the evening their degree gets handed to them?

If the answer is no for even some of them, then patients — and that means all of us — have cause for concern

We fear docs' ^{S Express} anger, ⁽¹⁸³⁾ firms claim

13/3/83

(2)

Reports by MARTIN WELZ
and WILMAR UTTING

MEDICAL supply company executives spoke this week of their fear of angering the medical profession by turning down requests for money to enable doctors and medical academics to attend congresses and/or travel overseas

None of the executives wished to be named, for fear this could lead to a boycott of their products by certain hospitals

"Ours is a sensitive market," one company executive said "And there is a very real fear that our businesses could be wiped out should influential doctors or officials decide not to use our products"

The Sunday Express was shown files of soliciting letters received by medical supply companies

One executive said the number of appeals from doctors for financial help to attend overseas congresses had reached "horrendous proportions"

"There is little money granted in South Africa for research. We sympathise with genuine requests from doctors who believe it is necessary to keep in touch with the latest developments overseas. But the system is open to abuse," the executive said

The companies were responding to Sunday Express reports that it was common practice for medical companies to give trips and other valuable incentives to doctors who promote the use of their products

The letters shown to the Sunday Express contradict

public claims by doctors that they had no influence on hospital purchases of drugs and equipment. In their letters to pharmaceutical companies asking for financial assistance they frequently remind the companies of their "co-operation" and their use of a particular company's products

Executives for the companies agreed that when they were pressed by doctors or medical academics for "financial assistance" they saw in the appeals an implicit threat to their products if they did not pay

One executive said there were also increasing demands on companies to sponsor local congresses by buying exhibiting space. The companies were asked to pay R500/m² to exhibit at congresses which meant, in practice, donating R2 500 or R3 000 to the congress funds

"What is badly needed is an association which would deal with such requests, and would be able to negotiate a more reasonable price. As it is, individual companies are approached and they often feel they could be victimised if they do not co-operate," the executive said

He recalled that a prominent surgeon had approached his company to take exhibition space at a congress. When the company declined, the surgeon had then telephoned, warning the company its products could be "blackballed"

"Finally the surgeon threatened a company executive that if we did not pay up the executive could be physically assaulted," the executive said

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I've heard of interest rates shooting up, but this is ridiculous. A certain American bank (represented here by its vice-president) is offering some depositors handguns instead of interest. For example, people who agree to deposit 2 500 dollars for six years will receive a Colt Python in 357 Magnum calibre and a 22-calibre Colt Diamondback — worth a total of about 1 300 dollars. And I suppose any employee who fiddles with the interest will get fired.

Lower prices, says SA ¹⁸³ pharmacy chief ^{C. Times}

Own Correspondent

Welfare, he said

JOHANNESBURG — The pharmaceutical industry should lower the price of medicines if it can afford to hand out free gifts to doctors, says Mr Graham Clark, president of the South African Pharmacy Board.

Doctors' only criterion for prescribing medicines should be the best interest of his or her patient. Both the doctor who prescribed the medicine and the supplier of the medicine had the right to protect the consumer, he said.

He was speaking at the annual meeting of the SA Retail Chemists' and Druggists' Association in Johannesburg this week.

"I believe that strict control should be exercised in the best interests of the public which we have been trained to serve," said Mr Clark.

The board was concerned about "the disruptive influence on the pharmaceutical profession as a whole of the activities of a certain section of the industry and of people who were not pharmacists but were associated with the industry," said Mr Clark.

Professor Frans Geldenhuys, the president of the South African Medical and Dental Council, referred in his opening address to concern among pharmacists at "trading doctors" who grouped together to buy medicines in bulk at discount prices.

The board had submitted proposals for curbing the giving of bonuses, free gifts and the excessive promotion of the sale of medicines to Dr Francois Retief, the Director-General of the Department of Health and

Prof Geldenhuys said this situation could lead to all kinds of abuse and was receiving attention. The Medical Council's executive committee had recently met the Pharmacy Board to discuss this conflict.

And it has to be done. Blowing up pipelines often turns into blowing up people, and if we are to negotiate peace this is the last thing we need.

● The country must maintain some sort of deterrent against conventional attack from outside. This is not immediately likely, but if it does happen (and these things can happen mightily suddenly) someone has to hold the fort till the main conventional force, namely the Citizen Force, has been mobilized.

Since we must seek our own solutions rather than have one imposed from outside, I think it is reasonable that we must have a conventional deterrent.

The alternative to the national service call-up is to have a fully regular SADF, which would cost us at least R1 500 million a year extra if we are to maintain the present full-time troop levels (and I do not think the SADF is "massive" — it is said to be about 90 000 strong, of which about 24 000 are professionals. Zimbabwe, by comparison, has about 60 000 professionals).

Always providing that enough men of the right type for a sophisticated regular defence force can be persuaded to join, which most observers doubt.

In addition, national service is the "feeder" for the Citizen and Commando Forces, which comprise more than 90 percent of the Army alone.

So I appeal to Mrs Duncan and others who also

feel this way. A withdrawal from SWA/Namibia isn't the cure-all it looks at first sight.

Pistol shooting

PEOPLE in Ottery who hear shooting this Saturday need not fear that anything untoward is happening — it will just be the final day's shooting of the Western Province Pistol Association's annual championships at the local military range.

The shoot is scheduled to start at 8 30am and will last all day, and the events being shot comprise standard pistol 50 metres, standard pistol and women's 25m centre-fire.

Afterwards there will be a prize-giving at the bowling green clubhouse of the Old Mutual sports complex.

● I don't know if you know this, but pistol-shooting was one of the first South African sports to integrate, years before the real pressure started.

Police colours

WITH regard to my recent suggestion that police vehicles be clearly marked to distinguish them from military ones, a reader says:

"Why are police riot vehicles not painted blue? This seems to be the international colour. I saw it recently during a riot which took place while I was in Zurich. The police vehicles were painted blue and the police wore blue uniforms — you could see immediately they were police."

● Good idea. That's even better than mine.

From a basic level

"It was easy to be an expert in plastics when I started this business in 1961," says Clifford Gundle, executive chairman of Gundle Industries (GI) (See *Newsmakers*) "I learned all there was to know by reading a couple of books. Since then I have had to employ a lot of PhDs as my knowledge of the subject has decreased proportionately."

This statement is not as modest as it may appear. It testifies to the shrewdness of the decision by the then 23-year-old Gundle to

extrusions only.

These account for R30m of the group's 1981 R50m turnover. Gundle now has the funds and freedom to develop the less-known portion of his business as the sale obviates any immediate need to seek fresh capital through a public listing. At the same time, Gundle retains a seat on the board of AECI's acquisition, Gundle Plastic Holdings, and gets a 5.5% stake in AECI's wholly owned subsidiary Polymer Converter Holdings.

Gundle predicts that turnover of the portion of the business retained by the family will rise from the 1981 figure of R20m to R100m by 1988.

An important ingredient of GI's success so far was a determination to stay ahead of the steadily advancing wave of technology which has swept plastics into a multitude of new applications. Not only have they replaced traditional materials in familiar applications, but now perform a multitude of functions undreamed of a few years ago.

GI was a pioneer when it installed SA's first plastic sheet extrusion plant in a rented Doornfontein building in 1968. It is now a world leader in the field. Last year it opened its own plant in Houston, Texas, to produce the widest polythene plastic sheet in the world. It is based on similar operations already in SA, designed by GI engineers.

The sheet, used for lining dams, is fusion-welded by a GI-patented process, and can be supplied in pre-fabricated sizes of up to 100 m long and 25 m wide.

"We cater for modern needs," says Gundle. "This material can be used for lining water reservoirs and canals to prevent waste through seepage, which satisfies the need to conserve natural resources. It can also line effluent treatment ponds and collection points for hazardous materials such as acid waste — and that caters for the need to protect the environment."

GI aims to dominate the markets it enters to the extent that it requires sales of at least 50% above its nearest rival to exploit economies of scale in both buying and production. Otherwise, the game is hardly worth the candle, says Gundle. In the plastics business, GI has achieved this largely through innovation.

Another GI world first now being sought for manufacture under licence overseas is its Acrylastic flat roof waterproofing product. This took years to develop but has been used on the roofs of almost all prestige buildings put up locally in the last few years.

GI was first with many new plastic products on the local market. They include those for a variety of shrink- and stretch-wrap applications, damp-proofing in houses, greenhouse sheeting, and sheeting for agricultural mulching.

It also developed a range of colour-coded, SABS-approved plastic sheeting for building purposes. Yellow for under-tile membranes, black for damp-proof coursing

enter what was still an infant industry in the Sixties. Plastics consumption, of course, has since rocketed. And despite Gundle's relative technical ignorance these days, turnover of his group has grown by more than 50%/year from R12 000 in 1961 to R50m in 1981.

He started manufacturing on the back of a modest import agency founded on family finance. Most of the additional capital needed for the manufacturing operation

in walls, green for lining the undersides of concrete floors, and orange for under-base-ment linings.

Last month the company received an international award for its contribution to the development of the use of plastics in the building industry.

"It has always been our policy not to copy, but to create," says Gundle. "That is one reason why AECI wanted to buy our plastics operation. They see it not only as a profit-generator, but also as a means of expanding the markets for the polythene plastics they supply. They want it to continue with its product development programme to enlarge the local polythene market."

Another cornerstone of Gundle's business philosophy has been his insistence on buying locally produced materials instead of imports, even when these have been significantly cheaper. Clearly this must have endeared him to AECI and other local suppliers, which for various reasons, currently produce some of the world's most expensive plastic materials.

"I am a South African and for that reason I will buy South African," he affirms. "When the local polythene plant came on stream we voluntarily surrendered our import permit to buy this material from abroad even though the local product was about 50% more expensive."

However GI's market domination probably enables it to set prices on the basis of its high input costs with little danger of large-scale price wars from smaller competitors.

Gundle realised in the late Seventies that greater growth prospects lay in diversification towards more service-orientated contracting activities. These parts of the business were not taken over by AECI and

came from loans guaranteed by the IDC.

He has now achieved what most self-made entrepreneurs consider the ultimate prize: a multi-million rand sellout at the height of his success to a major quoted company. In this case, the sale has not meant a total abdication of authority. The purchaser, chemical giant AECI, is rumoured to have paid some R20m in cash and shares for that portion of the business engaged in the production of plastic

will now be receiving Gundle's full personal attention.

"Because we had such good contacts in the building industry," he says, "we introduced a range of plastic-covered, fitted, wooden wardrobes. We are now market leaders in the manufacture and installation of these lines, and fitted out many of the new houses in Secunda near Sasols Two and Three."

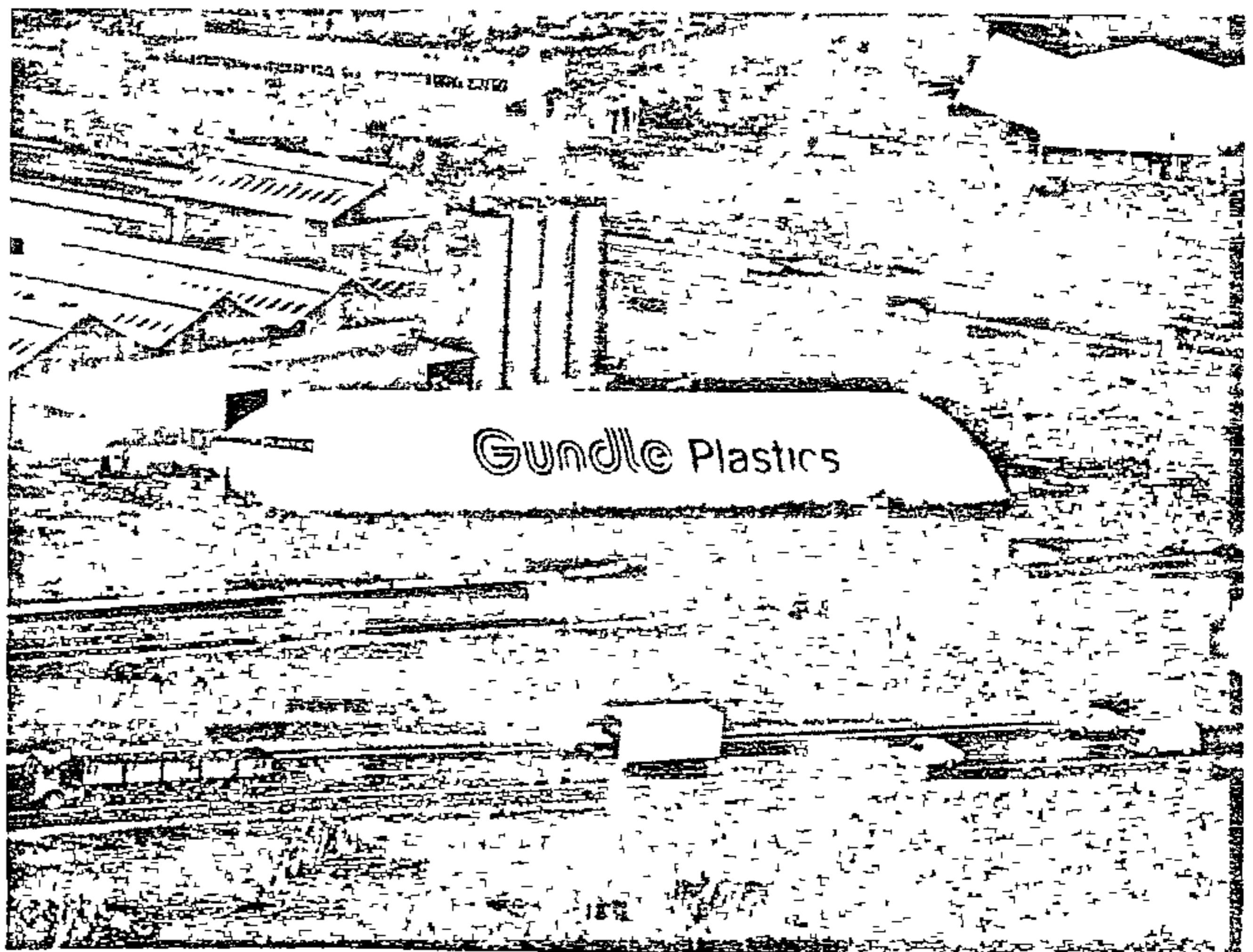
GI cashed in once more on its links with builders when it introduced lines of wooden and steel kitchen units. As with the wardrobes, the GI service extends from manufacture to final installation, and factory production has been rationalised by the use of standardised module components which can be put together in many different ways.

"We are not yet the biggest in this market, but intend to be," says Gundle. "And despite the economic downturn, our sales should increase by 23% this year."

The other two important parts of the business not sold to AECI are the contracting activities for the installation of roof waterproofing and dam linings. The local dam lining outfit will probably purchase its plastic sheet from that part of the group now controlled by AECI. But the US operation will continue to supply its own needs, as it retains control of the sheeting extrusion plant in Houston.

Gundle concedes that the family business will have to diversify further to achieve its ambitious sales target of R100m by 1988. "We have always been innovators," he says "and will always remain innovators."

His first challenge in innovation will no doubt be to find a new name and corporate identity for the company as the name Gundle was sold to AECI as part of the takeover package.



Gundle Plastics ... keeping ahead

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AECI defends chemical industry protection

By JOHN MULCAHY
JOHANNESBURG. — It is difficult to reconcile the South African Government's free market doctrine with its other stated policies, says AECI chairman, Mr Gavin Relly.

In a warning on the dangers of arbitrarily dismantling or diluting the protection of the South African chemical industry, Mr Relly questions in his annual review, the long-term wisdom of curbing inflation in such a way as to risk important sections of the country's secondary and tertiary industry.

"I am not an advocate of protecting inefficient industries, but if measures to protect the South African chemical industry against disruptive competition in the form of distressed price products from the United States, Europe and the Pacific Basin are inadequate, then, at the very least, we must recognize that the further investment of money in high capital, high risk chemical plants will have

to receive more than usual scrutiny."

The South African chemical industry is efficient, making a major contribution to the economy, and providing a measure of strategic independence.

One problem is the comparatively small market, which means that unit costs at plants in South Africa are in many cases appreciably higher than those for equivalent plants in the United States, Europe and the Pacific Basin.

"For these reasons and also because we are far removed from major world markets, we cannot, in many instances, look to be export effective."

AECI has spent about R1 000m on capital projects over the past decade, says Mr Relly, with support and active encouragement from the authorities as well as a degree of protection in the form of import tariffs or import control.

The free market approach now being advocated by the government implies less

protection, and, "no doubt under pressure from the GATT, the government has already stated its intention to abolish all forms of import control and to base protection solely on import tariffs."

Tariff protection

Import control has been a major factor behind the rapid expansion of the South African chemical industry over the past 20 years. And unless tariff protection is adequate and timely, the abolition of import control is likely to result in considerable hardship to many sectors of the industry.

"It therefore remains a matter of concern that, notwithstanding the pleas of many leading South African businessmen over a number of years, adequate procedures for expeditiously evaluating and adjudging on applications for tariff protection in the rapidly changing business environment of today have yet to be introduced."

In his sectoral review of

the past year AECI's managing director, Mr Denys Marvin, says further despatching of polyethylene seems unlikely, and with greater price stability, this year's sales are not expected to fall below the 1982 level in spite of the likelihood of a further contraction in consumer demand.

Turnover

AECI Chlor-Alkali and Plastics Ltd, one of the recently constituted subsidiary companies, reported turnover of R372m last year compared with R344m in 1981, and trading income from this division rose to R59 300 000 from R52 400 000.

Return on turnover was 15.9 percent, compared with 15.3 percent in 1981, and return on assets employed fell slightly to 12 percent from 13.7 percent.

AECI Explosives and Chemicals Ltd contributed 39 percent of AECI's total turnover last year, as well as 53 percent of net trading income.

Mr Marvin says the outlook for explosives this year is one of limited growth, with some possibility of stronger demand towards the end of the year.

Barter deal

The move by the Maize Board during 1982, to allow the import of 208 000 tons of urea from Romania in a barter deal, could have resulted in a major disruption to the South African fertilizer industry.

Although agreement was reached to the effect that some of the imported urea would be sold by the industry to the extent required to supplement local production, a considerable quantity of the Romanian material will be carried forward to this year and will lead to substantial oversupply.

In a reference to Triomf Fertilizer (Pty), in which AECI has 49 percent, Mr Marvin notes that domestic fertilizer sales volumes last year were well below 1981 levels, while profits were



Philips Data Systems in South Africa has introduced an addition to the range of P 5000 word processors — the P 5020, above, a compact processor, which has all the processing power of the other models in the range, plus other features

significantly eroded by the government's action in setting prices for 1982 that failed to recognise all cost increases.

These factors led to a trading loss on fertilizer sales for the year, and difficult trading conditions are expected to continue in the domestic and export markets this year.

Hotel

South African Nylon Spinners (Pty) reported a sharp decline in net trading income for last year, to R7m from R27 400 000 in 1981, and while sales should improve this year margins are expected to be under pressure, with profit likely to remain at an unsatisfactory level.

University investigating gift offers by drug firms Commission begins work

By LINZI HOWARD

THE medical faculty at the University of Natal is "looking hard at the whole relationship between the medical school and pharmaceutical companies"

Acting dean of the faculty, Professor Theodore Sarkin, said this week "We're trying to analyse the relationship and establish one as ethical as possible without pressures of any kind"

He said a letter had been sent to heads of departments ordering that no further approaches be made to pharmaceutical companies until it was established what would or would not be considered unethical.

The letter, he said, was confidential. There were cases where small gifts were accepted and this, too, was "a grey area" that had to be looked into, he said.

However, Professor Sarkin did not think it was unethical for graduating

doctors to accept gifts of stethoscopes from pharmaceutical companies or for these companies to pay for graduation dinners

The Sunday Express had been told this was happening

Professor Sarkin said the medical school had strict guidelines for accepting money - no individual could accept money directly

Such money had to be deposited in the faculty's fund and amounts could only be released with signatures by the vice-principal, the dean of the faculty and the person in charge of the research facility needing the money

Pharmaceutical companies often invited the medical school's staff to large dinners to give lectures on new products. Professor Sarkin said this was another instance where the ethical nature was not clear

He said the medical faculty was looking to a relationship where staff and students would not be under pressure from pharmaceutical companies

Commission begins work

By ARLENE GETZ

THE first steps of a commission of inquiry into pharmaceutical firms' gifts and favours to senior Transvaal Hospitals Department officials will be taken in Pretoria tomorrow.

Mr L V de Kock, a former president of the Johannesburg Regional Court and chairman of the one-member commission, will hold an informal preliminary meeting with an official from the Department of Justice in the Transvaal Provincial Council building.

The unnamed official will help Mr de Kock prepare documentation and lead evidence.

The commission was appointed after a debate in the Provincial Council in which PFP provincial leader Douglas Gibson criticised gift-giving.

Mr de Kock is expected to decide tomorrow whether the commission's formal proceedings will be open to the public

[Handwritten signature]

Triomf Fertilizer expects growth in foreign exports

Mercury Correspondent
JOHANNESBURG—Triomf Fertilizer Investments is to convert interest-bearing shareholders' funds in its operating company, Triomf Fertilizer (Pty), into share capital, resulting in substantial savings in interest payments.

Mr Louis Luyt, Triomf's chairman, says in his annual review the current year will be difficult because of the negative effects of the recession, inflation and the drought on agriculture.

Farmers will probably have to accept lower prices for their products this year in view of the continuing recession, says Mr Luyt, and the resultant reduction in consumers' disposable income.

Financing

However, financing of farm operations should be easier, with reduced interest rates and cash flows should improve, providing funds for the purchase of fertiliser.

A revival of agricultural activity will depend on the general economic revival expected next year.

although an agricultural upturn could precede the general revival by a few months, which could in turn have a positive effect on the fertiliser market's peak period during the last part of the year.

Mr Luyt expects the Brazilian market for phosphoric acid to remain rigid for a few months until there are signs that the world recession is abating.

An international aid programme to the value of several thousand million dollars has already been launched in Brazil, and because that country has no option but to move to economic health by way of agricultural exports, Triomf's exports of phosphoric acid to Brazil could rise more rapidly than expected.

Exports to other countries are expected to grow steadily, says Mr Luyt, and prices should improve in the second half of this year.

Mr Luyt says exports of solid fertiliser seem promising and Triomf Fertilizer (Pty) will strengthen its position this year with concomitant positive results.

Triomf's income statement shows a trading profit of R128 592 for 1982, compared with R7 305 223 the previous year, and after including an amount of R194 635 in respect of deferred tax retained profit for the year is R323 227 (R8 523 730), equivalent to 1 15c a share (26,74c).

The operating company registered a trading loss on fertiliser sales last year, but it ended the year with a distributable surplus of R13 155 601, much of which is believed to have arisen from profits earned on exchange transactions.

Out of the distributable surplus Triomf Fertilizer (Pty) paid dividends of R1 800 000 — R1-million to ordinary shareholders and R800 000 on preference shares.

Further dividends may be declared later this year, depending on the state of the economy.

TPA probe
into gifts
for officials
is under way

S. Express 3/4/83
By ARLENE GETZ

THE Transvaal Provincial Administration's commission of inquiry into gifts for senior provincial officials met for the first time in Pretoria on Monday, but does not expect to hear evidence for several weeks

According to a statement by the Administrator of the Transvaal, Mr Willem Cruywagen, the hearings will take place in public unless a decision is taken to the contrary.

The one-member commission — chaired by retired regional magistrate Mr L V de Kock — was appointed after Sunday Express disclosures that several senior members of the Transvaal Department of Hospital Services received gifts and favours from pharmaceutical companies

Among the issues to be examined are whether the Transvaal director of Hospital Services, Dr H A Grové, and his deputy, Dr G W Scheepers, received gifts from the Alumna Development Corporation or its branches

The commission will also investigate whether the receipt of such gifts gave the corporation or an affiliate any advantage on tenders for the provision of medicines to the provincial administration.

Evidence will be led by Department of Justice public prosecutor, Mr F E Roets. The TPA public relations officer, Mr A Byrne, will act as secretary. People who want to give evidence should telephone Mr Roets at (012) 280-2421, or Mr Byrne at (012) 280-3223

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Seaweed permit granted despite objections

EAST LONDON — A chemical company's permit to harvest seaweed along the Border coast has been renewed in spite of strong objections by the Divisional Council of Kaffraria

The permit, issued by the Department of Environmental Affairs and Fisheries, is for five years, "subject to certain conditions"

The secretary of the Divisional Council, Mr E L Daubermann, said the council's chief complaint was that "too little control was being exercised regarding the harvesting of seaweed"

As a result, the intertidal marine zone was being endangered

One of the conditions

relating to the issuing of a permit was that seaweed could only be harvested every nine months at each particular spot, Mr Daubermann said

"It has come to our notice that this is not being done. People living near the beach where harvesting takes place, harvest seaweed all year round, and when the chemical company arrives in the area they sell the seaweed they've stored to them," Mr Daubermann said

"We have also established that in some cases no toilet facilities were provided for staff collecting the seaweed. When you've got 40 or more collecting seaweed this creates a

health hazard. The provision of adequate toilet facilities is one of the conditions governing the issuing of a permit," he added

A letter from Mr J Wiley, Deputy Minister of Environment Affairs and Fisheries, addressed to the Divisional Council and confirming the renewal of the permit, stated that the harvesting would be monitored carefully and "steps taken" if the conditions were not strictly adhered to

"If the renewal cannot be reversed then we will approach the authorities and ask them to declare certain sections of the coast 'protected' areas as far as the harvesting of seaweed is con-

cerned," Mr Daubermann said

The Divisional Council will also approach local MPs on the issue, he added

"We will also be asking the Museum staff and Rhodes University to conduct research into the results of the exploitation of the seaweed on inter-tidal marine life"

Mr R Wearle, an executive at Taurus Chemicals, the company whose permit was renewed, said yesterday he could not comment and referred inquiries to the company's managing director, Mr T Weber, who could not be contacted yesterday —
DDR

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Hansard Q. 61. 999 -

Drug manufacturers/distributors

15/4/83 1000

698 Dr M S BARNARD asked the Minister of Constitutional Development and Planning

How many registered drug (a) manufac

turers and (b) distributors were there in South Africa in 1982?

The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING

(a) 90

(b) 2 645

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Pharmacist sacked for taking pay-offs

17/4/83 (183) S-Express

By **WILMAR UTTING**
and **MARTIN WELZ**

A PHARMACIST was this week sacked from a Chamber of Mines hospital for accepting regular sums of hundreds of rands from a medical supplies company.

Mr Sid Dinkelman, the hospital's pharmacist for the past six years, was told his services were "terminated immediately" by the general manager of the Rand Mutual Hospital in Eloff Street Extension, Johannesburg.

The hospital provides specialist treatment for black miners. Its name headed a list of hospitals that paid 10% more for surgical supplies bought from an SA Druggists subsidiary, Surgicare. The books show the surcharge was then used to cover the cost of secret commissions to hospital employees.

A special company file marked 'Wenela (Rand Mutual)' shows regular amounts paid to Mr Dinkelman based on purchases for his hospital.

Records show that in one year — from November 1979 to December 1980 — he was paid a total of R4 739 in 10 separate amounts calculated on orders totalling more than R77 000.

The payments were made by cheque. Company sources said Mr Dinkelman would either call at the company's office to collect the cheques or, on occasion, company officials were sent to the hospital to deliver them.

They were charged by the company to 'commissions', 'advertising' or 'promotions'.

Mr Dinkelman admitted to the Sunday Express he had received money from Surgicare totalling several thousand rands. They were not commissions but loans, he said.

He denied the hospital had paid more to cover payments to him.

"I was in financial difficulty and approached my friends at Surgicare — the managing director, Mr Bill

HOSPITAL ACTS ON SUPPLIER'S PAYMENTS TO SENIOR EMPLOYEE

● Mr Sid Dinkelman and his wife — he took money from medical company

● Mr Bill Kennedy .. paid Mr Dinkelman

Kennedy and another director, Mr Neil Wickham — for help with a loan.

"They were unable to give me a lump sum, I think because they were part of a public company. But they agreed to pay me something from month to month on a pro-rata basis. It was not to the detriment of either their company or my employers, as they knew I would repay the money," he said.

He admitted he had not, in fact, repaid anything and did not know what the total amount was he had received. "But I am now in a position to repay whatever I owe if I sell my house," he said.

Mr Basil Baker, the hospital's general manager, also received an explanation from Mr Dinkelman, but it did not tie in with documen-

tary evidence, he said, and Mr Dinkelman was immediately sacked.

Mr Baker wrote a letter of thanks to the Sunday Express for assisting to uncover the "corruption in the purchasing of supplies for the Rand Mutual Hospital".

"It is a matter of concern that such a malpractice could have occurred in spite of extremely strict controls," Mr Baker said.

The Sunday Express asked Mr Dinkelman why Mr Kennedy had not confirmed his explanation to Mr Baker. Mr Dinkelman said Mr Kennedy had refused to put it in writing.

Until Mr Dinkelman was sacked he was still doing business with a surgical supplies company, Intersurge, which Mr Kennedy and another former SAD employee, Mr Anthony Marshall, set up after Surgicare was closed down by SAD.

Mr Kennedy refused to discuss the matter with the Sunday Express. "As far as I am concerned you are just stirring," he said.

7/4/83 (183) S. Express
Students debate medical ethics

Sunday Express Reporter

DISCLOSURES by the Sunday Express of the relationships between doctors and drug companies has inspired the theme of this year's Wits Medical Students conference.

'Medical Ethics' is the title of the conference which will be held on April 18, 19 and 20 at the Johannesburg Hospital auditorium adjoining the new medical school.

Publicity officer Jill McIlraith said: "The MSC conference is one of the major events on the medical school calendar and this year's conference promises to be lively and

controversial, as well as covering many issues relevant to future doctors and to all patients"

There will be discussion on abortion, euthanasia, care of terminally ill patients, care of prisoners and detainees, and organ transplants

Of major interest will be a debate on 'The Doctor versus the Drug Company' between the students, the medical profession and the pharmaceutical society

The MSC conference ball will be held on April 23 at the Transvaal Automobile Club

Lucas bought for R2,3m

By JOHN MULCAHY

POWER Technologies is acquiring the battery manufacturing business of Lucas Industries South Africa (Pty) for R2 300 000 in cash, to be financed out of existing resources.

This was confirmed yesterday by the group's chief executive, Mr Ken Maud, who said the assets to be acquired included the factory premises at Roodepoort, other fixed assets such as plant and equipment and stock.

Rationale behind the acquisition, said Mr Maud, was to give Powertech a battery production facility in the Transvaal as well as increased market share.

Subsidiary Willard's battery factory is in Port Elizabeth, and significant savings would flow from the addition of a Transvaal facility.

Although there would be no immediate material effect on Powertech's net worth or earnings a share Mr Maud said substantial commercial benefits would flow from the group's association with Lucas

Lucas SA would continue to market Lucas-branded batteries, supplied by Powertech, which would be licensed to manufacture Lucas batteries exclusively in SA.

The deal with Lucas explains in part Powertech's phenomenal share price rise over the past two weeks. Another factor was the group's 52% earnings rise, and the fact that there was evidence of institutions buying sizeable parcels of the shares

A threefold overdose?

The fertiliser industry will be hard put to refute the contention of a Pretoria academic that farmers are using on average three times more fertiliser than they really need. He is Willem Fölscher, Pretoria University's professor of soil science and plant nutrition since 1955.

According to him, maize farmers alone overbought to the tune of R340m in the 1981-1982 season. He adds that since 1967, when their usage was at realistic levels, they have bought un-needed product costing R2 000m at today's prices.

Fölscher's view is based on published agricultural statistics which show that between 1967 and 1982 maize yields remained fairly constant at around 2 t/ha while total use of nitrogen, phosphate and potash fertilisers increased nearly fourfold from 37 kg/ha to 131 kg/ha (see graph).

He claims this evidence has been confirmed in practice by a number of farmers who drastically reduced their fertiliser usage, and by controlled experiments carried out by the university in the eastern and western Transvaal.

If this is found to apply on a national basis, farming costs would plunge — but it could spell disaster for fertiliser manufacturers currently making heavy weather of the present downturn.

Demand has slumped due to the drought. Because of government's determination to curb inflation, controlled prices are too low for a satisfactory return on investment. And the prospect of increased competition from cheaper imports looms larger after the Maize Board's swap deal of maize for fertiliser with an eastern European country last year.

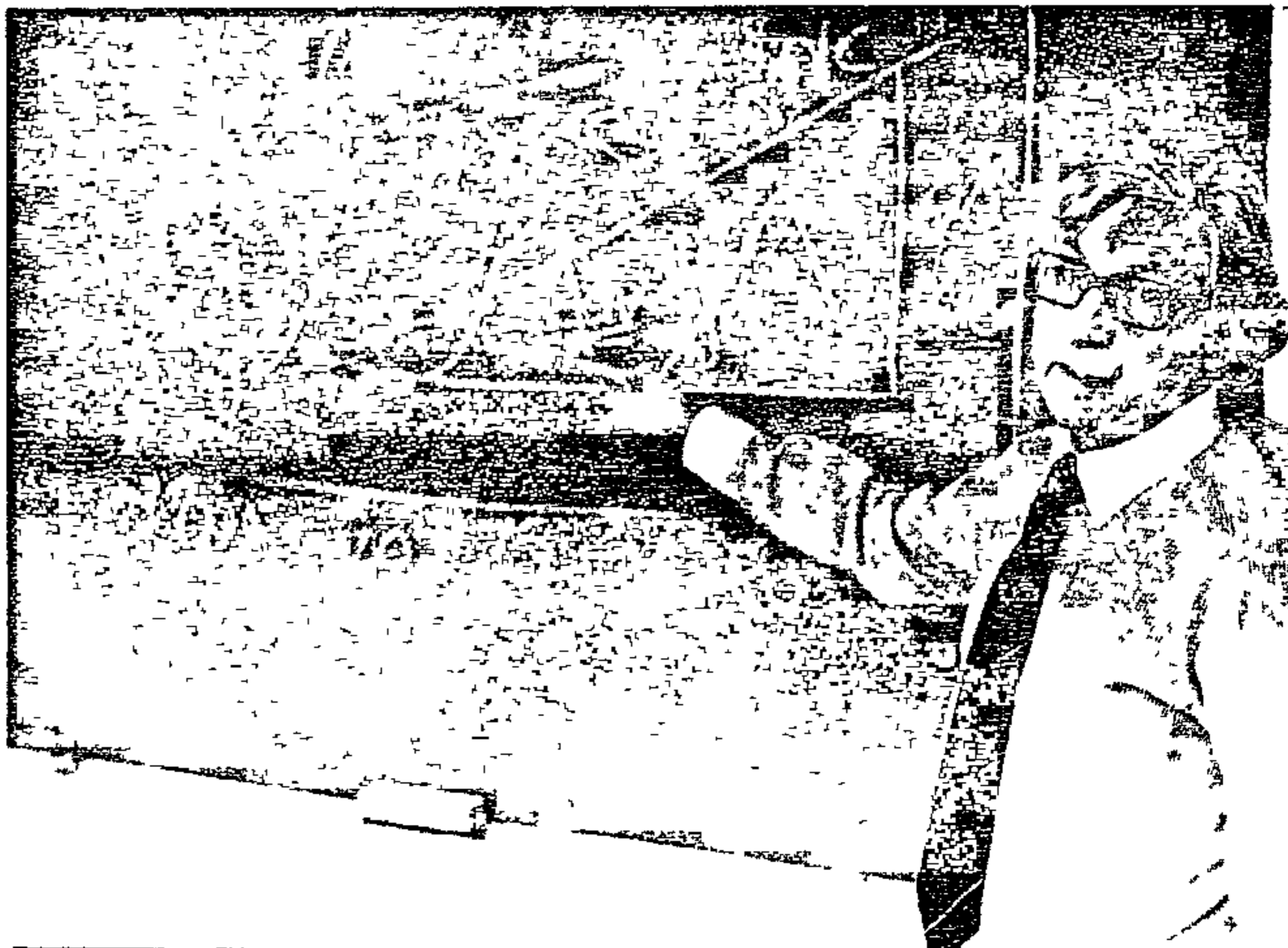
There has so far been no comprehensive refutation of Fölscher's controversial views, which have been known in the industry for some time. The Fertiliser Society of SA (FSSA), which represents producers such as AECI, Fedmis, Omnia, Sasol and Triomf, declines to comment on his arguments on a point by point basis. It indicates that much of its thinking on the matter will be revealed in papers to be delivered at its agm later this month.

The FM will publish relevant argument when this becomes available.

Executives of fertiliser companies are hardly less reticent, although some point out that their own field tests indicate that high usage of fertiliser pays off.

Director of the National Maize Producers' Organisation (Nampo) Piet Gouws says "There may be a grain of truth in Professor Fölscher's ideas, but I feel they are something of an over-simplification."

Fölscher contends that the fertiliser



Pretoria's Fölscher ... bucking the system

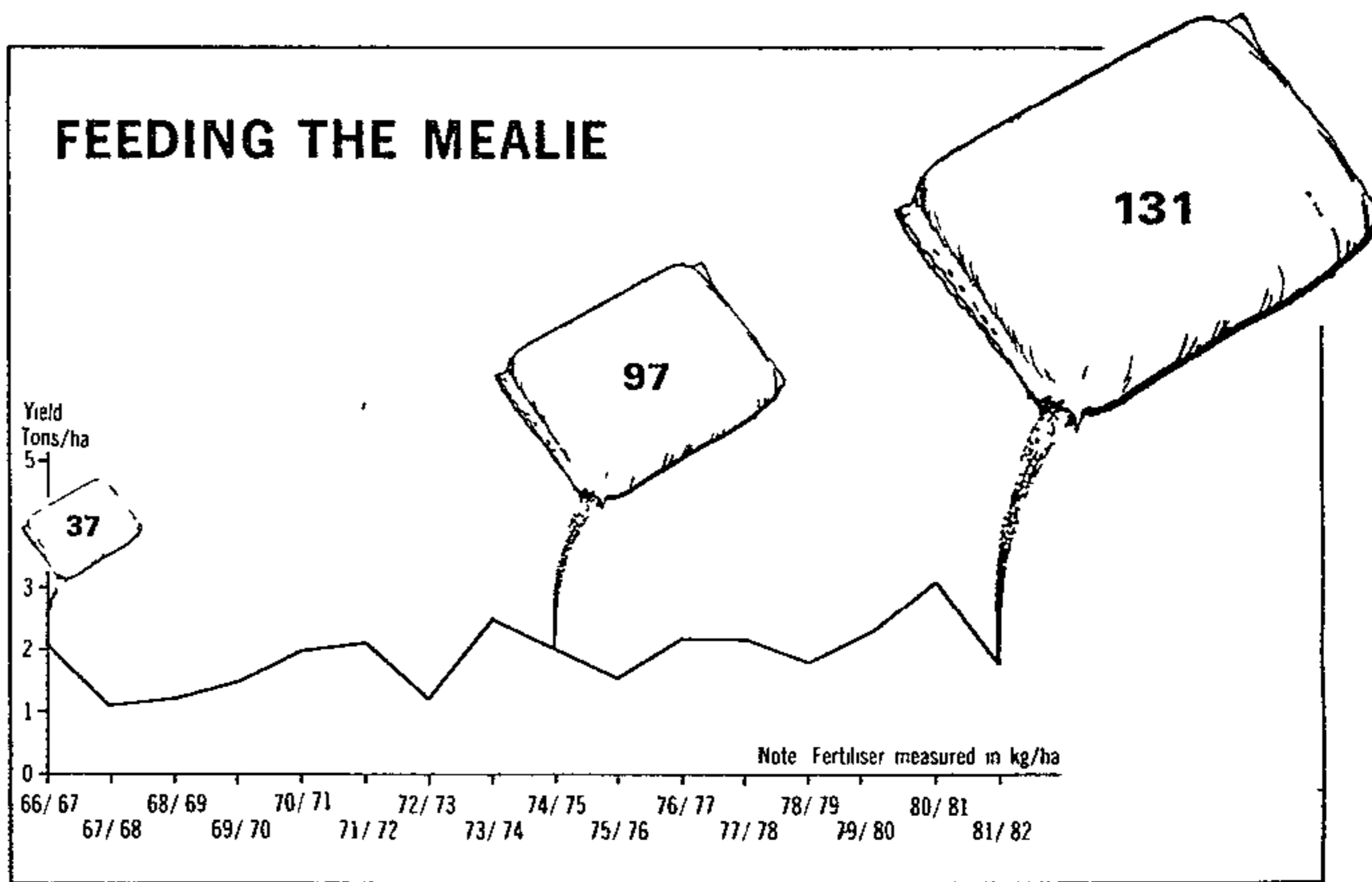
companies' tests, which support increased usage, are carried out under ideal conditions relating to planting times, soil preparation and moisture, which are almost impossible to duplicate under SA farming conditions.

"Even our best farmers on some of the best land cannot get the yields obtained under these tests except in isolated spots," he says.

Excessive use of fertiliser has further

costly consequences, says Fölscher. Unassimilated nitrogen in fertiliser gives rise to nitric acid, the cause of the highly acidic soils which plague many farmers. This in turn leads to a greater use of phosphate fertiliser to counteract the acidic effect.

Excesses of these chemicals find their way into rivers and dams where they upset the ecological balance leading to a reduced oxygen content and putrefaction of aquatic



life

The efforts to boost yields through greater use of fertiliser also means that crops must be more densely planted. This can increase the incidence of disease and pests and makes mechanical weeding difficult. So there is a greater use of chemical weed-killers.

Fölscher maintains that because of the present drought farmers should put down very little, if any, fertiliser next year. Instead they should ensure that their soils are adequately neutralised by applying agricultural lime, a far cheaper neutralising agent than phosphate fertiliser.

R3 000 commission for Sandton Clinic's chief

By WILMAR UTTING

A COMPANY which supplied the high-priced Sandton Clinic with surgical products added 10% to the price to cover the cost of commissions paid to the clinic's manager.

Some of the cost, but not all, was passed on to patients

The clinic's director and major shareholder, Mr Gustav Panzegrouw, reacted with shock when told his manager, Mr Farnol Abelson, had received commissions of up to R1 000 a month from a company called Surgicare

An investigation of Surgicare's records, and interviews with former employees, showed that payments to Mr Abelson were calculated against orders placed by the clinic. According to the records, Mr Abelson received more than R3 000 in a period of little over a year

Mr Abelson would not speak to the Sunday Express, but his legal adviser, Mr Leon Seligson, this week relayed Mr Abelson's explanation

Mr Abelson, he said, ad-

mitted receiving commissions, but denied knowing they were for orders placed for the Sandton Clinic. He had been shocked to learn of this and had offered to repay the total amount to the clinic

He had been approached originally, he said, by Mr Peter Goldberg (then South African Druggists' executive in charge of Surgicare). Mr Goldberg had offered Mr Abelson commissions if he would recommend Surgicare to customers in the hospital supply field

Payments had then arrived from Surgicare, but because no statement was attached, Mr Abelson assumed they represented the commissions referred to by Mr Goldberg. He had not dealt with the company since 1981

The company was subsequently closed down by SAD

Reacting to this explanation, Mr Panzegrouw said "Now I don't know what to do I must accept this explanation and retain Mr Abelson as clinic manager. He has worked hard and certainly knows the business"

Mr Panzegrouw said even if

Sandton Clinic had been overcharged by 10% this did not mean the loaded cost would have been passed on to patients. The clinic would have borne the loss where tariffs were fixed by the State, he said

But he admitted that items such as a hip prosthesis, supplied direct to a patient undergoing an operation at the clinic, would have been charged to the patient at the buying price plus the clinic's percentage

The records submitted to Mr Panzegrouw show that between November 1979 and February 1981, cheques for a total of more than R3 100 were made out to Mr Abelson, Sandton clinic. The cheques were either cash cheques detailed 'commission', or uncrossed cheques in his name and detailed on the cheque voucher as 'advertising'

All payments to Mr Abelson were approved by the company's managing director Mr Bill Kennedy. The amounts vary between less than R100 and more than R1 000

Sandton clinic was only one of several hospitals that were recorded in Surgicare's records

as being routinely charged exceptional tariffs to cover the cost of commissions paid to hospital officials

A senior Surgicare employee at the time has told the Sunday Express that it had been 'accepted practice to 'buy business' with gifts and kickbacks

In 1980 a memo was sent to Surgicare's bookkeepers by the company accountant, Mr Les Herz, directing them "with immediate effect" to run two invoice books. One was to reflect regular sales and prices. The other book would reflect 'exceptional' sales to a number of hospitals where commission was paid to staff

In this book products would be charged at the regular price plus 7%

This memorandum was immediately followed by a second, in August that year, advising that in future 'exceptional' sales would be charged at the regular price plus 10%

Mr Kennedy refused to discuss any matter with the Sunday Express. A message left for Mr Peter Goldberg at his freight company was not answered

● Anthony the Royal

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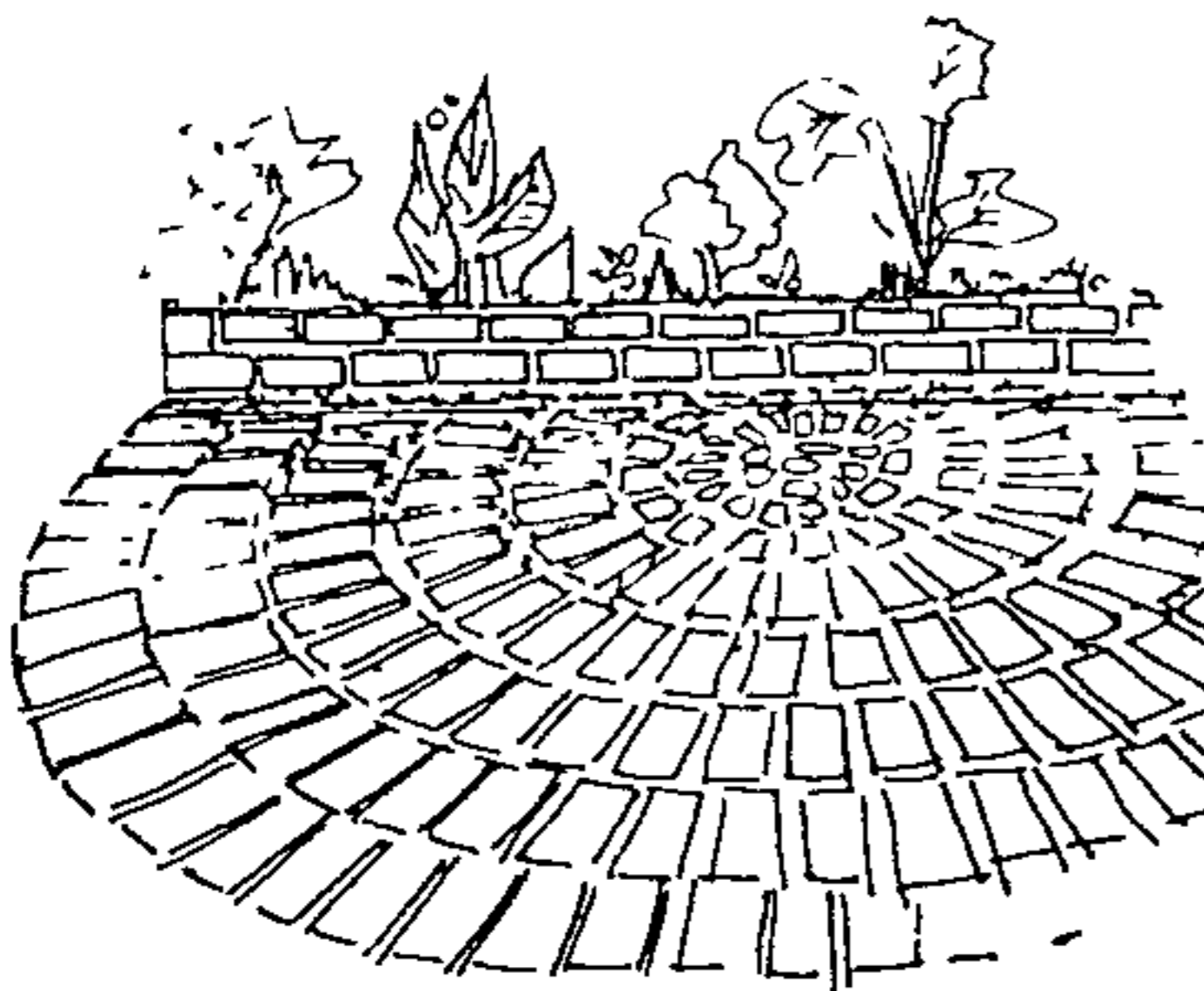
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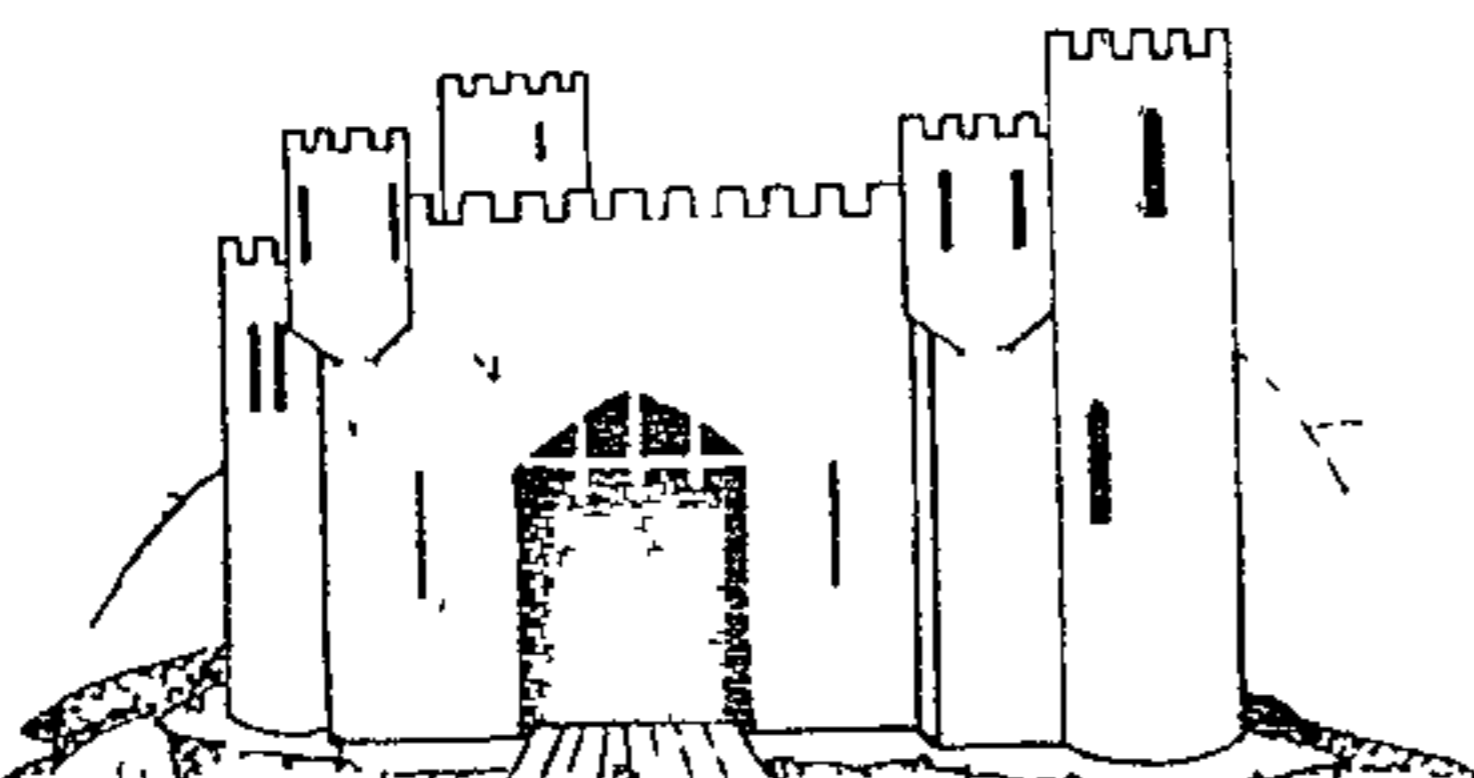
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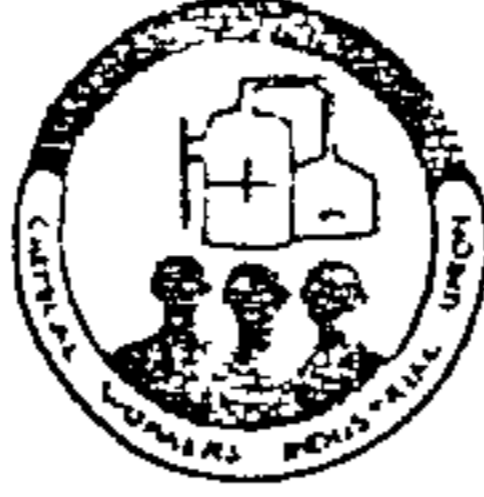
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9,1m x 4,6m	R4 900
10,7m x 4,6m	R5 200
11m x 5,5m	R5 600
12,2m x 6,1m	R5 750

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CWIU
CHEMICAL
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May 11 1983

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PRESS RELEASE

Negotiations deadlocked today between the Chemical Workers Industrial Union and Bonus Fertilizer (Pty) Ltd. (Richards Bay) over the company's refusal to reinstate 93 of its 110 employees which it claims to have fired.

The company's attempt in March to retrench 40 workers without consulting the union led to the union declaring a dispute which was temporarily resolved when the company agreed not to take any unilateral action or retrench any workers until retrenchment procedures had been negotiated.

In gross violation of this agreement the company locked its gates against workers and informed them they had been fired.

Meantime the company has only employed a few temporary workers making it clear that this is a crude attempt to avoid negotiating with the union and paying out any retrenchment pay.

The company refuses to negotiate any further and consequently the union has no option but to commence legal proceedings against the company.

4583



NAAWU

PRESS RELEASE

The case between NAAWU and Alfa Romeo was adjourned today to enable the court to consider the following points which were brought up by Alfa Romeo legal representative.

1. Whether the union had the right to bring a legal action on behalf of three individual members.
2. Whether the union was a party to a dispute in this case.
3. Whether the industrial court had the right to hear a case on victimization.

Alfa Romeo legal representative argued that this point should be put to the appellate division for decision. NAAWU representative argued that all these items had been already decided, and that the case should proceed.

The court has adjourned until further notice to consider the position.

25.4.83

By GEOFFREY ALLEN

IT WAS champagne, oysters, and some overseas trips for the men and women at the top of the Transvaal Provincial Hospital Services, according to allegations made at the De Klerk Commission of Inquiry in Pretoria yesterday.

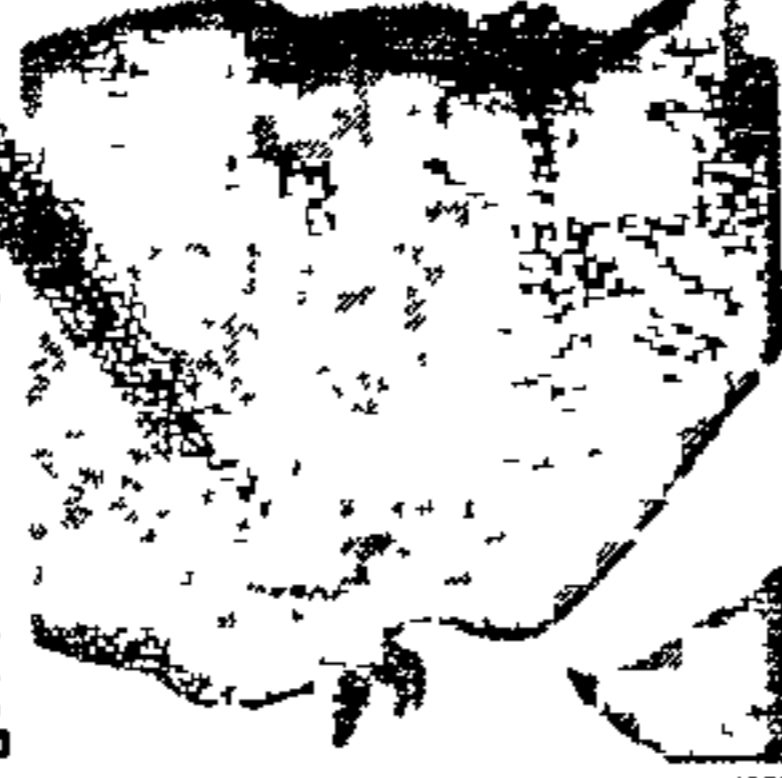
The commission was appointed by the Administrator to examine the conduct of Dr Hennie Grove, director of hospital services and Dr Gerhard Schepers, deputy director.

The commission began yesterday and almost immediately the chairman, Mr L de Kock, said that he might have to apply for wider investigative powers because of the extent of the allegations of corruption being made to him.

There were frequent appeals in evidence yesterday for the commission to assume wider powers to examine allegations published in the Sunday Express. It was these published allegations



Dr HENNIE GROVE got a R353 cheque



Dr GHERHARD SCHEPERS for two lavish weekends for two

Payola probe may seek wider powers

which gave rise to the commission

The central allegation is that a group of medical companies under the umbrella of the Alumina Development Corporation (now taken over by SA Druggists and formerly headed by Mr Isaac Kaye) had operated a countrywide favours-for-friends scheme to win provincial and national orders for the supply of drugs and medical equipment

"This province is being sold patriotism for profit and it is more expensive than any of us have yet established," said Martin Welz, political correspondent of the Sunday

Express newspaper whose stories (investigated together with Wilma Utting, a reporter on the paper) gave rise to the commission

Welz said that two years after breaking into the pharmaceutical business Alumina was applying such great pressures in the industry through corruption that it was almost impossible for a company in the same business not to get involved in unethical practices

"In two years they went from a company with a capital of R2-million to one worth R10-million when they were taken over by SA Druggists," he said

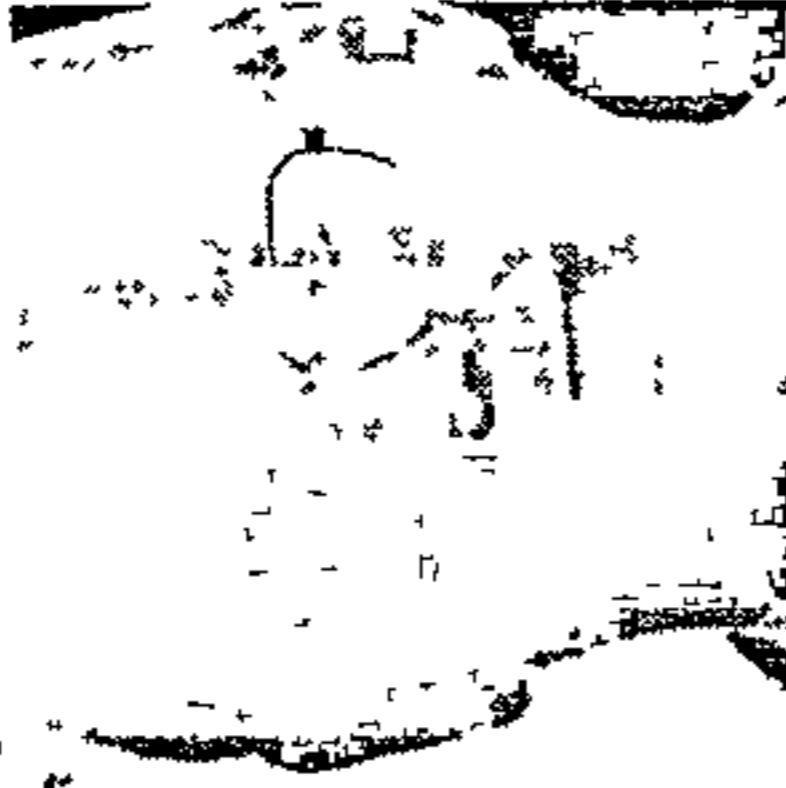
After hearing evidence from Mr Douglas Gibson, leader of the PFP in the provincial council, Mr De Kock said that he was so alarmed by parts of the evidence that he might have to ask the Administrator for wider powers to investigate alleged corruption

He said that he was particularly disturbed by Mr Gibson's allegations that provincial officials had opened and altered tenders before they were submitted to the tender board

Mr Gibson also alleged



Mr L V de KOCK chairman of commission



Mr DOUGLAS GIBSON only scratching the surface

Go To Page 2

Prober
may seek
wider
powers

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ROOM 3/5/83

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that the Alumina group had operated a racket for getting money out of the country by over-invoicing products bought in the United Kingdom

Allegations against the two doctors included

- Accepting a trip which took Dr Schepers and his wife right across Europe at a time when a major tender was due to be considered by the Provincial Hospital Services tender board on which he sits
- Weekend stays at hotels such as the opulent Rosebank and the Kyalami Ranch near Johannesburg for Dr Schepers and a partner with lavish breakfasts in bed and a dinner bill which made up almost 90% of the bill

Mr Welz said that all of these and even payments in cash deposited overseas for various parties were sweeteners intended to buy influence at the top of the hospital services

Mr Welz said that he had information — which he could not himself substantiate — that Dr Schepers had been seen regularly in the company of a certain female representative of a pharmaceutical company at restaurants in Pretoria and had eventually been given her car

Under oath Dr Schepers said he bought the car from the woman with whom he had gone on frequent trips into the country. These trips were not part of his business activities but were undertaken because they were 'friends'

Mr Welz said that he had a cheque for R353 made out by an Alumina subsidiary and cashed by Dr Grove in January 1980

Dr Grove said that he accepted the cheque after returning an unsatisfactory washing machine purchased on a buying order from an Alumina subsidiary

Also in evidence Mr Kenneth Diamond who runs a company which extracts silver from used X-ray plates said his lawyer had advised him he was being blackmailed after a meeting at which Dr Grove had told both of them he would get no further TPA contracts if he continued to 'rock the boat'

W Botha, on his arrival in Louis Trichardt yesterday was warmly greeted by the Fanie Botha, whom he is supporting in the Soutpansberg by-election

Picture GARTH LUMLEY

Safari for the world Press

The group flew into Pietersburg on a chartered Dakota yesterday morning

The highlight of the three-day tour was the historic open-air meeting in Louis Trichardt last night addressed by the Prime Minister Mr F W Botha

At Mr Botha's meeting the foreign correspondents received red carpet treatment which included a special mobile translation service with individual earphones for each of the correspondents

The foreign correspondents are being accompanied by Mr Theo Vorster a liaison officer in the department's liaison services division under the Deputy Minister of

Foreign Affairs and Information Mr Barend du Plessis

Correspondents who attended last night's meeting included Joseph Levleveld of the New York Times Jack Foisie of the Los Angeles Times Philip Hayton BBC Television Michael Vestey BBC Radio Dr Hans German Die Weld, Roger Harris United Press International H Ikada of Japan's Kyodo News Service Edgar Denter Deutsche Presse Agentur and Allister Sparks The Washington Post

Yesterday afternoon the group met the Minister of Manpower, Mr Fanie Botha who is the NP's candidate in the Soutpansberg by-

election

This morning they will meet the CP's candidate in Soutpansberg Mr Thomas Langley

Tonight they will attend a by-election meeting in Louis Trichardt to be addressed by the CP leader Dr Andries Treurnicht

Then they will travel to Nylstroom — headquarters of the Waterberg by-election campaign — where they will meet members of the HNP and again visit the NP and CP offices

Tomorrow night they will attend the meeting to be addressed by the HNP leader Mr Jaap Marais in Nylstroom

9/5/83
ed writer

by his long jail sentence. The court no doubt acted according to law in sentencing Mr. Thabo to jail. But the is

Bad fog prevents

leading

124 ROOM
3/5/83
LTA to build for coloureds

Waratah wreck found — claim

EAST LONDON — Mr Tony Ashworth, the director of a Cape Town publishing house which backed the hunt for the wreck of the Waratah, yesterday said he had found the wreck — and that of the South African Airways aircraft, the Rietbok, which disappeared off East London in 1967.

Mr Ashworth said detection equipment on his chartered ship, Kunene, had discovered a metal wreck of about 100 tons where the Rietbok is believed to have crashed.

The Rietbok was on its final approach to East London Airport when it went down in bad weather.

RETURN

Mr Ashworth said the Kunene would return to the site tomorrow to investigate further.

Of the search for the Waratah Mr Ashworth said a diver found a "colossal mound of sand, 15 m high, covering a metal structure" in 40 m of water.

The expedition has found nothing positive to identify the mound as the Waratah but Mr Ashworth said there was too much evidence for it not to be the ship.

He said he was calling the search off. It would be too much of an effort to uncover

By Sheryl Raine,
Pretoria Bureau

The corrupting influence of an ambitious drug company percolated up through the ranks of the Civil Service and not even Cabinet Ministers were left untouched, a commission of inquiry heard here yesterday.

The commission is investigating whether the Transvaal Director of Hospital Services, Dr H A Grove, and one of his deputy directors, Dr G W Schepers, took gifts from the Alumina Development Corporation which influenced the awarding of tenders.

On the first day of evidence, allegations of corruption across four provinces, Namibia and neighbouring states indicated that the reference terms of the commission may not be wide enough to establish the serious-

Inquiry told TPA official got 'discount'

ness of the situation.

Two investigative reporters from the Sunday Express, Mr Martin Welz and Mrs Wilmar Utting, the leader of the Opposition in the Provincial Council, Mr Douglas Gibson and Mr Ken Diamond, a competitor of Alumina gave evidence.

Even Cabinet Ministers were allegedly influenced by Alumina which, within two years of establishing itself, had become so powerful that it was taken over by an established drug company, SA

Druggists, so that the latter could survive.

According to Mr Welz, Alumina helped Dr Lappa Munnik in his first election campaign. He later became Minister of Health.

The company persuaded the Minister of Industries to provide interest-free loans or loans at low interest to establish a local pharmaceutical manufacturing concern.

Alumina also persuaded the Government to impose customs duties on their competitors' prod-

ucts and claimed the privileges of a local manufacturer.

Mr Welz did not suggest that Cabinet Ministers accepted bribes, only that they had been influenced to some extent.

The witnesses painted a dazzling picture of lavish entertainment, gifts and overseas trips paid for by Alumina.

Mr Welz highlighted the company's sales figures which were dominated by medical supplies to the four provincial administrations, in particular the Transvaal.

Specific allegations were made against Dr Grove and Dr Schepers.

In an interview with Dr Grove this year, Mr Welz said the doctor had said he had frowned on his staff fraternising with company representa-

● To Page 2, Col 1

Mr Miller had up for his little lamb

Own Correspondent

CAPE TOWN — Everywhere that Neville went, the lamb was sure to go. And that's the reason Mr Neville Miller of Tjgerhof was fined R25 in the Cape Town traffic court this week.

Mr Miller broke a municipal by-law prohibiting the keeping of livestock in a municipal area. It has nearly broken his heart.

A law-abiding citizen, Mr Miller never intended breaking the law in the first place. As a former farmer he had slaughtered many sheep in his time and had no special affection for them. Until Spooky arrived on the scene.

He was found when a week-old, pitifully lost at the side of the road 15 months ago and given to Mr Miller, who has now become so attached to his lamb that he would not dream of harming or giving him away.

Mr Miller's problems began when a municipal official knocked on his door. Get rid of Spooky or face the consequences, he was told.

"I could not leave him to die. He is now back at the farm," Mr Miller told the magistrate.

In spite of it all, Mr Miller is going to make a special plea to the authorities. "Perhaps they will be



Mr Neville Miller and his little lamb Spooky, who fol-

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Firm has
fired 120
strikers
union

Labour Correspondent

ABOUT 120 workers at the Germiston plant of plastics company Duropenta were fired yesterday after striking in support of demands for the dismissal of a foreman, the Chemical Workers Industrial Union said in a statement.

It said the company, a subsidiary of chemical giant AECI, told workers they could reapply for their jobs today but that not all would be taken back.

CWIU also announced yesterday that it was planning legal action against a Richards Bay company, Bonus Fertilisers, who it alleges has fired 93 of its 110 workers in an attempt to avoid negotiations on retrenchment.

It claims Bonus attempted in March to retrench 40 workers without consulting CWIU but that, after the union declared a dispute on the issue, it agreed not to retrench before negotiating a retrenchment agreement with CWIU.

It claims Bonus then "locked its gates against workers and told them they had been fired".

CWIU says it decided to take legal action after talks on the issue between it and Bonus deadlocked yesterday. It said Bonus refused to negotiate further.

At Duropenta, CWIU said the strike started last night and was prompted by an alleged assault by a white foreman on a black worker. It claimed the foreman had caused the worker to lose several teeth, torn his clothes and caused him to lose R50.

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Witness: Firm's interests came first

Grove action ¹⁸³ on tainted drugs ¹⁸³ tardy — claim

By Sheryl Raane, Pretoria Bureau

Dr Henne Grove took six weeks to suspend contaminated medical supplies for use at provincial hospitals because he was afraid of offending the drug's suppliers, it was alleged here yesterday

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Clay

Telephone: (011) 542 644
9 Avenue

Probe into TPA officials

From Page 1

Dr Grove had said he preferred to have those contacts himself. He had objected to his staff having lunch with company representatives and had disapproved of close relationships between provincial officials and supply companies.

Invoices were shown to the commission to illustrate Dr Grove's relationship with Alumina.

The commission was told that Dr Grove admitted buying a discount television through Mr Isaac Kaye, a former Alumina head.

One invoice showed he had received a washing machine from from Alumina and a cancelled R353,60 cheque for the machine made out to Dr Grove by Alumina was produced.

Evidence was led that Dr Grove's relationship was so close to Alumina that he asked a subsidy director for financial advice and later invested in Alumina shares.

It is clear that the Transvaal Provincial Administration (TPA) had a relationship with a major pharmaceutical company which ranged from the personal to the financial," said Mr Welz.

According to Alumina employees, Dr Schepers was a "very influential man". He was a hospital

services tender committee member and occasionally acted as its chairman.

Three examples of suspected irregularities in tender procedures were given to the commission by Mr Diamond.

He said that on June 7, 1976 Continental Ethicals (CE), a subsidiary of Alumina, had told him it successfully obtained a provincial tender.

The tender was officially awarded only on June 24, 1976. Before the tender was awarded, three different circulars with conflicting instructions were circulated.

Mr Diamond suspected that the allocation of parts of the tender to various companies were being switched.

When the tender was announced, CE had gained all the contracts for supplying X-ray film, processing it at hospitals and training institutions in the Witwatersrand.

Another company had been granted contracts to rural hospitals.

In another case, Mr Diamond said CE had tendered exactly 10 percent higher than a competitor on every item.

Mr Diamond asked how two competing companies could tender so accurately without inside information.

The hearing is continuing. Mr Laurens de Kock is hearing evidence and Mr F E Roels is leading the evidence.

Dr Grove, director of hospital services in the Transvaal, is being investigated in connection with allegations that he accepted gifts from the Alumina Development Corporation.

At a commission of inquiry in Pretoria, an investigative reporter described how contaminated intravenous drips were discovered in provincial hospitals in 1979.

"The drips were not packed properly and were growing mould," said Mr Martin Welz.

"In the course of investigations I found that the company which supplied the drips, a subsidiary of Alumina, allegedly used its influence to get storemen to remove the drips before discovery."

It took months for the matter to reach the Medicines Control Council, which suspended the product in July 1979.

It took Dr Grove six weeks to inform the company.

"His instruction came after six weeks, during which the safety and care of Transvaal patients were set aside for fear of offending the company," said Mr Welz.

When asked why he had delayed the suspension of the drips, Dr Grove told Mr Welz the supplies were expensive. He was afraid the suspension might be a mistake and that the supply company would sue the province.

"He was more concerned about his relationship with the drug company than the health of his patients," Mr Welz claimed.

The hearing continues

Pretoria Bureau

A subsidiary of the vast Alumina Corporation allegedly paid about 16 times more for an imported drug than it was worth in order to smuggle currency out of the country.

It was then allegedly sold to the Transvaal Provincial Administration at a higher price.

These allegations

Alumina 'in cash swindle'

were made in an affidavit handed to a commission of inquiry by Mr Ken Diamond, a businessman who did business with Alumina.

The commission is investigating whether the director of Hospital Services, Dr H Grove, and a deputy-director, Dr G Schepers, accepted gifts from Alumina

which influenced tender awards.

Evidence was led today that a London-based pharmaceutical company, Harris Pharmaceuticals, had links with Mr Isaac Kaye, the head of Alumina.

Harris allegedly sold penicillin to Etiese Invoorders at a price of R300 a kilogram.

Etiese Invoorders was a subsidiary of Alumina and the inflated price paid for the penicillin served as a means to channel money out of South Africa, since the real price of the drugs should have been about R18 a kilogram.

The Transvaal Provincial Administration,

which could have obtained the drugs from other suppliers, chose to buy it from Alumina at a price in excess of R300.

Mr Diamond also presented court records of a civil case in which a witness testified that Alumina had been guaranteed up to 75 percent of provincial contracts for medical supplies.

By GEOFFREY ALLEN
SOUTH AFRICA'S former super-chemist, Mr Peter Goldberg, yesterday gave evidence of wholesale "influence buying" of private doctors throughout the country and said his Alumina group of companies spent huge sums to purchase influence and win friends

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6/5/83
Company 'spent huge sums' to buy friends

The man who was formerly in executive control of a massive pharmaceutical empire, whose stock-in-trade was allegedly "influence buying", was giving evidence at the De Kock Commission of Inquiry into the conduct of the director of Hospital Services in the Transvaal, Dr Henne Grove, and his deputy, Dr Gerhard Schepers

Mr Goldberg said in the private sector it was common practice to offer doctors sponsored trips to conferences and to give them

"sweeteners" to sell products

Mr Goldberg said he had not been involved in any of these activities but had made out the cheques to pay for them

One of his former managing directors, Mr Bill Kennedy, said he had used his company expense account to privately entertain his friend, Dr Schepers

He said he believed he had company authorisation to spend his R4 000-a-year ex-

pense account on friends — even relatives

Both men were senior employees of Mr Isaac Kaye's former pharmaceutical empire which was taken over by SA Druggists

Mr Kennedy said life at the top of Labethica (the company which he ran in the group) had become so frantic with the scale of business that it had got out of hand

"It became impossible. You couldn't keep your finger on anything," he said

Mr Kennedy told the commissioner he saw nothing wrong with giving nominal gifts to people with whom his company did business

"This was no different from any other business in the world there is nowhere in the world where you don't give sweeteners," he said

It was imperative, he said, to have the co-operation of "smaller people" in an organisation, such as secretaries and telephonists who

could clear the way for appointments with their bosses

According to evidence Mr Goldberg, who admitted he was known as an arrogant man, had once written to Dr Grove telling him he was "perturbed" by the award of an informal tender to another company and ending, "We trust you will go into this matter and prevent a repetition"

The commissioner, Mr L V de Kock, said he found the letter bombastic



Fertiliser ... barren future

FERTILISER

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Down to earth

FM 6/5/83

Last week's Fertiliser Society of SA (FSSA) conference in Cape Town was a sombre affair. High interest rates, the drought, imports of urea and other adverse factors look like reducing offtake by as much as 30% by the end of the year.

Current capacity of 4,1 Mt (set to rise to 5,3 Mt when new Sasol, Triomf and Omnia facilities come on stream this year) may suffer a 40%-50% fall in utilisation, according to Johan van der Walt of Sentrachem.

This is going to play havoc with the industry's return on capital, says Sasol's Andre du Toit, because fixed costs amount to 75% of total costs. The industry is therefore highly sensitive to downswings in demand.

Van der Walt says throughputs are unlikely to pick up significantly even if it rains. Drought relief payments to cereal producers in central parts of the country and Natal will probably be diverted to livestock feeding, while relatively high interest rates continue to inhibit stock holding.

Farmers are therefore unable to make use of the industry's early delivery rebates. And because of this year's crop failure huge volumes of fertiliser, applied at the start of the season, will be carried over to next season, further depressing demand.

Finally, the Maize Board's imports of 200 000 t of urea remain to be sold off in terms of the agreement with Industries

Minister Dawie de Villiers last year. This will retard the rate at which domestic output recovers.

Meanwhile, the international market has collapsed and exports of phosacid, which reached 1 Mt three years ago, have dived to 300 000 t because of the recession in Mexico and Brazil in particular. US demand is expected to fall by 15%.

However, Van der Walt looks to the future and notes that the entry of Sasol into the fertiliser market will go a long way to break up "power concentrations" in the industry. Moves to dismantle import control and price control are therefore welcomed, provided the industry retains a reasonable measure of tariff protection.

He rejects allegations by maize producers that high levels of protection of the fertiliser industry have artificially raised cereal growers' input costs to the extent that SA exports are uncompetitive on international markets.

"According to available information, current levels of tariff protection increase farmers' input costs by an amount not more than 11% of the domestic producers' price, that is, about R17/t. That compares with a 'loss' of R70-R80 a ton on SA maize exports. It is clearly incorrect to say that protection prices our maize exports out of the market."



Company had informers on Tender Board

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By Sheryl Raine, Pretoria Bureau

The multi-million rand drug company which allegedly bought its contracts from the Transvaal Hospital Services with gifts to top officials also had informers on the State Tender Board, it has been alleged

This allegation was made at a commission of inquiry investigating whether two high-ranking officials in Transvaal Hospital Services, Dr H A Grove and Dr G W Schepers, accepted gifts from the Alumina group of companies which influenced tenders awards

Mr Jimmy de Villiers, formerly a director of an X-ray film company in the Alumina group, yesterday described the company's extensive influence within the country's tender awarding machines

At Provincial level, Mr de Villiers said the relationship between Dr Schepers, Deputy Director of Hospital Services, and Mr Isaac Kaye, who controlled Alumina, was extremely close

Dr Schepers would give Alumina early tip-offs when the company had been awarded a tender so that it could start selling its products to hospitals

immediately Mr de Villiers was aware of two occasions when, after an early tip-off, Mr Kaye was not satisfied with the allocation of tender items made to his company

After negotiating with either Dr Schepers or Dr Grove, Director of Hospital Services, Mr Kaye had managed to get the tender allocations switched to suit him

Even on the State Tender Board it appears that Alumina had informers

"I remember a Mr Liebenburg and a Mr Boshoff, both radiographers" said Mr De Villiers. The first was a representative to the Pneumonocosis Bureau and the latter was a representative to the Cape Provincial Administration. Both men sat on the State Tender Board

"Both gave us information about our competitors' prices on State tenders," said Mr de Villiers

He also knew of at least four professors employed by Provincial administrations at the Baragwanath, Groote-Schuur, H F Verwoerd and Garankuwa hospitals who had received gifts of various sizes from Alumina

The professors were influential because they tested medical supplies and made recommendations to the provinces as to which medical supplies were to be bought for use

"A Professor Solon, head of radiography at Baragwanath Hospital, was given a trip to Italy for himself and his wife in 1975. The Alumina Group paid for it," said Mr de Villiers

A bill for the trip, from World Travel Agency addressed to the Alumina Group, was handed in as an exhibit

"We had to make friends everywhere," added Mr de Villiers in describing the Alumina company's massive "sweetening" campaign

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Presumed defunct.

"Hospital radiographers were given cakes and chocolates, and even hospital storemen were cultivated"

Sweeteners even included "scholarships" for the education of Provincial officials children

The Commission adjourned until May 16

Drama

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W.M.

inquiry

7/5/83
By GEOFFREY ALLEN

PROCEEDINGS at the De Kock Commission of Inquiry into allegations of corruption in the Transvaal Provincial Administration were temporarily halted yesterday when a key witness refused to be cross-examined by a journalist and a retired company director

Mr Peter Goldberg, former financial controller of a major group of drug companies whose activities form the focus of the Commission, said through his lawyer that he would go to the Supreme Court to get an order preventing Mr Martin Welz, political correspondent of the Sunday Express, and Mr Ken Diamond, a former company director, cross-examining him because they had no locus standi

The application by his lawyer, Miss Miranda Barker, was first overruled out of hand by the Commissioner Mr L. V. de Kock

Mr Goldberg indicated that he was perfectly prepared to answer questions put to him by the Commission or by the Director of Hospital Services in the Transvaal, Dr Hennie Grove, and his Deputy Dr Gherhard Schepers, into whose activities the Commission has been briefed to investigate.

After taking further instructions, Miss Barker gave notice that her client intended to proceed to the Supreme Court for a ruling. This would take about six weeks.

In his evidence in chief Mr Goldberg said he was aware of the practice of paying "sweeteners" (bribes) to doctors in private practice and said that he had only signed the cheques or requisitions and was not personally involved in the nationwide activity.

The inquiry was postponed to May 16



● Dr Gerrit Schepers, deputy director of Transvaal Hospital Services, said he purchased a car from a female company representative who was also a friend and whom he met regularly at a Pretoria restaurant. She had accompanied him on company trips as a driver when he had suffered an attack of gout, he told the commission. A former director of a pharmaceutical firm said he entertained Dr Schepers at company expense.



A FORMER director of a giant pharmaceutical company testified this week that his managing director was in a position to influence the adjustment of valuable provincial contracts for the benefit of his company.

The ex-director, Mr Jimmy de Villiers was in charge of the X-ray division of Continental Ethicals, a subsidiary of the Alumina group headed by Mr Isaac Kaye. Mr de Villiers gave evidence in Pretoria at a commission of inquiry headed by Mr L V de Kock into allegations that Dr Henne Grove, Director of Transvaal Hospital Services and his deputy, Dr G W Schepers, received gifts from the company in return for favouring them in the awarding of tenders.

In lengthy testimony, Mr de Villiers described in detail the procedure of awarding tenders. Under close questioning by Mr de Kock, Mr de Villiers stressed he could speak only of the period he spent working for Mr Kaye, managing director of the Alumina group of companies — between 1964 and 1978. Mr de Villiers said the opening of the tenders was strictly controlled and once they were submitted there was no way in which prices could be tampered with.

However, once a tender had been awarded, giving for example 50% of the contract to Mr Kaye's company and 50% to another company, Mr Kaye was in a position to point out through Dr Schepers any "unevenness in the allocation of the tender which would be adjusted".

Once the company realised that 50% of the number of hospitals represented only 30% of the sales, Mr de Villiers said Mr Kaye would point this out to the Transvaal Provincial Administration saying "Sorry chaps, you must correct this".

Mr de Villiers also told the commission ● He had been instructed by

Microlin 183 8/5/kz 100% Pure The Influenza Vaccine!

'SWEETENERS' INCLUDED SPURGES AT RUGBY TESTS, GIFTS AND MONY FOR FORMATION

Report by LAUREN GOWER

Mr Kaye to help Dr Grové buy goods wholesale from Makro which sold only to companies with a trading licence. He himself had taken Dr Grové and "his good lady" to the stores to buy what they needed at special discount rates against a company buying card.

Dr Grové paid cash for the goods he bought, Mr de Villiers said ● Officials of the TPA — although probably not Dr Schepers, who was not "a rugby



● Mr Lourens de K Commission of

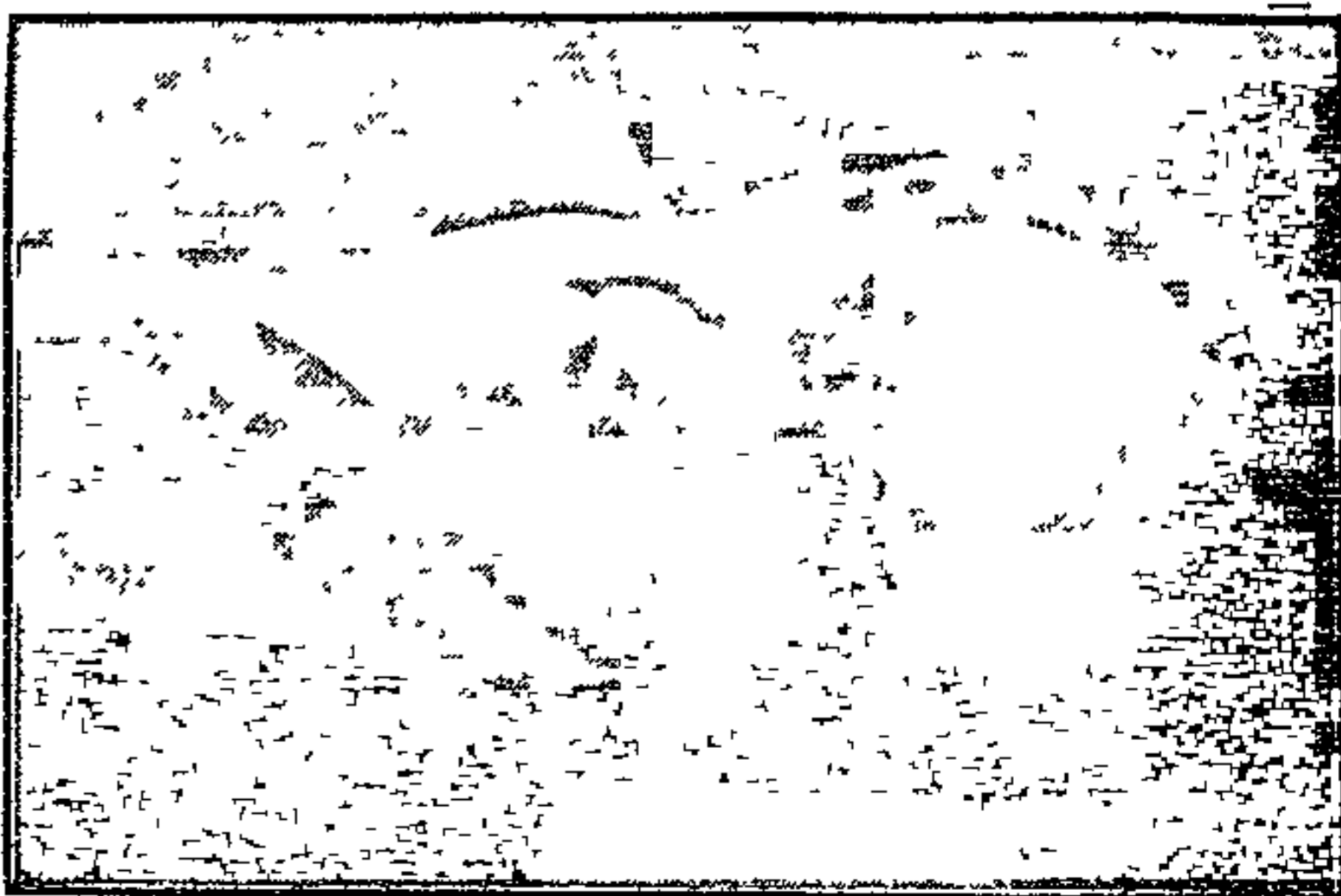
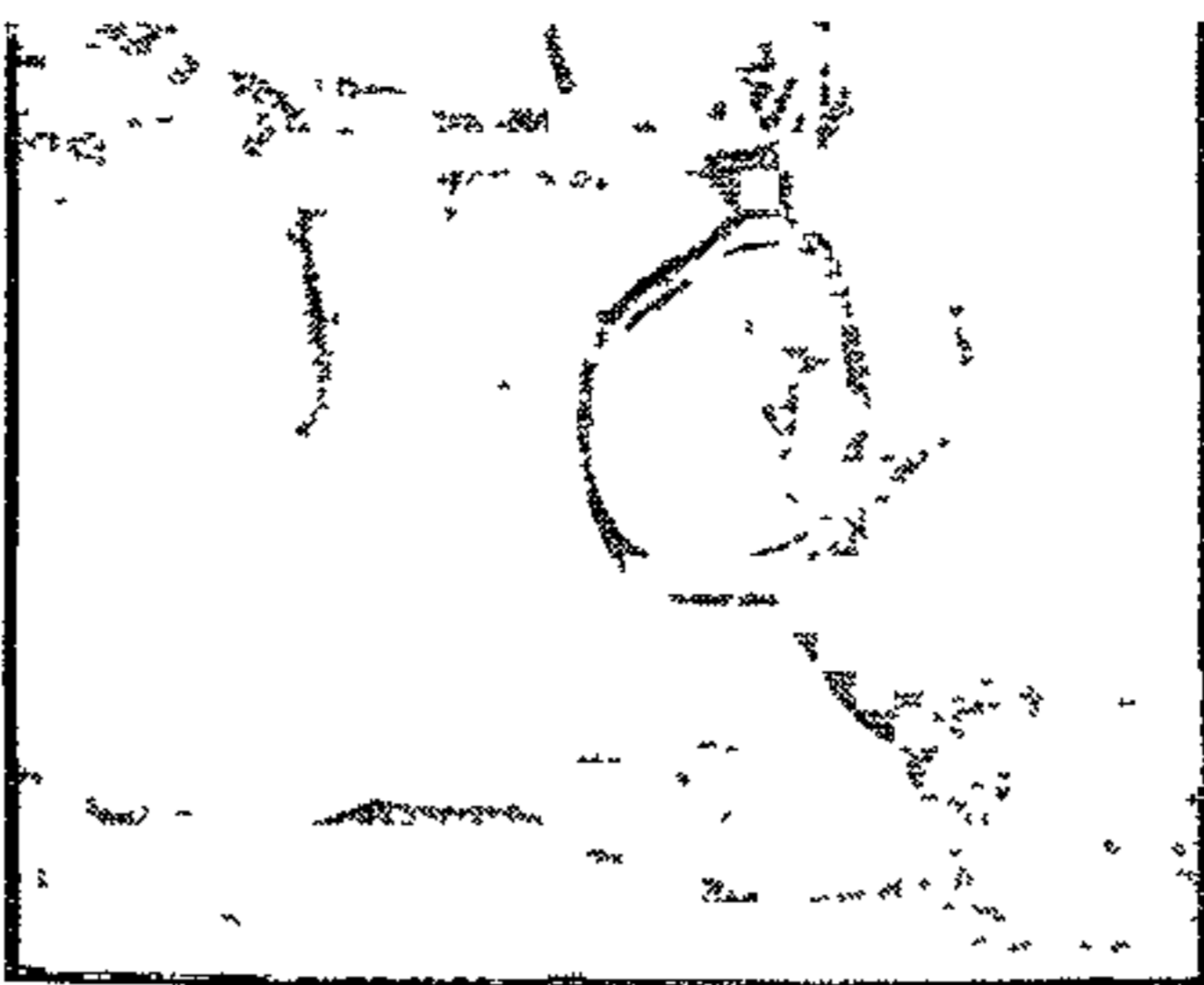
man" — were entertained by the company at rugby Test matches. He recalled Dr Grové and Mr Malan du Preez — an official on Dr Grové's staff — being among the guests ● The company had paid informants on the State Tender Advisory Board who could leak information about tenders to the company, but it had not been necessary to make such an arrangement with the TPA because Mr Kaye had handled this. All these "sweeteners" had

been directed at keeping a friendly relationship with provincial officials. The X-ray contract for the Transvaal alone was between R1 000 000 and R1 500 000 a year and "we dared not fall foul of them", Mr de Villiers said.

Mr Bill Kennedy, a former director of Surgicare, another company in the group, admitted after lengthy questioning that he had entertained Dr Schepers on numerous occasions at company

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● Dr Henne Grové, director of Transvaal Hospital Services he was among the guests when a company entertained TPA officials at rugby Test matches, a witness told the commission

pense accountants had the cost of the entertainment charged to the company believing it could lead to goodwill.

Mr Kennedy also admitted his company had paid at least R15 000 over a period of about 18 months in "unofficial commissions" to private hospital buyers.

He said "If you want to call these sweeteners I think I can safely say these will be found in private and public sectors, in the hospital business or the hotel business."

In a surprise development on Friday, Mr Max Peter Goldberg, who described himself as financial director of the Alumina group, switched legal advisers.

On Thursday the lawyer who sat next to Mr Goldberg during his evidence was twice warned by the commissioner to refrain from discussing testimony with his client from behind a hand held to his mouth.

On Friday morning, Mr Goldberg was accompanied by Mrs Miranda Barker, who objected in advance to Mr Goldberg answering any questions put by two witnesses, Mr Martin Welz, a senior Sunday Express journalist, and Mr Kenneth Diamond.

When Mr de Kock, overruled this objection, Mrs Barker said she would seek a Supreme Court ruling. Her client she said, was however quite prepared to answer questions put by the commissioner, the prosecutor and anyone else who had "lawful interest in the commission".

In earlier evidence, Mr Goldberg was emphatic that he would not allow executives to charge private entertainment to the company.

He agreed that he had on one occasion challenged the actions of a company employee in Natal who had spent R40 on meat for a braaivleis for officials of South African Airways.

Mr de Kock questioned Mr Goldberg on a "bombastic" letter he had written to the Director of Transvaal Hospital Services, complaining that Mr Goldberg's company had not been awarded certain tenders.

"The paragraph I find most disturbing is the last one," Mr de Kock said.

The paragraph asked that the director "look into the matter and make sure there was no repetition".

Mr de Kock said there was a tone of command in the letter. Mr Goldberg admitted the

ons de Kock — he is heading the mission of inquiry in Pretoria

eping a expense

with pro- The entertainment look the ray con- form of lavish meals, overnight al alone stays in Johannesburg hotels, 000 and on at least one occasion, a we dared gift of wine for the doctor's Mr de birthday

However, Mr Kennedy insisted that his relationship with Dr Schepers was a personal one and admitted he had never used this relationship to influence the awarding of provincial contracts. "But my company accountants who scrutinised my ex-

letter might have been arrogant, but, he said "If I feel unjustly treated I will talk up accordingly".

Dr Schepers was invited to explain how he had acquired a car from a pharmaceutical company. Dr Schepers said he had purchased the car from a female company representative who was also a friend

reb of corruption covers

Workers dismissed

ABOUT 120 workers at Duropenta (Pty) Limited in Germiston who are members of the Chemical Workers' Industrial Union (CWIU), were all dismissed yesterday following a strike.

Workers originally downed tools demanding the dismissal of a white foreman who allegedly assaulted a black worker on Monday.

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Factory
dismisses
100 staff



183

Own Correspondent

CAPE TOWN — About 100 angry workers streamed out of the DRG Plastics factory in Lansdowne yesterday after learning that they no longer had jobs

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Kohler Industries, which recently bought DRG, announced last week that they were closing the Lansdowne factory and "rationalising production of rigid plastics" at their Parow plant.

About 250 of the 350 workers would be retrenched in the process

Workers said they arrived at work yesterday morning to find they no longer had clock cards.

RAND DAILY MAIL, Thursday, May 19, 1983

TPA inquiry is told of threats to key witness

By GEOFFREY ALLEN

A FORMER director of one of Mr Isaac Kaye's Alumina group of companies said under oath yesterday he had been twice threatened with violence — from assault to the burning down of his house — if he gave "injurious" evidence to the De Kock Commission.

Both warnings were made to Mr Allan Cornish, a medical company director who lost his own business because he was defrauded of R10 000 and then sold out to join the Alumina group.

The De Kock Commission is inquiring into alleged misconduct by Dr Henrie Grove, director of hospital services in the Transvaal Provincial Administration, and his deputy, Dr Gherhard Schepers.

During the same session of evidence, a former managing director in the Alumina group asked for a third opportunity to address the commission and conceded his company had paid "sweeteners" to buy influence with TPA staff but that these had not gone to the two men under inquiry.

Mr Cornish said the first warning to him came some time ago from a fellow director,

Mr Max Peter Goldberg

"He told me that if I didn't stop making problems for him and his fellow directors he would do something about it. It was clearly a threat to me personally," Mr Cornish said.

The "problems" Mr Cornish was causing revolved around illegal practices employed by the company in its business, he said. When the commission started sitting a fortnight ago he got a "friendly" warning by phone from another Alumina director, Mr Tony Marshall.

Mr Marshall had phoned and, according to Mr Cornish's evidence, told him:

"If you get involved (in the commission) be careful because very powerful people are involved."

"You could find your house burnt down or you or your family could be hurt or assaulted."

Mr Cornish explained he had joined Alumina after he had offered to buy out three partners in his own anaesthetic business. He had raised R28 000 and a further amount of R10 000 which he needed to conclude the deal.

Unauthorised by him a bank account had then been established in Pretoria under the fictitious company name Allan Cornish Pty

and an overdraft of R10 000 had been arranged with the bank. The money was withdrawn and he had had to pay it back with the R10 000 he had raised as part of the deal with his partners.

As a result he had been unable to continue and had sold out to Alumina, at Mr Max Peter Goldberg's suggestion, for R20 000.

"I was not happy with the way that Alumina was run — it was operating illegally. Gifts were clearly being made, for example," Mr Cornish said.

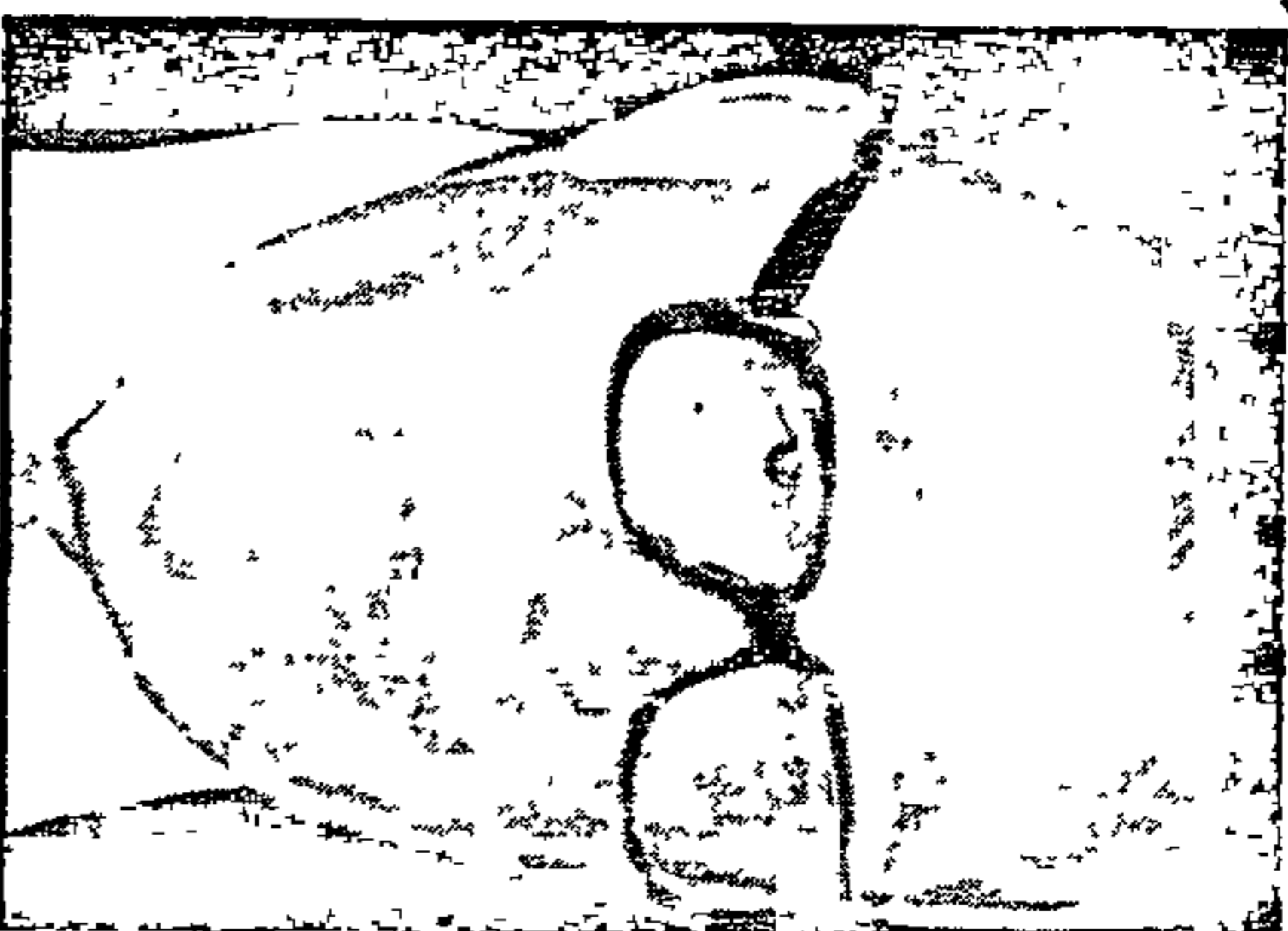
Another witness, Mr Louw de Villiers, said he was a former accountant at Labethica, one of the Alumina companies.

He said he was aware of loans made by the company to Mr Malan du Preez, a former senior official in the TPA tenders section, whose name has been linked in various evidence as being a person who could, and did, alter tenders to suit the Alumina group.

In a prepared statement a former managing director in the group, Mr Bill Kennedy, said not all business had been conducted by paying people commissions or "sweeteners", but that his company had given some TPA staff "sweeteners".

"But we never tried to give the sweeteners to Dr Grove or Dr Schepers."

Mr Tony Marshall who allegedly warned a witness he might be assaulted



L V DE KOCK . . . "We want to know your modus operandi."



BILL KENNEDY . . . "We paid 'sweeteners' to TPA staff"

THE De Kock Commission of inquiry into allegations of corruption by Dr Henne Grove, Director, and his deputy, Dr Gherhard Schepers — the two most senior officials in the Transvaal Provincial Administration's Hospital Services — has taken on a wider and more sinister mantle

Allegations have been made that the norm in the medical equipment and drug supply industry is to pay off doctors and officials with the power to influence provincial and private hospital tenders and contracts worth millions of rand a year

What appeared to start as a low-key affair has moved into a full-scale inquiry, with the commissioner — Mr L V De Kock — having broadened his brief to examine the whole tender system and, with it, the operations of supply companies

So startling has some of the documentary evidence been that the examiner, Mr Frans Roets, told Mr de Kock yesterday that he would need at least 10 days to examine thousands of documents which may have a bearing on the investigation before the commission can proceed

That includes more than 7 000 cheques paid out by Mr Isaac Kaye's Alumina group of companies, which form the focal point of the inquiry

It was stated in evidence that the Alumina group would resort to any method possible to buy its way into the multi-million rand medical supply industry — unethical commission' netty bribes and an arrogant and deni, assumption that it had the right to win tenders from the Transvaal Provincial Administration were the norm

Along the way it was able to move thousands of rands out of the country and fiddle its books to cheat the Receiver of Revenue

That is the essence of the evidence and allegations which have come out so far

Mr Roets made it clear, in a heated exchange on Tuesday afternoon, that he intended to show that this sort of influence-buying by any means possible was the normal modus operandi in the Alumina group

"Your company tried to get as much business as possible, and if you couldn't get it the straight way you had no scruples whatsoever in doing business"

Alumina, originally set-up as a mineral processing company, changed its objectives late in the Seventies and decided to move into the medical supply business "as quickly

A darker mantle of hospital bribes

By GEOFFREY ALLEN

as we can," according to the evidence

To do so it decided that it would hand out thousands of rands in "sweeteners" (bribes or commissions on sales) to doctors, advisers and theatre sisters — even senior officials in the TPA who could influence the award of tenders

The orders it won in themselves were magnificent, and the group soon grabbed a slice of the market so large that the established SA Drugists bought it out and today operates the various companies under its own umbrella

But Alumina allegedly had even darker interests in breaking into this lucrative market

It established a company in London — Harris Pharmaceuticals — which would supply equipment and drugs to the local companies

According to documents handed in to the commission, most often Harris Pharmaceutical would offer the goods at one price and then invoice them at "substantially higher prices"

The advantage was that it was not necessary then for medical supply companies to get import or exchange control permission to move goods and money into and out of South Africa

By over-invoicing, Alumina could therefore move large sums to the United Kingdom. The evidence is that, in one case alone, it was able to move two amounts of R600 000 out of the country to pay for just one deal

When one of the group accountants, Mrs

Sandy Mann, questioned these transactions she was told by a director of the group, Mr Max Peter Goldberg, that the practice was to increase the amounts paid to Harris Pharmaceuticals in order to give that company a reasonable and legitimate profit because of certain cross-share holdings

He wrote that he was writing on behalf of another director, Mr Dusty Miller, of Cape Town, and that there had been a number of enquiries of this sort and that he expected no more similar notes from her asking about the price differentials

But there was even more to it than just moving money out of South Africa

Alumina also kept two sets of records

● One set was for the benefit of the Receiver of Revenue and was designed to show that the group paid large sums of money on advertising and that these sums were justifiably deductible from tax

● The other showed that precisely those same sums were, in fact, destined as commissions (varying from 7% to 10%) to doctors and others who could influence the purchase of equipment

To take it another step, Alumina made sure that it did not lose a cent by paying off its "insiders"

"You added 10% to the proper price, won the contracts by no matter what means you had to employ, then paid off the commissions to the people who helped you and used the books to benefit from income tax rebates

"You had the kickbacks and the full price

of the goods." Mr Roets put it bluntly

Bill Kennedy, a former managing director of Labelnica, one of the Alumina companies of cross-examination was increased to say the least

He first denied knowledge of "sweeteners" and said he would need time to consider documents bearing his name and which made it clear that he apparently authorised payments for ranging from washing machines to a page for doctors and members of the staff of the TPA

Later, he asked to give further evidence and said that he now recalled that a car worth R1 800 had been donated to a hospital government for medical accommodation

Then, confronted with lists of commissions paid to doctors and internal company's — which demonstrated that company's books had been deliberately falsified to hide the commission payments — protested that, in fact, he had only managing director in name and that accountant had been in charge

He was very busy building the company and had lost his grip on what was going on. He did not know or recall exactly what happened, as the group grew at an incredible rate

Then came the turn of Mr Jimmy Villiers, a former sales manager in the group of companies, to cross-examine Kennedy

He exhorted Mr Kennedy "The purpose here is to tell the truth you and I work for the same company We knew everything inside out"

Mr Kennedy then admitted that he was the managing director

A Darker mantle falls on hospital bribes scandal

By GEOFFREY ALLEN

THE De Kock Commission of Inquiry into allegations of corruption by Dr. Annie Grové, Director, and his deputy, Gerhard Schepers — the two most senior officials in the Transvaal Provincial Administration's Hospital Services — has taken on a wider and more sinister mantle.

Allegations have been made that the normal medical equipment and drug supply industry is to pay off doctors and officials in the power to influence provincial and private hospital tenders and contracts worth millions of rand a year.

What appeared to start as a low-key affair moved into a full-scale inquiry, with the commissioner — Mr L V De Kock — having handed his brief to examine the whole tender system and, with it, the operations of supply companies.

So startling has some of the documentary evidence been that the examiner, Mr Frans Pretorius, told Mr de Kock yesterday that he would need at least 10 days to examine thousands of documents which may have a bearing on the investigation before the commission can proceed.

That includes more than 7 000 cheques issued out by Mr Isaac Kaye's Alumina group companies, which form the focal point of the inquiry.

It was stated in evidence that the Alumina group would resort to any method possible to buy its way into the multi-million rand medical supply industry — unethical commission — bribery and an arrogant and unscrupulous assumption that it had the right to take tenders from the Transvaal Provincial Administration were the norm.

Along the way it was able to move thousands of rand out of the country and fiddle the books to cheat the Receiver of Revenue that is the essence of the evidence and allegations which have come out so far.

Mr Roets made it clear, in a heated exchange on Tuesday afternoon, that he intended to show that this sort of influence — gained by any means possible — was the normal modus operandi in the Alumina group.

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To do so it decided that it would hand out thousands of rand in "sweeteners" (bribes or commissions on sales) to doctors, advisers and theatre sisters — even senior officials in the TPA who could influence the award of tenders.

The orders it won in themselves were magnificent, and the group soon grabbed a slice of the market so large that the established SA Drugists bought it out and today operates the various companies under its own umbrella.

But Alumina allegedly had even darker interests in breaking into this lucrative market.

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Sandy Mann, questioned these transactions she was told by a director of the group, Mr Max Peter Goldberg, that the practice was to increase the amounts paid to Harris Pharmaceuticals in order to give that company a reasonable and legitimate profit because of certain cross-share holdings.

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To take it another step, Alumina made sure that it did not lose a cent by paying off its "insiders."

"You added 10% to the proper price, won the contracts by no matter what means you had to employ, then paid off the commissions to the people who helped you and used the books to benefit from income tax rebates.

of the goods," Mr Roets put it bluntly to Mr Bill Kennedy, a former managing director of Labethica, one of the Alumina companies.

Poignantly, the commissioner pointed out that he had never doubted it. "You are the registered managing director at the Company Registrar (in Pretoria) unless you would like to tell me, Mr De Kock said.

He first denied knowledge of paying sweeteners and said he would need some time to consider documents bearing his signature and which made it clear that he had apparently authorised payments for goods ranging from washing machines to champagne for doctors and members of the tender staff of the TPA.

Finally, Mr Kennedy asked for yet another hearing, at which he admitted that he was managing director and was fully aware of sweeteners paid to doctors and TPA officials.

Later, he asked to give further evidence and said that he now recalled that a caravan worth R1 800 had been donated to a homeland government for medical accommodation.

"We never paid a thing to Dr Grové or Dr Schepers." He was emphatic.

Then, confronted with lists of commissions paid to doctors and internal company memos — which demonstrated that his company's books had been deliberately fiddled to hide the commission payments — he protested that, in fact, he had only been managing director in name and that the accountant had been in charge.

So how, asked Mr Roets, did he explain his close personal relationship with Dr Schepers and his frequent entertainment of the Deputy Director of Hospital Services?

He was very busy building the company and had lost his grip on what was going on. He did not know or recall exactly what had happened, as the group grew at an incredible rate.

"We were very good friends based on our mutual fondness for photography and other things.

Then came the turn of Mr Jimmy de Villiers, a former sales manager in the same group of companies, to cross-examine Mr Kennedy.

"That was a different relationship from all the rest of the people I entertained in the hopes of winning orders," Mr Kennedy said.

He exhorted Mr Kennedy "The purpose here is to tell the truth. You and I worked for the same company. We knew everything inside out."

By the end of the series of cross-examinations he was an exhausted and confused man, denying things he had admitted and vice versa.

Mr Kennedy then admitted that he was the managing director.

"You are lying to this commission," Mr Roets put it bluntly.

He exhorted Mr Kennedy "The purpose here is to tell the truth. You and I worked for the same company. We knew everything inside out."

But Mr Kennedy had by then spelt out the Alumina formula.

Mr Kennedy then admitted that he was the managing director.

"You had to get in with people on the inside (of hospitals and others who influence contracts).

Mr Kennedy then admitted that he was the managing director.

"You would start with theatre sisters, who are the heart of the hospitals, and work up from there. But never in the TPA, we never did that."

Mr Kennedy then admitted that he was the managing director.

And finally, yesterday, "We did pay sweeteners in the TPA, in the form of pens, champagne and perfume, but never to Dr Grové or Dr Schepers."

The fertiliser flies

Are SA farmers wasting hundreds of millions a year by using a lot more fertiliser than they really need?

Professor of Soil Science and Plant Nutrition at Pretoria University, Willem Folscher, believes so (*Business* April 22). His views are based partly on published statistics which show that fertiliser usage has increased more than threefold while average maize yields have shown little growth over the past 15 years.

The question is vital because, if farmers abandoned conventional wisdom and followed his advice, fertiliser sales would plummet and bring disaster to that industry. And if he is proved correct, the burden of the farming debt would be considerably eased as fertiliser accounts for at least 30% of farming costs.

The Fertiliser Society of SA (FSSA), which represents manufacturers like AECI, Fedmis, Omnia, Sasol and Triomf, predictably disagrees with Folscher. But its written rebuttal of his views submitted to the *FM* last week does not do justice to its case. It also appears to contradict the FSSA's own guidelines to farmers.

In its statement, the FSSA says that current average fertiliser usage of something above 100kg/ha is not excessive. But in its official maize fertiliser guidelines issued in April 1981, it suggests that most SA soils need only about 36kg/ha for yields of 2t/ha.

SA maize yields have remained around this level for the past 15 years, despite the fact that fertiliser usage is now about three times the FSSA's 1981

recommendation for this yield level.

The FSSA has previously admitted that it has "been worried for some time that maize production has not kept pace with fertiliser consumption."

But its latest statement says "The inference that fertiliser usage has increased out of all proportion with yield is incorrect and misleading. The disparity is partly an arithmetical illusion because of soil fertility status and its changes, and partly because of the relative inefficiency of crop production practices."

"This does not mean that fertiliser is used in excessive amounts but rather that other factors cause inefficient crop response to fertiliser application."

These arguments hardly wash. In stating that the growing use of fertiliser is not excessive, the inference is that the disappointing increase in maize yields is due to the fact that farmers are steadily becoming less efficient in other aspects of crop management. It also suggests that yields can be significantly affected by factors other than the amount of fertiliser used, a view endorsed by Folscher.

The FSSA says that very high maize yields in the US (about 7t/ha against 2t/ha in SA) would not be possible without a fertiliser usage of 260kg/ha, more than double the figure in SA.

But this is not relevant to most SA farms which are far drier than those in the US. Plants can assimilate far more fertiliser nutrients in wet soils than in dry ones. It also says that its claims on the efficacy of fertiliser have been validated by hundreds of experiments over the past 20 years.

Not surprisingly, Folscher also claims experimental verification of his views. And recently one of his ex-colleagues, who farms in Lichtenburg, made the headlines after employing Folscher's methods to produce a good crop in this season of drought while others around him failed. The technique calls for significantly less fertiliser and lower plant density than currently recommended.

The FSSA questions Folscher's assertion to the *FM* that farmers overspent by R340m on fertiliser last year. It says that with total fertiliser expenditure by maize farmers at not more than R400m last year, purchases of only R60m would not have been worth the time and effort. Folscher, however, believes that total expenditure by maize farmers was about R460m, this would have left R120m for fertiliser purchases — an adequate level by his standards.

The FSSA asks "Can Professor Folscher assure maize farmers that, by reducing fertiliser usage by two thirds, they will not suffer severe long-run yield losses and will he guarantee to make up such losses if they occur?"

Folscher replies "With lower use of fertiliser, yields will continue to fluctuate with the rainfall figures, but production costs will be significantly lower. In its turn, can the FSSA guarantee that farmers will not get even deeper into debt if they continue to fertilise at current high levels?"

□ The FSSA says it has been quoted out of context in this article. The *FM* undertakes to provide reasonable space in a future issue to give its arguments more fully.

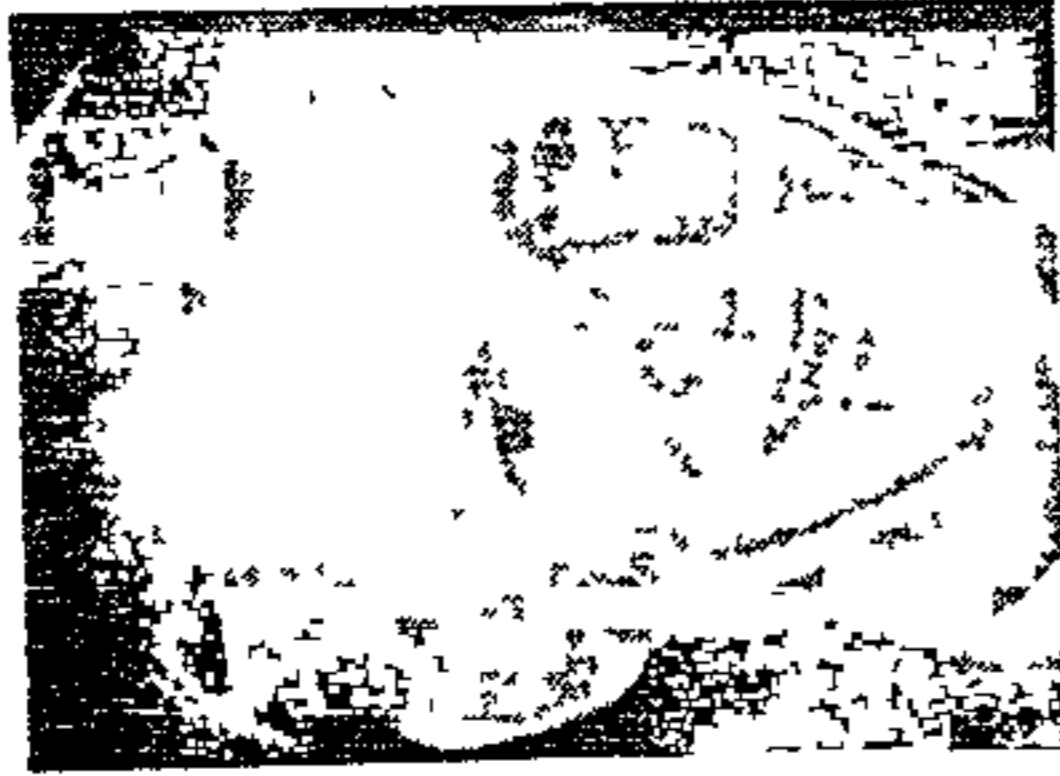
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The champagne pay-off

BY LAUREN GOWER
THREATS of violence, foreign currency swindles, manipulation of Government contracts and admissions of pay-offs to State officials were among fresh disclosures this week to a commission of inquiry into the marketing practices of a major pharmaceutical company.

The one-man commission under retired chief magistrate Mr Lourens de Kock finished its second week of inquiry into the operations of the Alumina group of companies — the giant pharmaceutical empire headed by Mr Isaac Kaye.

The commission was appointed after a series of Sunday Express articles disclosed that doctors and State officials were seduced by means of gifts into favouring the company.



● Mr Kennedy he paid commissions

Involved in the allegations are top Transvaal Provincial Administration officials Dr Hennie Grové, Director of Hospital Services, and his deputy, Dr Gerrit Schepers. This week's witnesses included a senior clerk in the tenders department of the TPA, Mrs A Gerling, who told the commission she had



● Dr Grové hospital services chief

received chocolates, perfume, five bottles of whisky, champagne and wine from Alumina officials.

She explained she had accepted the gifts which she thought had been given as tokens of appreciation because she "sometimes helped company officials in her lunch-hour".

A former managing director of an Alumina company,

Mr Bill Kennedy, made three appearances, at first denying but eventually admitting. "Yes, we paid commissions to State officials." But not, he said, to Dr Grové or Dr Schepers.

He had wine and dined Dr Schepers and made him birthday gifts as one friend to another — even if he did submit the costs of this on his company expense account.

"You are lying to the commission," said Mr Frans Roets, who is leading the evidence.

Mr Roets then produced evidence that Surgicare — one of the Alumina group subsidiaries — had kept two sets of invoice books. One set applied to customers who paid the normal price, the other was kept for hospitals which were charged the normal price plus 10%. Commissions of up to 10% were passed on to officials in the overcharged hospitals.

Mr Roets told the commission that not only did Surgicare pay commissions, it entered those in the books as

'advertising'. He challenged Mr Kennedy to admit that "your firm would go to any lengths including paying commissions under the table, to get the business they sought."

A retired official of the Transvaal's Department of Hospital Services appeared before the commission to deny having accepted gifts from the Alumina group.

Mr Malan du Preez, once the third most senior official in the department, said he had been in charge of hospital contracts. When he left the provincial service he had worked for the Alumina group, visiting the hospitals as a debt collector.

He told of three encounters with Mr Kaye or Mr Peter Goldberg, Alumina's accountant, in which bribes were implicit.

Mr du Preez said Mr Goldberg had told him that if he considered Labethica as his special charge "something would come his way later".

On each of the three occasions Mr Du Preez claimed

... AND A DIRECTOR TELLS THE ALUMINA PROBE OF AN ARSON THREAT

he protested that he could do nothing more than was possible within the rules and regulations of the TPA.

Once Dr Grové called him aside and said "You're having problems" He then took Mr du Preez to lunch with Mr Kaye at the Burgerspark Hotel in Pretoria.

"Almost immediately Dr Grové excused himself. Mr Kaye asked me why I was not playing ball," Mr du Preez told the commission.

On his return, Dr Grové inquired whether they had "settled their differences". Mr du Preez said he had received two television sets from the Alumina group. He paid for one in cheque instalments but because he had not been sufficiently cooperative Mr Goldberg had told him he would have to pay for the second immediately in cash.

He said he had taken it as a matter of course that he would have to pay for it although he had been told he would have been given the set free had he not clashed with Mr Kaye.

A former director and accountant of Alumina's Labethica company in Bethlehem, Mr Louw de Villiers, said he had seen in company books the record of a loan of several thousands of rands to a "Mr du Preez".

When he queried this with Mr Goldberg, the latter had drawn attention to the amount of the loan, saying "Yes, and he is doing nothing to help us".

Mr de Villiers said he had the strong impression that Mr du Preez was not being as co-operative as he was expected to be.

Another witness, Mr Allan Cornish, testified he had been warned not to speak about any malpractices he had encountered in Surgicare, an Alumina subsidiary of which he (Mr Cornish) was a director.

The warning had come from Mr Tony Marshall, a one-time colleague.

A few weeks ago Mr Cornish received a telephone call from Mr Marshall who had warned him to be careful what he said, because "the people involved are very powerful".

"He said I could have my house burnt down and myself and my family could be assaulted".

Mr Cornish said an earlier threat from Mr Peter Goldberg had left him in no doubt about the use of physical violence against himself.

As a result of a fraud he had been forced to sell his own anaesthetic equipment business to the Alumina group.

He said Mr Goldberg eventually paid R20 000 for his company which was "worth a lot more".

Blast rocks powder plant

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By DAVID CAPEL 3/10/63

AN EXPLOSION rocked one of African Explosives and Chemical Industries' powder-producing plants at Modderfontein early yesterday morning. No one was injured.

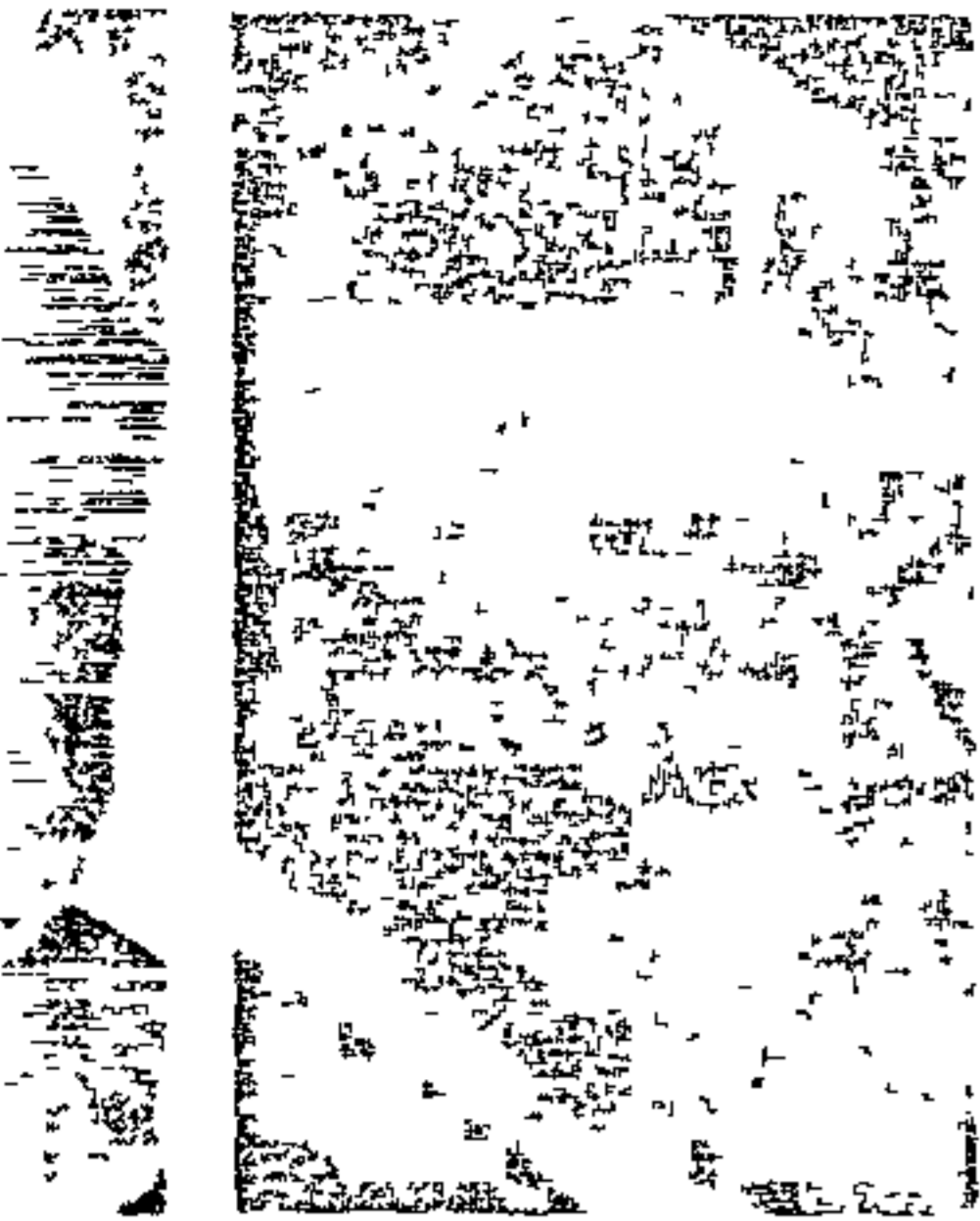
The plant will only be back in operation in about two weeks.

AECI's public relations manager, Mr Murray Joubert, said the explosion occurred in the fully-automat

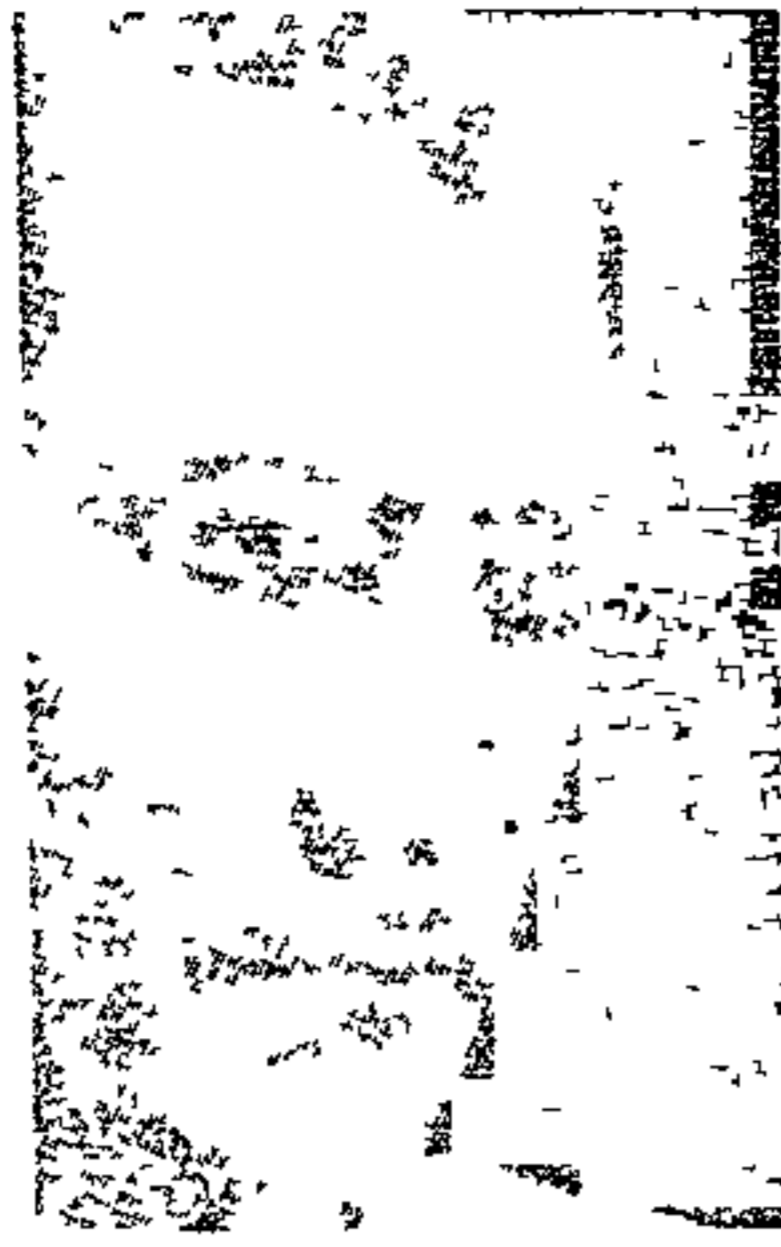
ed black powder Number 2 mixing plant about 6:55am.

The plant produces black powder used in the manufacture of safety fuse and igniter cords. No one ever enters it, as it is operated by remote control.

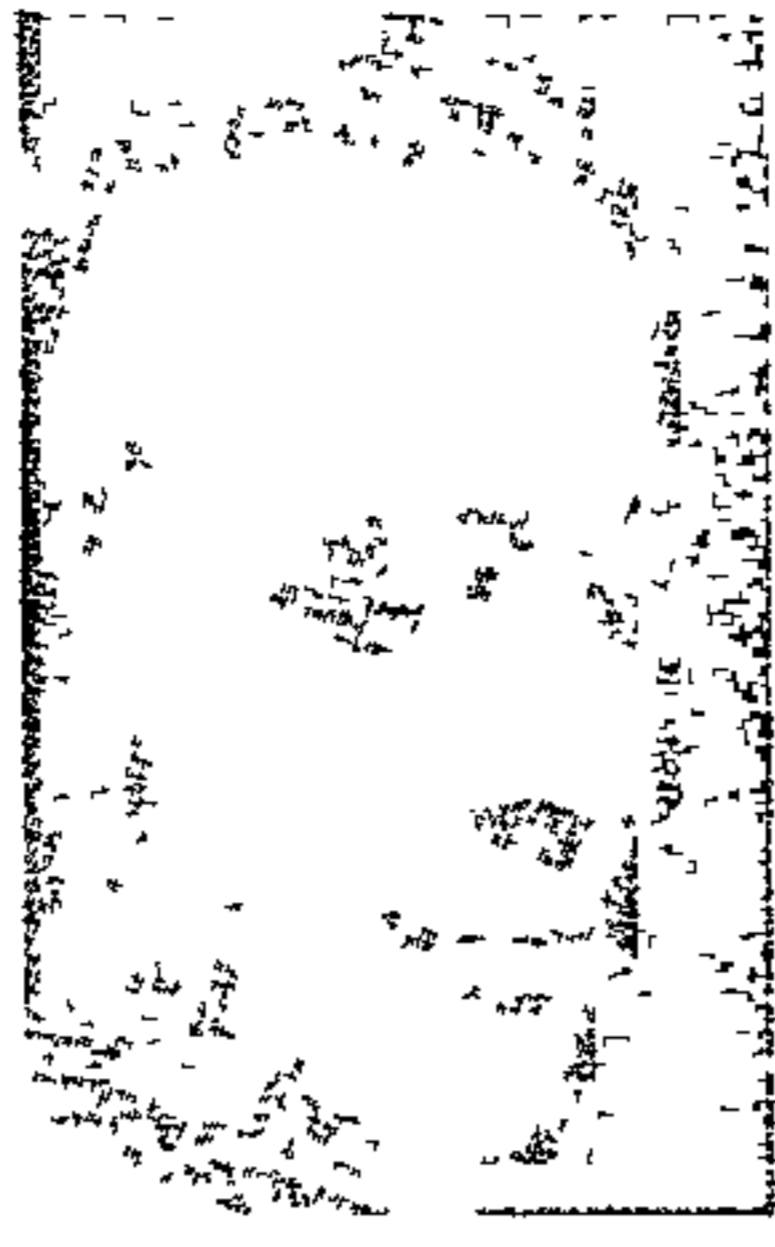
The plant is one of two used for the same purpose. Damage was limited to the plant itself. Mr Joubert has ruled out any possibility of sabotage.



BERNARD CAREY



AUBREY BROOKS



ROGER ENGLAND

Probe is told of film fiddle

By GEOFFREY ALLEN

MR ISAAC Kaye former head of the Alumina pharmaceutical group, allegedly built a factory near Rustenburg in a deliberate attempt to get border industry advantages from the Government while not making anything

Instead of manufacturing X-ray film as he said the factory merely packaged imported film, but it still claimed tax and other advantages for being a border industry

That was the allegation made by Mr H P Bekker when he gave evidence to the De Kock Commission of inquiry into alleged misconduct by Dr Hendrik Grove, Director of Hospital Services in the Transvaal and his Deputy, Dr Gherhard Schepers

According to Mr Bekker he had discussed the project with Mr Kaye and when they found that it would be too expensive to actually establish a manufacturing plant Mr Kaye said he was going ahead anyway

Mr Bekker said that he had pointed out that the factory would not be manufacturing (a prerequisite for border industry advantages)

He alleged that Mr Kaye had replied, "Yes but they won't know that in Pretoria"

In a day of startling evidence the commission was told

● That a letter telling companies which hospitals they were to service in terms of a tender was sent out two weeks before the tender was finalised. The official involved claimed he was merely being efficient by anticipating events

● Mr Kaye's firm was paid 10% more than tender prices for being a border industry and manufacturing film in South Africa

● Mr Kaye had recently disappeared abroad and could not be traced

● The Cabinet authorised an overseas trip made by Dr Schepers and his wife and paid for by one of Mr Kaye's companies

● Dr Hendrik Grove started his evidence and said he had encouraged his staff to dine with company representatives to improve public relations

In a prepared statement Dr Grove said he had accepted offers of tickets to rugby, tennis and similar events, and a wholesale buying card, from various companies as part of a plan to build up confidence and good relations

By JOHAN BUYS

RUDOLF Bonakele, the 24-year-old roving painter and gardener who kidnapped an 11-year-old Springs primary school girl and chained her to a steel pipe in an underground cave for 10 days, because he wanted her to be his wife, was yesterday twice sentenced to death by a Springs Circuit Court judge

Mr Justice Curlewis sentenced him to death on a charge of kidnapping and again to death on the related charges. He said "Looking at all the evidence, I am satisfied that this is a case where the death penalty should be imposed"

Bonakele heard the sentence impassively in a packed court. His pro deo defence counsel, Mr R G Beaton, lodged an appeal

Bonakele kidnapped the girl while she was on her way home from school on April 29. According to evidence he kept her locked in a garage in the street where she lived and smuggled her out of the suburb that night after covering her face with black polish to prevent people from recognising her

The court was told he kept the girl in a cave under a concrete slab of a demolished building on the old Geduld Mine property, 2,8km from her house while a massive police search was on. She was so weak when she was found 10 days later that she had to be carried to a waiting vehicle to be taken to the police station

Double death for kidnapper

lice station

Giving evidence in his own defence, Bonakele admitted under cross examination that "My own people where I lived would have condemned me if I had kidnapped and chained a girl in the same circumstances"

Bonakele told the court he had passed Standard Seven and his home was in the Cape, but he came to Transvaal in September 1982

"I saw this girl and later loved her. I decided she must become my wife because I am living alone. I kept her in the hole because I did not want her to run away"

Bonakele said it was not his intention to harm the girl. He said he lived in the hole and thought nothing wrong in keeping the girl there

"I decided to take her out between one o'clock and five o'clock so she could get fresh air. When she asked for sweets I bought it and also meat so she could eat. Later I

brought her a radio so she would not be alone down there"

To a question by the prosecutor Dr Jan De Oliveira, that Bonakele had intended to make the girl his prisoner for a long time he said, "I only wanted to steal her"

In an interview after the finding the girl's father, who is divorced, said "The sentence is a just one. Justice was seen to be done. My daughter is relieved that the ordeal of giving evidence is behind her"

I will try to maintain the same home routine as before the incident so that she would not become disorientated. Her friends at school are treating her the same as before so that she does not feel she is branded

He said she was now taking an alternative route home from school "to forget her traumatic experience"

● See Page 2

Gold takes a further tumble

Financial Reporter

GOLD fell further in London yesterday

The afternoon fixing of \$400,25 was the lowest since November last year

In the morning the price was \$403,15 compared with Monday's second fixing of \$407,75

European brokers and analysts predicted further steep

falls for gold which they said was fading in attraction for investors alongside the powerful dollar

The sell-off in the gold market has been caused by a very strong dollar rather than by weakness in the oil markets

Degussa, a leading West German brokerage house

forecast in a market review released in Frankfurt that precious metals were set for a period of consolidation at sharply lower prices

The \$400 level, although not a major chart point was considered an important one where support should be attracted if the market's downturn was to be halted, dealers said

Man, 41, in race hate case

Enjoy pure, full-strength COUNT

X-ray firm 'played on S African fears'

By GEOFFREY ALLEN

AN X-RAY supplying company played on South Africa's fear of economic sanctions to get Government concessions by establishing a border factory and then lied to its bankers about the factory's prospects to get a R200 000 overdraft.

This allegation was made at the De Kock Commission of Inquiry yesterday by Mr F E Roets the examiner.

It was put to Mr Max Peter Goldberg, a former senior executive of the Alumina group of medical supply companies, that he had lied when he wrote to the SA Bank of Athens saying that the factory "manufactured" X-ray film and had obtained a promise that its full production would be taken up by provincial administrations because it was the first and only local manufacturer. In fact it had no such undertaking.

Mr Goldberg, who gave evidence accompanied by three legal advisors, confirmed earlier evidence that the factory, near Rustenburg, had never actually made X-ray film but had merely cut and packed bulk rolls imported from Italy.

"But it is a very sophisticated operation... it depends what you mean by manufacturing," he said.

He testified that once the Rustenburg factory had begun ostensible manufacture of "strategically vital" film a Government Gazette had given notice that in future all competitive imported film had effectively been placed under an embargo through the introduction of heavy import duties, allowing his company to win 80% of the South African market in a short space of time.

Both Mr Goldberg and Dr Henne Grove (Director of Hospital Services whose alleged misconduct together with that of his deputy, Dr Gherhard Scheepers are the subject of the inquiry) gave evidence that X-ray film was strategically vital and that there was a danger of boycotts by foreign countries.

Therefore the Rustenburg factory had assumed major importance by "manufacturing" film.

"They played on the old cry of 'Vir Volk and Vaderland'," Mr Roets remarked to another witness.

Mr Roets asked why Mr Goldberg had also told the bank that his company had been promised that its total capacity would be absorbed by provincial councils all over the country.

"Who gave that promise?" he asked.

"Nobody could give that promise," Mr Goldberg replied.

"Then that is a lie which you wrote to the bank," Mr Roets told him.

Mr Goldberg "It may be a wrong impression."

Mr Roets put it to Mr Goldberg that he had suggested to Mr Isaac Kaye, former managing director of the group who allegedly held enormous sway over Dr Grove, in a company memorandum that if the TPA could be persuaded to add specifications to a tender exactly matching those of one of its machines it would win the tender.

After an interjection by counsel for Mr Goldberg, the commissioner, Mr L V de Kock said "I will draw my own conclusions on that."

Mr Goldberg conceded that it was a normal company procedure to hand out gifts — possibly totalling as much as R62 000 a year — to doctors in private

practice but not to TPA officials.

Mr Roets suggested that Alumina had used a double invoice system and its overseas subsidiaries first had to win tenders and then pay for the items twice to move money out of South Africa.

"You first put in a low tender guaranteeing that the price will remain constant for 90 days. Then you get your overseas companies to increase the price and in turn you can legally obtain a back-dated increase from the TPA to the time the tender started. Then you get two invoices from overseas for the same item and use one to pay and the other to move money out of the country," Mr Roets said.

"That is a very serious allegation," Mr Goldberg replied.

Mr Vivian Rudman, who worked for a rival firm, said his company had lost heavily when it got a letter telling it which hospital to supply with film two weeks before the tender was finalised.

When his salesmen arrived at the hospitals they found that they were stocked up for three months or more by Alumina.

Then came another letter saying that they were to supply a different set of hospitals — in the meantime they had greatly increased perishable stocks.

The letters were allegedly sent out by a TPA employee, Mr Malan du Preez, who was also allegedly a recipient of gifts from Alumina.

Mr Rudman said he had gone to the Board of Trade, various other official bodies and Dr Scheepers to complain but got no where. Dr Scheepers in cross-examination denied any such discussions.

The enquiry continues today.

SAK 10/6/83

List of delicacies read out

Hearing told of

R136 expense

account meal

By Eugene Saldanha

The deputy director of hospital services in the Transvaal, Dr Gerhard Schepers, yesterday rejected allegations by his senior, Dr Henne Grove, that he was "over-wined and dined" by a former executive of a major pharmaceutical company

This emerged during the cross-examination of Dr Schepers by Mr F E Roets who is leading evidence in the De Kock Commission of Inquiry into alleged malpractices in the Transvaal Hospital Services

Dr Schepers said that in 1980 he was entertained to dinners by Mr Bill Kennedy, a former managing director of the Alumina group of companies, "on about four or five occasions" He began declining invitations from Mr Kennedy when Dr Grove told him people were talking about them

Mr Roets described as "lavish" the meals to which Dr Schepers was entertained

The head of the commission, Mr Lourens de Kock, exclaimed "But that stuff's expensive" when Mr Roets read out a list of delicacies from an invoice The executive who then entertained Dr Schepers paid R136 from his expense account for the meal

A former employee of the Transvaal Hospital Services, Professor Malcolm Funston, contradicted an important aspect of Dr Schepers's evidence

Dr Schepers had told the commission "In 1979 Dr Grove received an invitation from the Israel Export Institute to send Professor Funston and me to Israel, to see if there were any areas in the medical field in which we could co-operate but at that stage Professor Funston was about to leave the Transvaal Hospital Services"

Because of this, Dr Grove told Dr Schepers

the administration would not consider sending Professor Funston to Israel

When Dr Schepers informed the institute that Professor Funston was unavailable, an official told him "Take your wife It is in order She can accompany you as your secretary"

Professor Funston said no-one in the service had told him of the trip to Israel Dr Schepers could also not have known of his intention to resign

When cross-examining Professor Funston, Dr Schepers asked "Do you remember a telephone conversation towards the end of 1978, in which you told me you intended resigning?"

Professor Funston replied "I would have informed my hospital superintendent before you"

Earlier, Dr Schepers told the commission the two journalists who exposed alleged malpractices in the service had

done so with political motives

Dr Schepers conceded that an official in the hospital service may have "interfered" with a tender which was later awarded to the firm Continental Ethicals

Asked by Mr Roets if he did not find it strange that the Israel Export Institute offered to pay his fare to London and Sweden when it had invited him to visit only Israel, Dr Schepers said he had been surprised "I told an institute official we would be going to London after visiting Israel and the Dusseldorf Show, but was surprised when the tickets they gave us included a trip to London," he said

The journalists who exposed the alleged malpractices — Mr Martin Weiz and Mrs Wilmar Utting of the Sunday Express — may be called to give evidence

Officials tampered with tenders

RDM 183
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By GEOFFREY ALLEN
TRANSVAAL Provincial Administration officials illegally tampered with medical supplies' tenders after they had been publicly opened and read out and were "sub judice".

The tenders, made in 1976, were for X-ray film

These allegations — made yesterday at the De Kock Commission of Inquiry in Pretoria by the examiner, Dr Frans Roets, — were confirmed by Dr Gerhard Schepers, Deputy Director General of Hospital Services

The commission is investigating alleged misconduct by Dr Henne Grove, Director of Hospital Services, and Dr Schepers.

Other allegations confirmed by Dr Schepers yesterday were that

- The company had been allowed to submit its price list after it had publicly heard the prices put up by rivals,

- The price list had been slipped into the tender after rival tenders had been officially opened,

- An unknown TPA official had written a figure into the tender submitted by Mr Isaac Kaye's Alumina Group of companies once it had been opened and was supposedly sacrosanct in the Hospital Services tender department,

- Between the opening of the tenders and the addition of the price list, Dr Schepers had phoned an Alumina official, Mr Gerald Pienaar, to ask where the prices were;

- Even though the Alumina prices were up to R6 more expensive than five rival tenders, the Alumina tender was accepted

Asked why he had contacted Mr Pienaar, Dr Schepers said, "We have the right, if there is some misunderstanding, to contact the firm"

"In this case," replied Mr Roets, "there were no prices to start with so there was no question of a misunderstanding"

"I phoned to ask where the prices were," Dr Schepers said.

Mr Roets said that the Alumina tender should have

been thrown out in terms of the Tender Board regulations. Instead, it won the contract

The commissioner ordered that it be established whose handwriting was on the altered document

Dr Schepers was closely cross-examined on the five star trip he and his wife made to Europe in late 1978 at the expense of the Israeli Tourist Board and various private firms

His version was that Professor (now a doctor in private practice) Malcolm Funsten and he were invited to go on the trip. He had told Dr Grove and the people making the invitation that Prof Funsten was leaving the TPA and University of Witwatersrand Medical School to go into private practice and, that the TPA would therefore not benefit from his going on the trip. Instead it was suggested that he should take his wife

Dr Funsten told the commission that no-one had mentioned the invitation to him and that he had had no intention of resigning before he handed in his resignation nearly two years later. He had told no-one that he wanted to go into private practice in 1978 because at that time he did not wish to

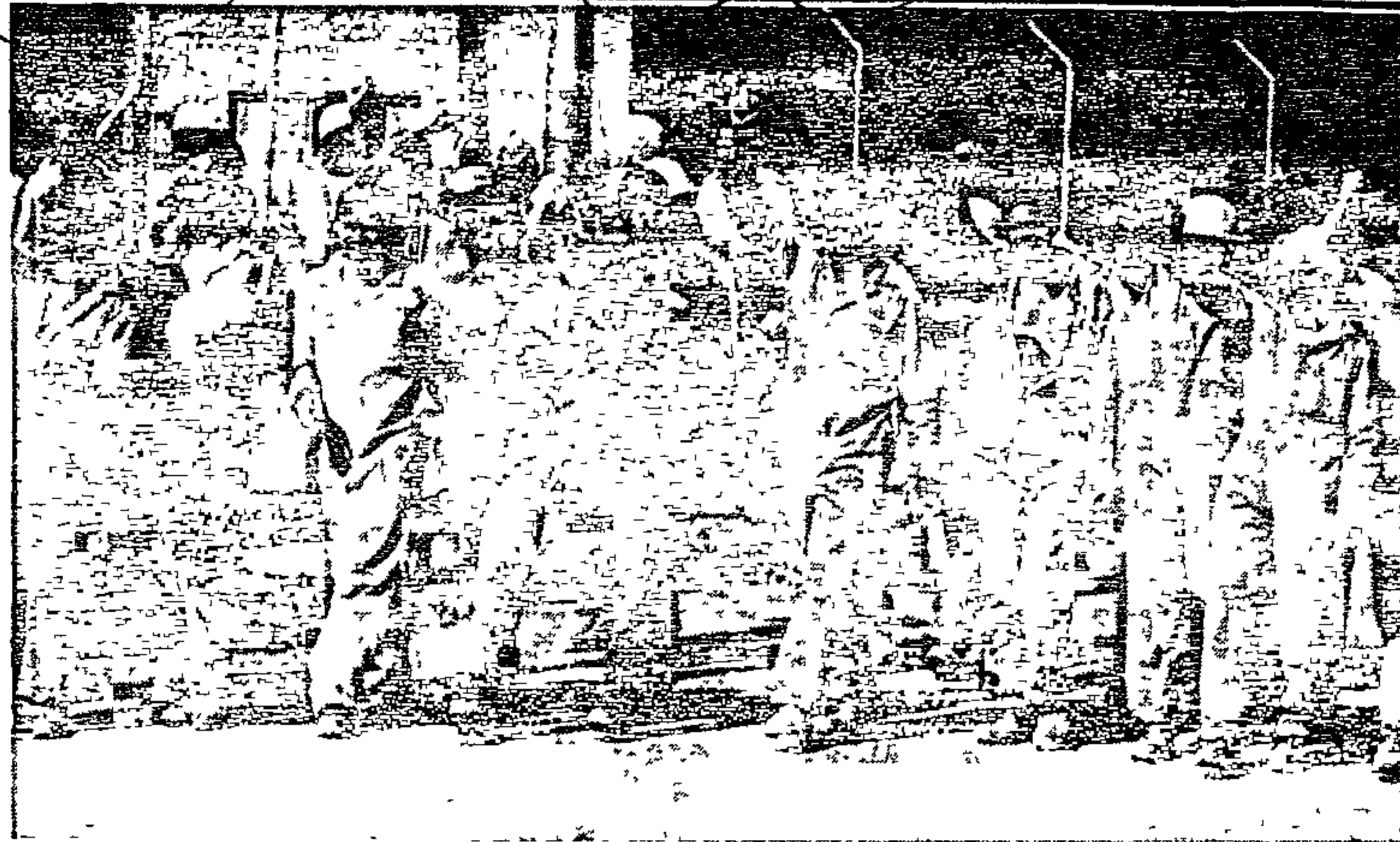
"I was very happy in my job," he said.

Dr Schepers admitted giving Mr Isaac Kaye, former managing director of Alumina, post-dated cheques to cover the purchase price of a TV set which was bought through the group for him

Dr Schepers then launched a virulent attack on the Sunday Express newspaper which published the expose of TPA corruption

"I say these allegations were vague and farcical, sinister and fanciful. The one thing that all the witnesses supporting the Express have in common is that they are aggrieved."

Dr Schepers said that it was a political plot against the Government's attempt to produce locally made drugs and other materials to make the country independent from, and immune to, possible boycotts from abroad



STRIKE: Workers at Silicate and Chemical Industries in Wadeville downed tools yesterday demanding the dismissal of a white foreman.

Strikes hit two plants

INDUSTRIAL action involving some 210 workers severely hit the production of two plants in the East Rand yesterday.

The entire workforce at a Boksburg steel factory, some 120 workers, was dismissed by the management after they went on strike earlier this week.

At Silicate and Chemical Industrial (Pty) Ltd, a detergent chemical producing company in Wadeville, Germiston, some 90 workers downed tools. They all demanded that a works foreman be dismissed because of his indifferent attitude towards the workers.

Two meetings at this plant were held by shop stewards belonging to the Industrial Chemical Workers Union and the management, with both talks ending in a deadlock.

The talks failed because the management demanded that the workers return to their places of work while negotiations continued.

About 120 workers at Bitcon Industries in Bird Road, Lillian, near Boksburg, were dismissed yesterday after going on strike on Tuesday. The SOWETAN could yesterday not establish the cause of the strike as management refused to comment.

A spokesperson for the company said "the company is at present re-employing people and has got no time to make a press statement."

More than three hundred people gathered outside the plant yesterday looking for jobs and large groups had to be turned away when they were told that all vacancies had been filled.

The entire retrenched workforce was not affiliated to any trade union.

TOP executives at Triomf, the beleaguered fertiliser producer, are drawing up formal complaints to be lodged at the highest Government level against Sasol over alleged poaching of staff by the State-backed petrochemicals giant

Fedmis, part of the Federale Volksbeleggings group and South Africa's other major fertiliser producer, is backing the Triomf claims and co-operating with the plan to protest officially

Triomf alleges that Sasol, which will enter the fertiliser market next year, is using its State financial support to offer "unrealistically high" salaries to top private-sector fertiliser personnel

A spokesman for Sasol said last night that the company had advertised, and appointed staff by the normal methods used by other commercial undertakings

"We deny that we are paying salaries that are out of the ordinary for this particular line of work

"If people are recruited at higher salaries it is because they have been appointed to more senior positions than they had before"

Consultations between Mr Terre Terreblanche, managing director of Fedmis, and Dr John Skeen, general manager, marketing, of Triomf, will take place today. Triomf chairman Mr Louis Luyt is in the United States but intends to intervene personally on his return

There is severe overcapacity in the fertiliser market. Demand for locally-produced fertiliser has been slashed by high interest rates, the drought and competition from imports

Industry analysts say sales this year could be as much as 30% down on last year's, with the worst effects of the drought on the agricultural sector still to work through to the fertiliser market next year

Triomf claims that Sasol is building up its marketing staff because it is scheduled to enter the already depressed market in 1984, and will need a sharp competitive edge over the existing private-sector companies

Fedmis says it lost seven senior salesmen to Sasol last month. Triomf claims that seven salesmen and agricultural advisers have been approached by Sasol this week, and that at least two have left the company

Triomf alleges that Sasol poaching of its production staff has been going on for even longer, with five prized chemical engineers leaving the company to join Sasol over the last 12 months

Sasol claims that it had to

By SIMON WILLSON
Industrial Editor

recruit staff who were already in the chemicals industry because, starting from scratch in a new field, it could not appoint its own people from inside the company

"We had to employ people who already know about fertiliser," the company's spokesman said yesterday

Triomf and Fedmis say the salaries offered by Sasol are at least 40% higher than the best the private sector can offer

"Sasol is only able to compete on this basis through the low finance costs it obtains through the State. There is no way we in the private sector can match what they are offering because we do not have the advantage of State backing," a spokesman for the two groups said yesterday

The loss of even a relative handful of salesmen by a private-sector fertiliser producer represents a serious setback to its marketing effort because of the special peculiarities of the fertiliser marketing system

Buyers in the agricultural sector tend to place orders on a basis of personal contact rather than brand-name loyalty. Therefore, the loss of a salesman means that a substantial tonnage of orders is lost with him

Competition between the established private-sector fertiliser producers and their emerging State-backed rival can only get more bitter and acrimonious as the potential market for their total output continues to shrink

Industry observers say that even good rains and financial drought relief are unlikely to help fertiliser demand

But there may be little that the authorities can do to intervene in an escalating war over fertiliser staff. Sources in the Competition Board have already said privately that Sasol cannot be prevented from competing for staff in the open market

Sasol is also privately-owned and in the process of buying back its three chemical plants from the State, which built them. In that sense, Sasol regards itself as part of the private sector

Hands off, Triomf tells Sasol

10/6/83

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ROOM

ALBA

Majority get

Tasting defeat

LONDON — A 22-year-old voter who ate his ballot paper after discovering he had voted for the wrong candidate in Thursday's British general election faces possible prosecution

A police spokesman in Nottingham said yesterday it was an offence to wilfully destroy a ballot paper, but said no decision had been taken on whether to prosecute

In London, a five-year-old boy was spotted yesterday, carrying a bunch of flowers bigger than himself towards Mr Margaret Thatcher's No 10 Downing Street residence

Asked by a television reporter why he was doing it, the child, named Timothy, replied "Well, the last time I got in the newspaper Sapa-Reuters and UPI

By GEOFFREY ALLEN
THE inquiry into alleged misconduct in the Transvaal Hospital Services is searching for one of South Africa's top businessmen, Mr Isaac Kaye, who is believed to be "somewhere in Europe"

Last night the chairman of the commission, Mr L V de Kock, said he was prepared to hold a special session of inquiry if Mr Kaye returned to South Africa

The examiner at the De Kock Commission, Mr Frans Roets said he was making strenuous efforts to get hold of Mr Kaye but that he had met with no success so far

According to Mr Roets Mr Kaye had recently been in Israel, apparently in Tel Aviv, but had since moved on and his whereabouts were not known to his Johannesburg office

Before giving evidence to

Top SA businessman sought by TPA inquiry

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the commission Wednesday one of Mr Kaye's associates, Mr Max Peter Goldberg, said he believed his former boss was in Europe and would be back in South Africa before the commission ended

Mr Roets said last night Mr Goldberg had failed to keep an undertaking to inform him (Mr Roets) where Mr Kaye was

According to rumour in the

local business world last night Mr Kaye is staying with his former business colleague Mr Dusty Miller in London

Throughout the commission's hearings Mr Kaye's name has been bandied as being the mastermind behind a scheme to buy influence among TPA officials

Mr De Kock said he still had a considerable amount of work to do before the report

would be ready to submit to the Provincial Administrator, Mr Willem Cruywagen

He believed it would not be necessary to hold any further public hearings

Mr De Kock said after the commission hearing ended yesterday that Mr Roets would consider whether to hand over certain documents handed in as evidence to other official bodies such as the South African Medical and Dental Council

An example was a list of doctors who were allegedly given gifts in the form of money or presents by Mr Kaye's Alumina group

Judge asks Ax counsel: Why should he not hang?

By TONI REYNEKE

A JUDGE asked yesterday why he should not impose the death sentence on Rodney Ax, the Hilbrow Jawbreaker

Mr Justice W J Human told the Rand Supreme Court he wanted to hear argument from the defence and prosecution on whether he should sentence Ax to death for keeping a young woman captive, raping her six times and threatening her with a knife

Ax, 19, was convicted this week on 19 charges of rape, indecent assault, robbery with aggravating circumstances, robbery, theft and escaping from custody. He will be sentenced on Tuesday morning

Mr A Booysse, defence

victim fell into the category of "extreme cases" in law for which "the ultimate penalty is reserved"

He said Ax, of Queens Street, Bertrams, had shown a "propensity to violence, sexual assault and dishonesty"

He had shown "a callous disregard for other people's property, the integrity of his victims and the administration of justice by his repeated escapes and attack on a prison warden"

"The court must view this in a serious light," Mr Berry said

He added that the court should take into account Ax's previous convictions for theft, housebreaking, vand-

success Even the two years jail he had served had had no positive effect on him

"If this has been no deterrent, rehabilitation quite clearly will be well nigh impossible," he said

Mr Berry described Ax as a "committed, unrehabilitated, remorseless and habitual criminal, both in and out of prison Rehabilitation here is not a realistic possibility"

He said Ax had expressed "gloating bravado" for what he had done. There was a total lack of remorse and his attacks were predetermined. His motives for the crimes were "selfish" and "immoral"

The three rapes that Ax had committed were all a

this sort of damage to people It must be met with the strongest possible sentence."

Mr Booysse, however, said the court could not find, in the light of all the evidence, that the last rape charge justified the death sentence

Instead, he proposed that "a lengthy term of jail which meets the judicial standards of time, should be imposed"

He said Ax should be jailed for at least 12 to 20 years, saying jail would be more beneficial to him in later life. He said the fact that Ax was first jailed at the age of 15 did not show he was unable to reform

Earlier, Dr I Bermann told the court he had formed the impression from

NOW GOVT OBSERVERS STEP INTO THE MEDICAL SCANDAL PROBE

**Nobody can
bribe me
—
Scheepers**

12/6/83

BY LAUREN GOWER

FOUR OFFICIALS of the Department of Industries, Commerce and Tourism appeared as unexpected observers at the De Kock commission of inquiry in Pretoria this week.

Mr Dirk Coetzee, director of Industrial Economic Investigations, was accompanied by three colleagues who refused to identify themselves or explain their interest in the evidence before the commission.

It is understood, however, their attendance during the last few days was related to wide-ranging inquiries that will follow the De Kock commission — which was itself a result of Sunday Express disclosures of the relationships between a pharmaceutical group of companies and provincial government officials.

Many of the documents seized by the De Kock commission will be passed to the Department of Industries to assist its inquiries.

In the course of the pharmaceutical inquiry, the Sunday Express also uncovered evidence indicating serious irregularities in the State's programme to stockpile strategic materials and in its programme to assist the de-

ference in Dusseldorf and while there he had accepted invitations to view equipment in other European countries, including Switzerland, Denmark and France. He had also viewed different operating-theatre techniques.

He had deducted from his annual leave the time spent on a side trip to Denmark from London — at the expense of another medical equipment company in the group.

"I am no angel, I have no wings — but nobody can bribe me," Dr Scheepers said.

Mr Roets suggested that a person who did not know the exact process could believe that manufacturing meant producing an original product, and — if this person were on a tender board — could award a contract to the company on this assumption.

He described the factory as "bogus", and later accused the company of using an appeal to patriotism, a cry of "Vir Volk en Vaderland" to get contracts.

Mr Goldberg, in earlier evidence, claimed that a Sunday Express report

Mr Roets also put it to Mr Goldberg that "his" company (referring to any of the companies in the group) moved money out of South Africa by arranging for overseas suppliers to overcharge. This overcharge was used to gain an increase in prices from the State, who had awarded tenders, and the amount over and above the genuine price was held overseas to the credit of the South African group.

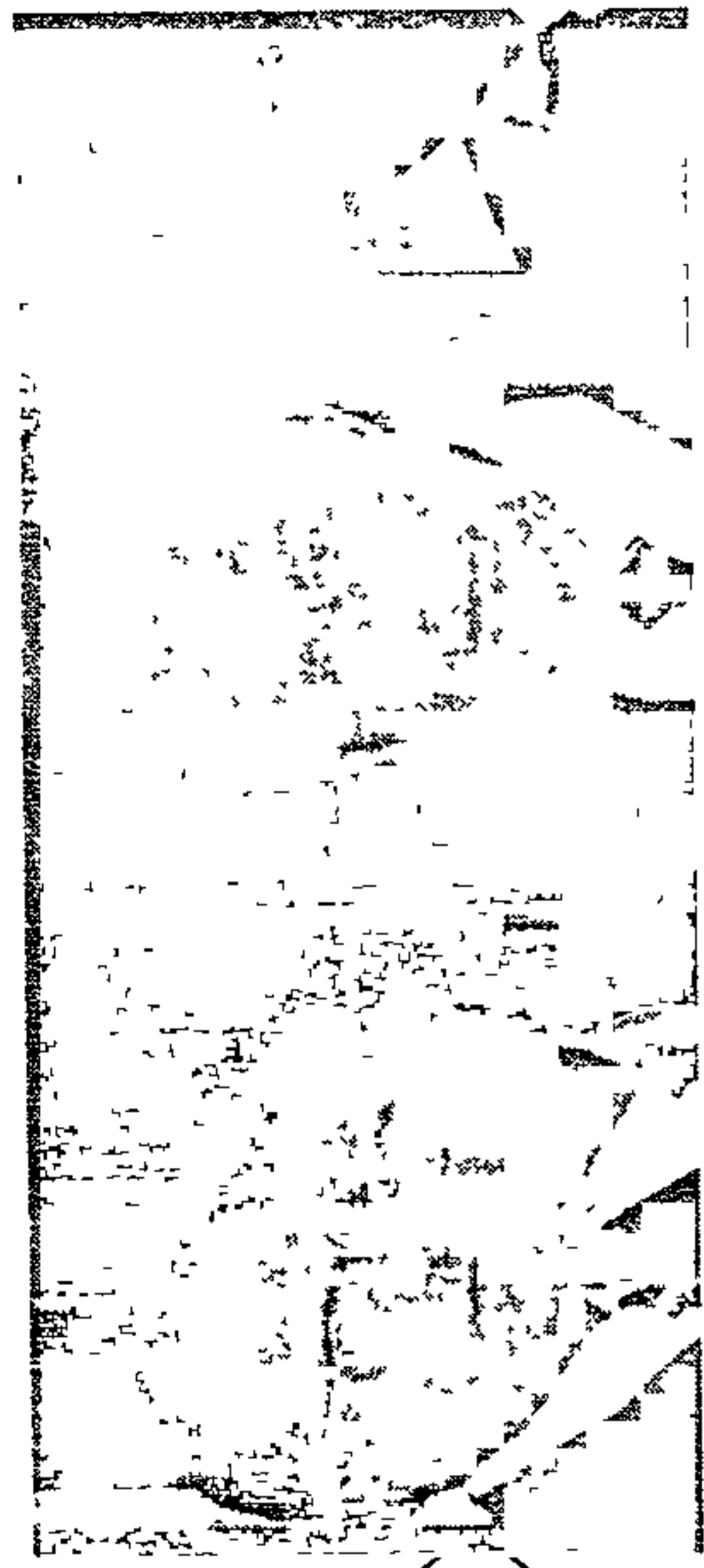
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Dr Grové, answering allegations made by a witness

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"This is a very serious allegation," Mr Goldberg said.

Dr Grové, answering allegations made by a witness



● Mr Dirk Coetzee, foreground, director of Industrial Economic Investigations, leaves the hearing with three colleagues who would not identify themselves.



Prof Funston — Dr Scheepers' evidence is incorrect.

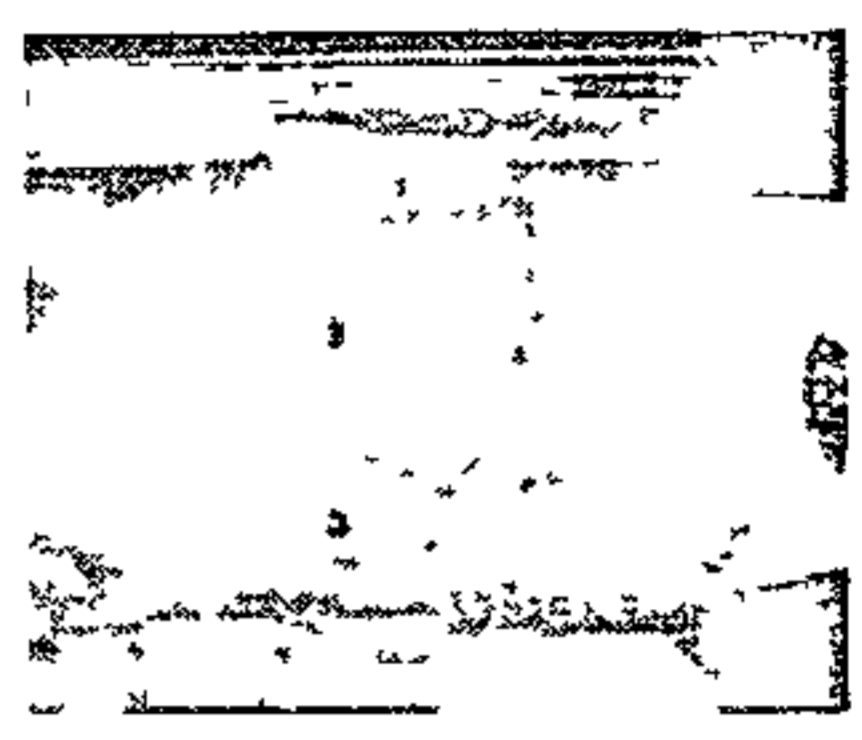
care, another company in the group, to pay for occasional overnight hotel accommodation for Dr Scheepers and his wife, although Dr Scheepers had said he was a personal friend of Surgicare's managing director Mr Bill Kennedy.

Several witnesses claimed that provincial and State contracts were manipulated in favour of the pharmaceutical group.

Those who came forward to give evidence of this included Mr H P Bekker, and Mr Vivian Rudman, both formerly of rival suppliers who imported packaged film.

Mr Rudman said his company had been advised in a TPA circular that they had awarded contracts for certain hospitals and his company had therefore stocked up heavily with X-ray film to meet the contracts. However, it then found that the hospitals they had been advised to supply had already been stocked up by the Alumina company. Later his company was told the hospital allocations had been changed. This had resulted in substantial losses to his company.

He had complained about Alumina's X-ray factory at Rustenburg to the Transvaal Provincial Administration and other provinces, and had



● Dr Gerrit Scheepers
I have no wings

that he had also received a trip to the Greek Islands from Continental Ethicals, produced his bank statement to show that he had himself

Questions waiting for Alumina's ex-boss

Wide-ranging evidence by more than 20 witnesses which related to foreign exchange irregularities, the switching of valuable tenders, funds to set up a 'bogus' manufacturing plant and threats to ex-employees of the Alumina company and its subsidiaries led to Mr De Kock extending his brief.

Further investigations will continue until the commissioner submits his findings to the Administrator of the Transvaal, Mr Willem Cruywagen

stration procedures of the Alumina company and its subsidiaries. The commission, which began its public hearings in Pretoria five weeks ago, was originally set up to investigate allegations of improper conduct by Dr H A Grove and Dr G W Scheepers, director and deputy director respectively of Transvaal Hospital Services, and the possible influencing of provincial tenders by the Alumina group of companies.

He said the Sunday Express disclosure, which contradicted by Professor Funston, who flew specially from Durban an outcry from overseas principals who wanted to

MR ISAAC KAYE, former head of the Alumina pharmaceutical group, may be called to testify at a special hearing of the De Kock commission into the possible influencing of provincial tenders by his companies.

His explanation about the invitation was contradicted by Professor Funston, who flew specially from Durban an outcry from overseas principals who wanted to

the Israeli Export Institute, for two medical specialists of the TPA to visit Israel in 1979, to assess medical equipment. He had ex-

which quoted an interview with him, was distorted. He was asked to study a copy of the article prepared by the reporters and to report to

De Kock commission of inquiry in Pretoria this week

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It is understood, however, that their attendance during the last few days was related to wide-ranging inquiries that will follow the De Kock commission — which was itself a result of Sunday Express disclosures of the relationships between a pharmaceutical group of companies and provincial government officials.

Many of the documents seized by the De Kock commission will be passed to the Department of Industries to assist its inquiries.

In the course of the pharmaceutical inquiry, the Sunday Express also uncovered evidence indicating serious irregularities in the State's programme to stockpile strategic materials and in its development of border industries.

This week the newspaper's disclosures and the testimony of its reporters before the commission were challenged by Dr Gerrit Schepers, deputy director of Transvaal Hospital Services.

Dr Schepers said he saw the Sunday Express campaign not so much as a campaign at the level of an inquiry into irregularities in the pharmaceutical fields, but as a campaign directed against the Government and against individuals.

Possible misconduct by Dr Grové and Dr Schepers and the possible influencing of these officials by employees of the pharmaceutical group, Alumina (launched by Mr Isaac Kaye and later taken over by South African Druggists) have been the subject of lengthy and controversial evidence before the commission chaired by Mr L de Kock.

oe's of le Jepar men o justice who led evidence to the commission on an overseas trip for Dr and Mrs Schepers in 1979. The trip was arranged and paid for through Mr Peter Goldberg, a senior executive of Continental Ethicals, a subsidiary of what was then South African Druggists.

Dr Schepers said Mr Goldberg had relayed an invitation, purporting to be from

He had also viewed different operating-theatre techniques.

He had deducted from his annual leave the time spent on a side trip to Denmark from London — at the expense of another medical equipment company in the group.

"I am no angel, I have no wings — but nobody can bribe me," Dr Schepers said.

His explanation about the invitation was contradicted by Professor Funston, who flew specially from Durban shortly before the closing of evidence on Thursday afternoon, to tell the commission that the deputy director's evidence was incorrect.

He had not been approached at any time about the invitation. He might have accepted it if it had been approved by the provincial executive committee and the University of the Witwatersrand.

At the time of the invitation, in 1979, he had entertained no intention of leaving the provincial service, he said.

Questioned by Dr Schepers, the professor — now in private practice in Natal — denied telling the deputy director that he was leaving two years before he in fact did so.

Earlier, at the start of lengthy evidence, Dr Schepers drew attention to the "disappearance" from the commission of Mr Martin Welz of the Sunday Express who had, at the open-

personal questions to put to Mr Welz, including the question "Where were you born?" (Mr Welz, who has returned to his duties in Cape Town since he gave evidence, was born in South Africa.)

Mr Welz's testimony had put forward a "one-sided story" and had shown a "lack of insight" into the production of drugs by local industries, Sunday Express report.

He described the factory as "bogus", and later accused the company of using an appeal to patriotism, a cry of "Vir Volk en Vaderland" to get contracts.

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He had not known full details of Dr Schepers' journey to London and was not aware that Mrs Schepers had gone along as well.

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He had complained about Alumina's X-ray factory at Rustenburg to the Transvaal Provincial Administration and other provinces, and had made several representations to Minister Chris Heunis, to Customs and to Members of Parliament. But all without success, Mr Rudman said.

Instead he had been accused of being unpatriotic and trying to oppose a local venture, Mr Rudman said.

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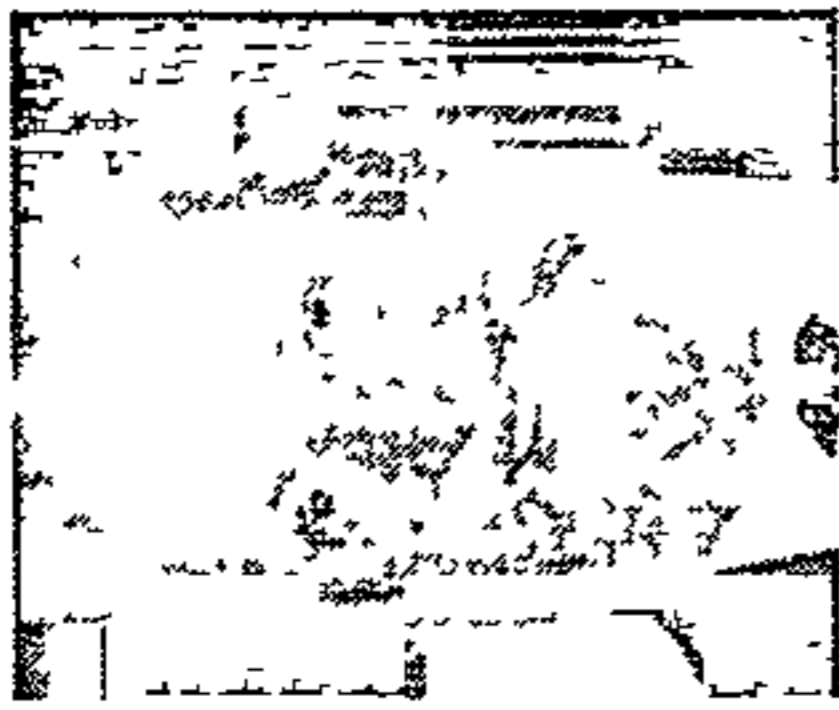
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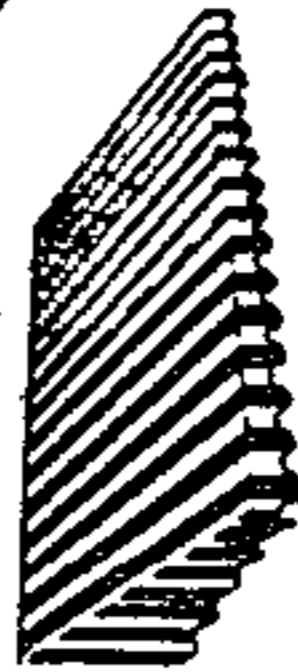
● Dr Gerrit Schepers
I have no wings

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Johannesburg.

Bitter-sweet pills 'Vaderland' Run attracts Mail's polo cars and

By GEOFFREY ALLEN

PLAYING on South Africa's paranoia of international isolation was the name of the money-spinning game of Mr Isaac Kaye's Alumina group of pharmaceutical companies

By taking advantage of the Government's fear of having international supplies cut off, it was able to peddle millions of rands worth of medical equipment and drugs.

The formula was simple ● From time to time, patents on drugs lapse and must be renewed in each country where they are sold

● In South Africa, these patents will not be renewed if a local firm can produce an equally good product, thus freeing the country of reliance on a foreign supplier

● The patent formulas are freely available at the Pretoria (and other) patent offices, so making a substitute is not difficult

● The substitutes are known as "generic drugs"

● The Government, and Provincial Administrations, will then — according to evidence led at the De Kock Commission — be prepared to favour the local manufacturer in preference to the overseas competition, so his market is secured

"Vital strategic importance" was a key note throughout the Commission, which was enquiring into the alleged misconduct of the Director of Transvaal Hospital Services, Dr Henne Grove, and his deputy, Dr Gherhard Schepers

But as the examiner, Mr Frans Roets, poignantly said "It was a case of (the Alumina group) putting up the old cry of 'Vir Volk

and Vaderland' (For People and Country)" Using that emotive yelp, Mr Kaye's group shot to success

Mr Kaye's boast, according to the evidence, was that he was an expert on generic drugs and, since these would be favoured by the Transvaal Provincial Administration (TPA), among others, it was a highly lucrative field to enter

The advantage to the TPA lies in the fact that, because local firms do not have to pay patent rights, they can produce, and it can acquire, the drugs at an incredibly reduced rate

At the same time there were big profits to be reaped by the Alumina group

By way of example, Dr Schepers dramatically demonstrated that for one type of tablet alone the imported variety would have cost the TPA R9,76-million last year, while the locally made equivalent cost only R540 960

It is obviously a major saving, and for this reason Dr Schepers believed that the newspaper expose of alleged corruption was politically motivated and aimed at destroying the Government's stated aim of supporting the local industry

"There was a concerted effort to malign the local product, but basically the local product is as good as the imported one

"We have a special testing facility at Auckland Park (in Johannesburg) and we are saving enormous amounts of money," said Dr Schepers

He said that the newspaper campaign was not so much aimed at whether he went out and ate oysters with Alumina officials (a subject which was deeply delved, as the alle-

gation was... by constantly entertaining him, Alumina could buy favours) but at the heart of the Government's pharmaceutical independence campaign

He stressed the vital strategic importance of being independent

He never said what that strategic importance was, but speculation outside the Commission chamber was that it revolves around the border war where medical supplies are vital

But Mr Kaye was able to take matters further

Still playing on the high level of paranoia, he persuaded the Government that it was essential to have a home grown X-ray film factory where film could be "manufactured" and packed ready for use

But, he found, that to establish the plant to actually make the film would be far too expensive

Instead, it would be cheaper to build a factory near Rustenburg, import the bulk film, then simply cut and pack it and sell it to the Government and Provincial Councils as locally made

By doing so Alumina could gain the advantages of being a border industry, because the factory is in Rustenburg That means tax breaks and other incentives

It could also claim that the film was being locally made and therefore gain 10% on top of all tender prices

This is an allowance granted to local industry so that it can stay in business while maintaining the cheaper prices which it would have been able to charge if it operated in a more central area, without large transport costs

The scheme worked brilliantly Not one X-ray film, according to the evi-

dence, was ever actually Rustenburg

In fact, it was all imported film merely cut up to the correct size at Rustenburg

Yet Alumina gained a massive 80% of the X-ray film market

Mr Max Peter Goldberg, a former executive

Internationally, the major pharmaceutical companies have been at loggerheads long as they have existed

Stealing formulae, trying to out-compete competitors, are the name of the game

But in South Africa the sudden success and the lion's share by Alumina caused a different kind of rivalry

That of individuals and companies, who believed themselves business by the new giant strides multi-million Government and contracts

These companies and people had leaked stories to the Press and the "kickback" system employed

Worse, from the point of view of clarity the picture, there were squabbles within Alumina which its former "hitmen," Mr Jimmy de testy against the company's inter Commission

From the sidelines the former first, South African Drugists (SAD) bewildered and wondering how Alumina's rising star

The answer was to buy it out an viable parts with the existing SAI So having made huge sums of money from the medical supply industry fit and plunge into new interests

THE 23rd Rand Daily Mail Vintage Saturday, and the associated Eighty Motoring show at Sandton City all vividly illustrate the growth of interest in South Africa over the years

There are 116 pre-1940 cars and bikes entered for the Mail's annual run About the more than 140 cars and bikes on the illustrating the progress of motoring in early years of the century until to also historic vehicles

Allowing for about 20 that will be their stands on the show to compete Mail Run on Saturday, this means that more than 200 such vehicles will be on display in action on the roads in the Johannesburg area this week. Had the space available been bigger, the Vintage and Club, which has organised both could have had many more on display

The first Mail Vintage Run was held in 1959, shortly after the VVC had been set up as an autonomous club. The run was used to provide a competitive trip for members' old vehicles from Johannesburg

RAND DAILY MAIL



Dr GHERHARD SCHEPERS

the the om nvr her om te

in respect of the (i) importation and (ii) use of these products

(5) whether he will make a statement on the matter?

†The MINISTER OF INDUSTRIES COMMERCE AND TOURISM

(1) No

(2) Falls away

(3) No

(4) No

(5) There is a possibility that in the manufacturing process of certain herbicides a minimal quantity of dioxin could be formed. European manufacturers of herbicides announced in April 1980 that they accept a level of 0.01 mg/kg TCDD (as the relevant dioxin is called) as the maximum permissible level. Since this level is so low it is not necessary to take special precautionary measures in respect of these products.

The TCDD content is at present the subject of an intensive investigation by the Department of Agriculture in order to ensure that all herbicides which are manufactured locally and which could form dioxin in the manufacturing process contain 0.01 mg/kg or less TCDD.

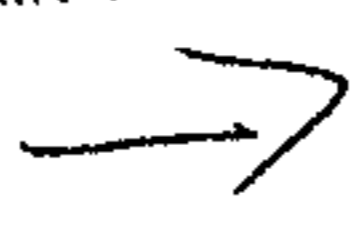
183 *Housand 15/6/83*
Dioxin
Q Col 1541-1542
*2 Mr P R C ROGERS asked the Minister of Industries, Commerce and Tourism

(1) Whether the chemical known as dioxin is being manufactured in (a) the Republic and (b) any of the (i) national states and (ii) independent Black states, if so where in each case.

(2) whether any measures and safeguards are in force in respect of (a) the safety of (i) persons involved in the manufacture of this chemical and (ii) the environment in the vicinity of the factories concerned and (b) the disposal of waste material by these factories, if so what measures and safeguards in each case

(3) whether dioxin in its pure form is imported into the Republic, if so, (a) in what quantities (b) for what purposes and (c) what measures and safeguards are in force in this connection,

(4) whether any chemical products containing dioxin are imported into the Republic, if so, (a) what are the names of these products, (b) for what purposes are they used and (c) what measures and safeguards are in force



'Pay la' probe Kaye may be back in time

183

By WILMAR UTTING

MR ISAAC Kaye, at present out of South Africa, is expected to return at the end of this month in time to give evidence on his companies' marketing practices before the De Kock commission of inquiry completes its findings

Mr Kaye's Alumina group of companies, which has since been taken over by South African Druggists, was the subject of lengthy evidence which has already been laid before the commission of inquiry chaired by Mr L de Kock.

The other subject of the commission's brief was the possible misconduct on the part of senior officials of the Department of Transvaal Hospital Services, Dr H A Grové, director, and Dr G Schepers, deputy director

Mr Frans Roets, who is leading evidence to the commission, said this week he had been advised by Mr Kaye's legal adviser that Mr Kaye would be returning to South Africa by the end of this month or early in July

"The commissioner is anxious that Mr Kaye give evidence," Mr Roets said

Although public hearings finished last week, the commission is still investigating aspects of the evidence, which has included testimony of illegal financial transactions, manipulation of valuable tenders and gifts by Mr Kaye's companies to influential officials and private doctors

Mr Roets confirmed that a list of private doctors, whose names have appeared in company records placed before the commission, would be forwarded to the South African Medical and Dental Council for its consideration and appropriate action

Top men didn't block US probe, says SAB

By JOHN MULCAHY

SOUTH AFRICAN BREWERIES denied yesterday that any of its directors had been approached by the New Jersey State Gaming Commission regarding investigations for a licence to establish a casino in Atlantic City

An SAB spokesman was reacting to a Sunday newspaper report which claimed that the Southern Sun plan to develop a R270-million casino/hotel complex at the American resort city fell through because of the refusal by some SAB directors to submit to investigations into their backgrounds

He said negotiations were terminated for a number of reasons

Agreement with the American Leisure Corporation (ALC), which owns the land, plans and various licences and agreements at Atlantic City, was dependent on various conditions, and the point arrived where it was clear that some of these conditions would not be met

"There were a lot of complexities, and at the end of the day we realised we were not going to get anywhere with ALC," the spokesman said

During the recent visit by a team from the New Jersey Gaming Commission, led by Mr Tom O'Brien, it was understood that the directors of Southern Sun would be investigated, but there had been no mention of an investigation into the affairs of SAB directors, other than those who were also on the Southern Sun board

The Southern Sun spokesman also expressed surprise that Mr O'Brien had confirmed the allegations made by Mr Nate Jacobson, of ALC, because as far as the hotel group was aware, the commission had not finished its investigations or reached the stage of preparing a

report

The Sunday report claimed problems developed when new SAB directors, appointed after the recent deal which gave the Premier Group 34% of SAB, refused to submit to investigation

But the SAB spokesman said that as of yesterday, the composition of the SAB board was no different to what it was before the Premier deal

The only envisaged change was the appointment of Mr Tony Bloom as a director, and he had not yet formally been appointed

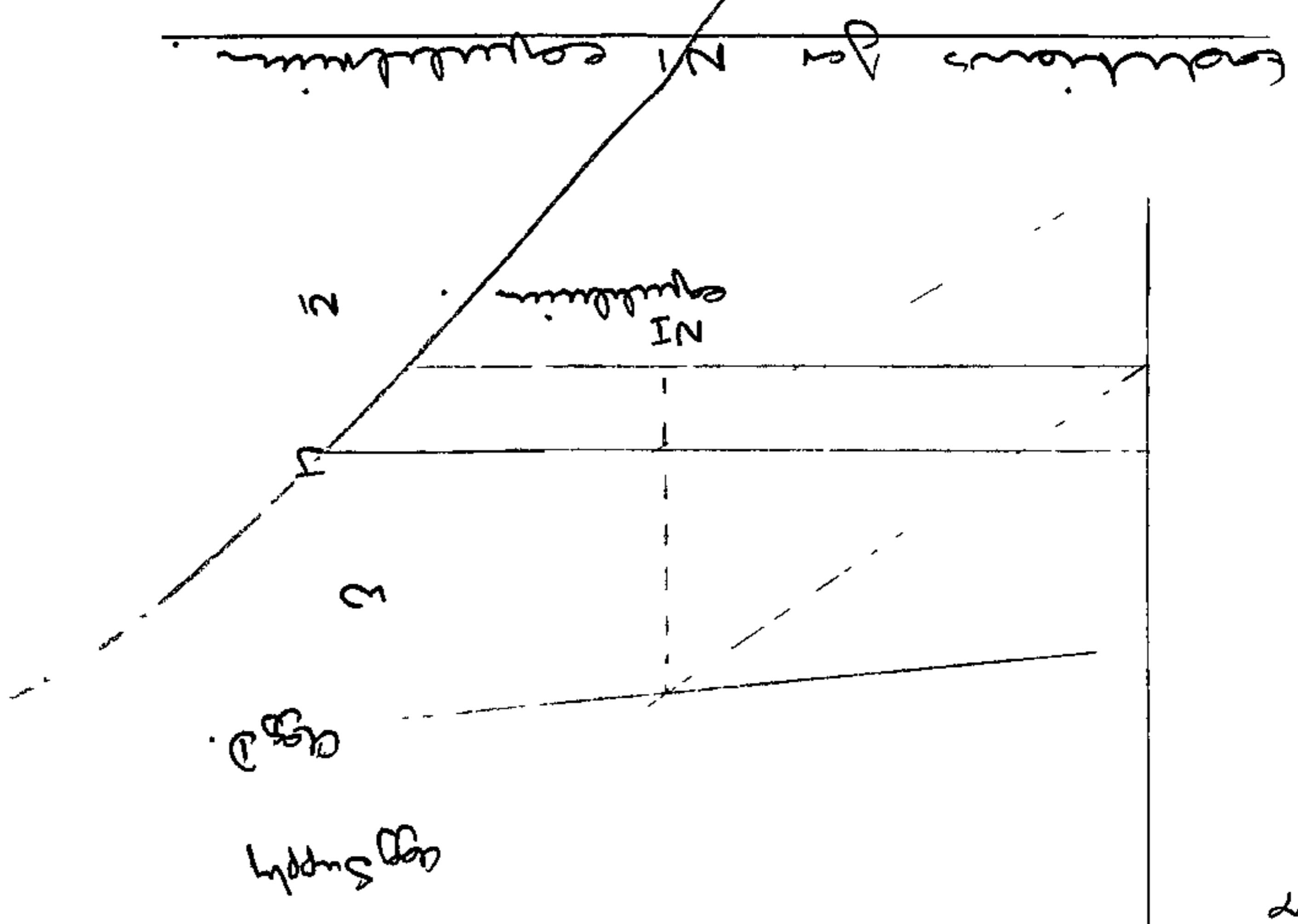
The SAB directors who are also on the Southern Sun board are Mr Dick Goss, Mr Selwyn MacFarlane and Mr Sol Kerzner

Mr Kerzner, who has headed negotiations for the Atlantic City venture, is in Mauritius, and is expected to elaborate on the scheme when he returns to South Africa tomorrow

183 327 288 226 RDM 21/6/83

If aggregate supply is greater than aggregate

This position of equilibrium does not necessarily imply that there is at full employment of all resources level.



FERTILISER EXPORTS

(83)

Triumph for Triomf

Triomf has achieved an export coup. Despite depressed world markets it expects to sell at least 10% more fertiliser on world markets than it did last year — thanks largely to its new R35m granulation plant at Richards Bay which came fully on stream in March.

"The plant could not have come at a better time," says Triomf's export manager Hubert Jarlet. "And the sales it brings will more than compensate for the total loss of the Brazilian market for phosphoric acid last year."

In the past few years Brazil took 50%-60% of Triomf's exports, but has imported nothing since its banking crisis last September.

Last year, exports accounted for some 30% of Triomf's production of phosphoric

acid. Better exports will cushion the effect of the very low sales expected on the local drought-stricken market this year.

Whereas previously the bulk of the company's exports consisted of phosphoric acid in liquid form, the granulation plant produces di-ammonium phosphate (DAP) and broadens the product range. This increases the number of potential export customers. Jarlet notes that by the end of this year, he expects to have sold to 15 countries that have never bought from Triomf before, raising the total to 20.

Phosphoric acid is bought mainly by large processors with their own high volume processing plants. But granulated DAP can also be used either by much smaller processors or by farmers themselves as a fertiliser.

Another advantage of having the new plant is that the phosphoric acid from Richards Bay has characteristics which identify its origin. This does not apply to DAP which can thus be sold to countries that prefer not to import from SA.

"Without the plant," says Jarlet, "exports would have been down 40%."

Triomf has already exported more than 70 000 t of DAP, which contains 46% phosphoric acid, with an expected total for the

year of at least 200 000 t.

The new plant has a capacity of 400 000 t and should be able to absorb up to 30% of Triomf's phosphoric acid production at Richards Bay.

In 1982, it sold 150 000 t of phosphoric acid to Brazil, amounting to 27% of that country's phosphate imports. It is expected to return to the market in a small way later this year.

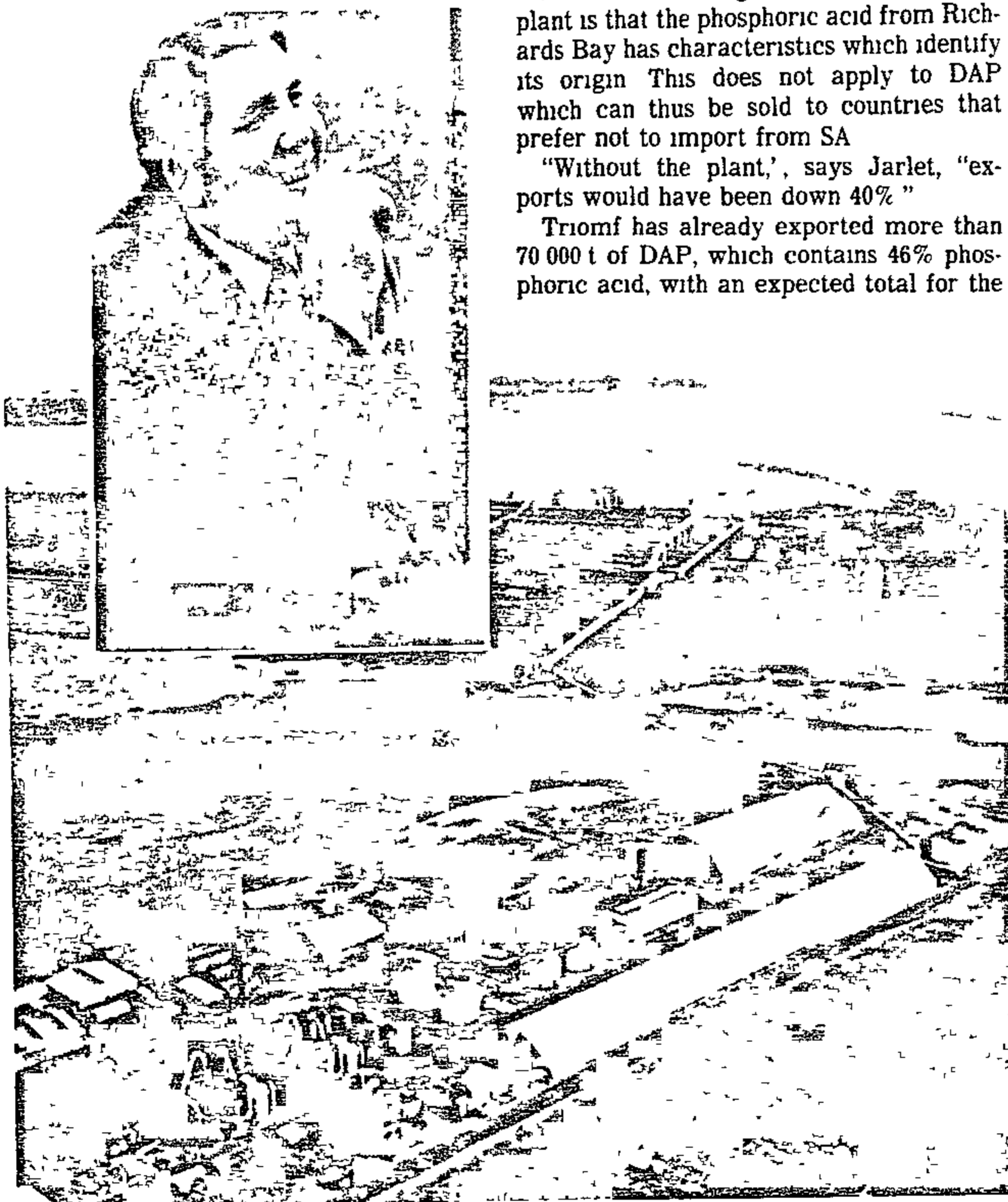
"Prices are low but we are quite happy with the contribution of our exports," says Jarlet. "The granulated product has a higher nutrient content than phosphoric acid and margins on exports are also higher."

"Triomf is not dumping overseas. Our prices are still higher than the US producers' benchmark."

Overall, earnings per ton of phosphoric acid exported are about the same as last year, helped by falls in raw material prices and shipping rates.

"Prices cannot remain this low for too long," says Jarlet. "There is a firming trend and we hope to see a real terms increase this year."

What should help is that some 40% of capacity in the US — by far the world's biggest supplier — has been closed, some of it permanently.



Triomf chairman Louis Luyt ... something to smile about

The story of the Adopt-A-School Programme is a story of co-operation. The Star's TEACH Fund and the READ organisation are joint sponsors with private companies, the department of Education and Training, teachers, parents and pupils united on a planned and co-ordinated basis to improve the quality of black education

Adopting a school: not all roses

By Zenaide Vendeiro

In the beginning it was a case of too many cooks in the black educational kitchen — and not enough co-operation

Knowing that black children were at a tremendous educational disadvantage and realising that the upgrading of their education could not be left solely to the Government, a few companies, organisations and charitable trusts began informally adopting schools

Many of these adoptions were successful but some resulted in disaster

A company poured money into a school only to find that it had another sponsor. Schools were given expensive educational aids and books but, because no-one was trained in their use, they lay on shelves gathering dust

Some companies chose schools where there was no leadership from principals and staff and little community involvement. Gradually they became frustrated with the one-sided relationship

The Adopt-A-School programme was launched to "harness the collective goodwill and potential of commerce, industry and the private individual to the task of raising the quality of life of the community by improving the level of education"

The path did not run smoothly at first and it is only now, says the director, Mrs Cynthia Hugo, that "a co-ordinated pattern is emerging from the confusion. It is not so much of a hit-and-miss affair now"

Records are kept of adopted schools and their parent companies. It still happens that companies adopt schools without informing the programme or the Department of Education and Training but, fortunately, it does not occur too often

"Companies who want to adopt a school come to us and are given a list of schools with their priorities and needs. We discuss the extent of their commitment and try to 'marry' them to the right school

"It must be a mutual commitment. Companies must choose a school where the headmaster, the staff and the parent body are willing to become actively involved

"After a period of probation the company decides whether or not the relationship is going to work. If not, it should feel free to pull out and concentrate its efforts on a more deserving school"

The Adopt-A-School Programme hit upon a five-step plan which was "a synthesis of the experience of many hundreds of companies who had contributed to black education". The five steps involve

- Formally deciding to participate in the programme, authorising a budget for this purpose and appointing responsible staff

session to learn the details of the scheme and then selecting a school for adoption, guided by officials of the DET. "The choice of the school is probably the most important decision to be made," says Mrs Hugo. "Headmasters, staff and parents must be willing to play a role"

Wherever possible, companies are encouraged to adopt schools nearest to them. "In this way the adoption becomes a direct expression of the organisation's programme of corporate social responsibility and benefits the community most closely associated with it"

- Forming an adoption committee which includes representatives of the company's management, the school's staff and parents

- Defining priorities and formulating plans for achieving these involving staff, parents and pupils of the school and officials of the department

"It is most important that companies liaise with the Department of Education and Training to avoid duplicating work," says Mr Jaap Strydom, the DET's director of planning. "Some firms, for example, have provided the finance for a particular building when the Department of Education and Training has also budgeted for it"

Kodak, which has adopted a school in Soweto and one in Alexandra, has sensible advice to companies adopting schools: "Don't work for them, work with them"

- Implementing the improvement strategy and monitoring its success

"It's most important that parent companies do not disturb the routine of the school," says Mrs Hugo. White schools, for instance, would never allow children to be taken out of their classes during school hours for presentations. These must be done after school

"Proper appointments must be made with the headmaster. It is inconsiderate of sponsors to drop in at their schools without telephoning first"

Adopt-A-School is flourishing in Soweto. There is only one school in Alexandra which needs adopting and an Association of Adopted Schools has been formed there

The programme was recently launched on the East Rand. Mr Dirk Scholtz, regional director of education for the East Rand, and his inspectors are enthusiastic about it. "Our relationship is excellent," says Mrs Hugo. "Their lists are completely up to date and telephone calls have immediate results"

The Adopt-A-School programme is spreading further afield than first envisaged. Many companies have adopted schools in rural areas. AECI, for example, has adopted the Dr M J Madiba school near Pietersburg after receiving a challenging letter from the headmistress, Mrs A Monyamane

Mrs Monyamane made it clear she did not want charity but pointed out that many of her pupils' parents worked for AECI. She proposed that AECI match rand-for-rand the money the school raised

"We were impressed. She is a special person," said AECI's group personnel manager, Mr Neil Natrass

Mrs Hugo also reports that READ representatives in the Cape and Natal have been approached by companies wishing to adopt schools

If you or your company are interested in adopting a school, telephone Mrs Hugo at (011)788-6833

TEACH/
READ



ADOPT-A-
SCHOOL

Patons ¹⁸³ strike Sowetan goes on

29/6/83
MORE than 400 black workers employed by Patons and Baldwins in Randfontein yesterday entered their fifth day of striking in demand of wage increases.

The workers say there was a deadlock when their demands for a 30 cents increase per hour was rejected by management which is prepared to give them only 5 cents

In a statement to The SOWETAN the company's PRO said the company was prepared to listen to the workers grievances but that they were unable to meet their demands particularly in the prevailing "poor trade conditions in the textile factory"

The company had called in the secretary of the Textile Workers' Union Mrs M Selora to advise the workers to return to their positions while negotiations were continuing, but they refused

Meanwhile about 300 workers at T W Beckett and Company at Isando have returned to work following an agreement with the management. The workers had downed tools in solidarity with two fired colleagues

At Dunswart Iron and Steel near Benoni about 500 workers involved in a sit-in have also returned to work

UNION

100

Shell puts ^{ARBU 5} more ^{30/6/83} blacks in top jobs

SHELL South Africa is promoting an increasing number of black employees to senior positions, the company's social report says

There are now 128 black people at and above job level JG 7, the one at which new graduates usually enter

Shell has encouraged the development of black employees for many years

Now it is taking steps to speed this up "particularly in the light of the country-wide shortage of managerial and skilled manpower," by identifying black employees of the right potential and ensuring that they are trained and developed so that they can compete on equal terms for promotion within the company

Higher groups

The report says it is indicative of the pace of this development that black people in the higher job groups are considerably younger than their white counterparts

In 1977 only 32 black employees were at job level JG 7

Since then targets of 76 by 1980 and 82 by 1981 have been comfortably exceeded

Target revised

The target for this year was revised from 90 to 127 and has been exceeded by one

"These expanded targets are not solely motivated by the desire for black development

"They also reflect the fact that the shortage of skills in South Africa requires the company to look to all race groups to fill vacancies in the senior job groups that will be created by promotion, retirements, staff turnover and changes in organisational structure"

The company carries out comprehensive research on salaries every year, both through participation in independent salary surveys and by exchange of information with other employers

Much lower

"From this research, total average movement of salaries is expected to be much lower than the movement in 1982 because of the less favourable economic conditions"

Shell employees had an average increase of 17 percent last year. The average this year, in line with increases given by other major employers was 10 percent

But the yardstick by which minimum salaries were set has been changed, raising those in the lower job categories by about 17 percent

Minimum

The minimum salary including annual bonus is now R374 a month but the average in the lowest job group is now R439 a month including bonus

The new minimum rates are based on data provided by the Bureau of Market Research of the University of South Africa.

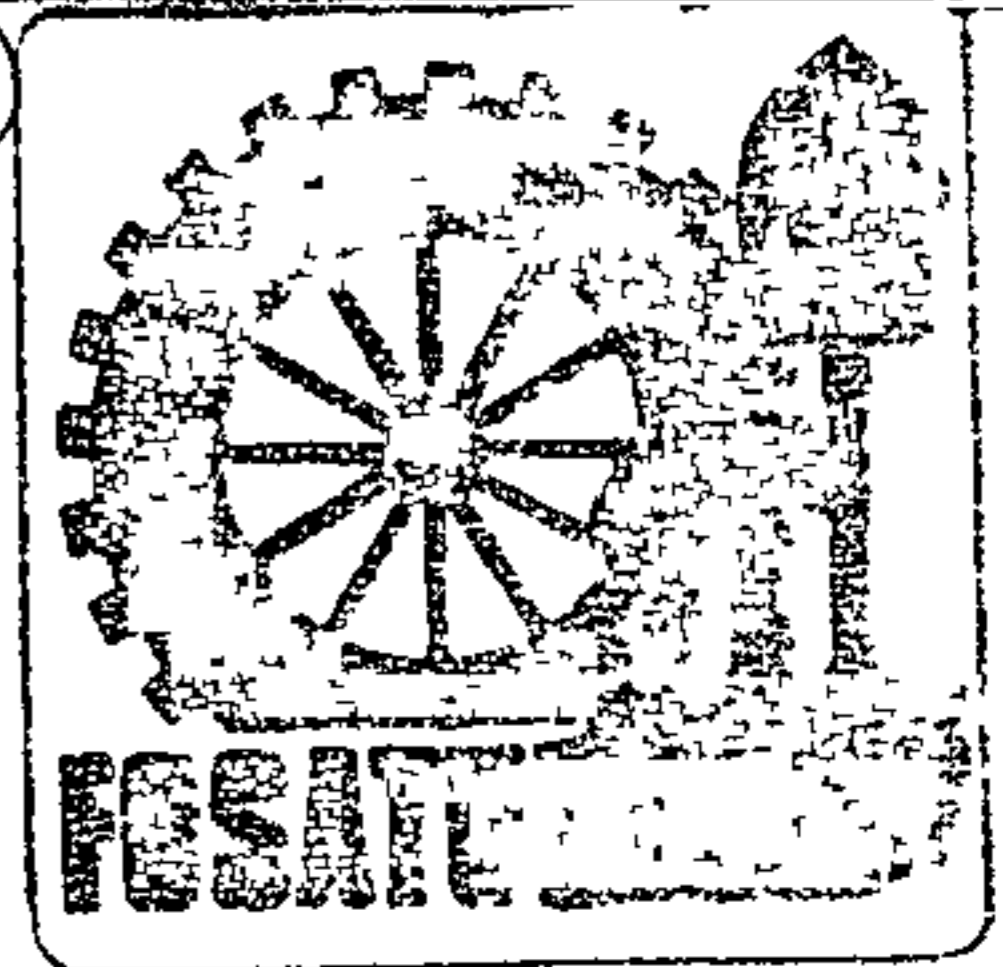
They are linked to the bureau's minimum living level plus 50 percent

July 1983

~~11/11/83~~ 183

PRESS STATEMENTS

1000



NUTW

NATIONAL
UNION OF
TEXTILE WORKERS

THE National Union of Textile Workers an affiliate of FOSATU has commenced its first official strike. The dispute is over wage increases payable to union members from March 1 1983 at Natal Thread Co. in Hammarsdale. Negotiations over the increase deadlocked when the company refused to budge from an offer of 5 per cent for eleven months. The increment offered is less than half the current rate of inflation and is also less than half the percentage increase given to members at all other mills in Hammarsdale where the union is recognised (i.e. 10 firms).

The company refused any other form to resolve the dispute and the union was accordingly obliged to hold a strike ballot. 315 members voted in favour of the strike and only 8 voted to accept the company offer.

Notwithstanding the overwhelming rejection of their offer by workers the company stuck determinedly to their position.

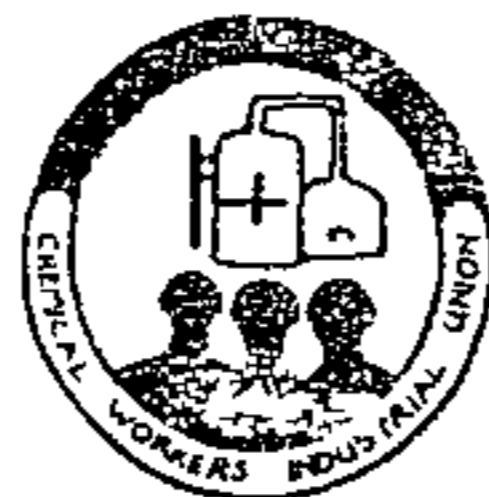
Their only movement was to take additional security measures to defend their factory from violence.

On June 27 workers commenced their strike by banning all overtime work at the factory. This represents a cut back of production time by 27 and a half hours per week. The overtime ban has been placed for an indefinite period. Workers established a strike fund 3 months ago in preparation for the anticipated hardship of the company. The union has further resolved to support the worker action by all means at its disposal and it will accordingly complement the worker strike fund if this becomes necessary.

Notwithstanding the lawfulness of the strike action police reinforcements with dogs were present in Hammarsdale though there have been no incidents.

The union believes the company had grossly underestimated the resolve and discipline of its workforce in ruling out all avenues of redress of their pay grievances.

30 6 83



CWIU

CHEMICAL
WORKERS
INDUSTRIAL UNION

THE Chemical Workers Industrial Union yesterday entered into a recognition agreement with Duro-penta (Pty) Ltd an AECI subsidiary and major plastics convertor after 2 1/2 years of negotiations.

The agreement is significant in the following respects:

- * It is a national agreement and will come into effect in each Duro-penta factory as the Union gains membership. It currently covers the Natal (New Germany) and Transvaal (Roodekop) factories.
- * The Union has won plant level bargaining rights, something which has been strongly opposed by SEIFSA, Duro-penta's employer body on the main Iron and Steel Industrial Council.
- * It also accords the Union shop stewards rights, including senior shop stewards, with time off to conduct union business, time off for union training, grievance and disciplinary procedures, negotiating and disputes procedures.

The agreement recognises strike action as a legitimate means of resolving disputes.

In terms of this agreement the Union is currently negotiating to improve the dismal increases agreed by the main Iron and Steel Industrial Council of R4,50 per week to last for 12 months.

~~11/11/83~~

01 07 83

Union scores win

THE Chemical Workers' Industrial Union has entered into a recognition agreement with Duropenta (Pty) Ltd, an African Explosives and Chemical Industries' subsidiary and major plastics convertor.

In a statement to **The SOWETAN**, the union said it welcomed the agreement which is significant in that it recognises strike action as a legitimate means of resolving disputes.

"It is a national agreement and will come into effect in each Duropenta factory as the union gains membership. It currently covers the Natal (New Germany) and Transvaal (Roodekop) factories.

"The union has won plant bargaining rights, something which has been strongly opposed by Seifsa, Duropenta's employer body on the main iron and steel in-

dustrial council," the statement says

The agreement also accords the union shop stewards rights, including senior shop stewards, with time off to conduct union business, for union training, grievance and disciplinary procedures, negotiating and disputes procedures

In terms of the agreement the union is currently negotiating to improve the increases.

R50 000 to fight addiction

By J Manuel Correia

183
5/7/83
South African Breweries has made an initial grant of R50 000 to enable Sanca — Johannesburg's centre for alcohol and drug studies — to launch immediately a pilot preventive education programme at six private schools in Johannesburg and six in Soweto

The grant will enable Sanca Johannesburg to launch the project and to start training teachers and volunteer educationists this week

Other major companies have been invited to contribute to the centre's projects.

The cost at the 12 schools will be about R220 000.

The pilot programmes will be introduced next January

They will run for three years and will be scientifically developed, implemented, monitored and evaluated

The object of the pilot scheme will be to develop a lifestyle preventive education programme acceptable to the education authorities for eventual use in the normal school curriculum for children in all classes

The director of Sanca Johannesburg, Dr Sylvain de Miranda, said alcohol and drug abuse was a risk among today's youth mainly because youngsters were ill-equipped to cope with the pressures of today's lifestyle

"They need guidance that will help them see the risks in the right context and enable them to make reasoned decisions to cope with pressures from their peer groups

"Educational methods must recognise the youngsters' physical and emotional development, and temper education to make it appropriate to their lifestyles

"Education which amounts simply to giving them information alone will never be effective," Dr de Miranda said

Because South African children came from different backgrounds and held different values the lifestyle education plan would be adapted accordingly, he said

A steering committee of teachers, guidance officers, sociologists and other specialists who understood the different lifestyles among children had been formed to formulate and monitor the lifestyle education programmes

SAB's public affairs manager, Mr Gary May, said Breweries had put up the finance because it saw long-term education as the best way to beat the problem of alcohol abuse.

"As an alcohol beverage producer we are particularly sensitive to the dangers inherent in abusing alcohol

17/11/83 (18.5)
RWM 5/7/83

350 strike after gas blast kills two men

By ANTON HARBER

THE death of two workers in an accident at the Sasolburg plant of AECI Ltd has sparked off a strike over the safety of the plant

More than 350 workers have refused to work since last Thursday when an explosion in the factory's acetylene plant killed two men, according to Mr Robbie Vermont, a spokesman for AECI

Yesterday afternoon shop stewards were negotiating with management at plant level. Although the strikers are members of the SA Chemical Workers Union the union is not involved in the dispute at present.

A union official said the

workers believed the plant to be unsafe after the explosion.

They refused a demand from management to return to work on Friday, saying they would be risking their lives. They demanded an inspection of the factory before they returned. The official said management had responded by saying the accident had been investigated and the plant was safe.

Mr Vermont, an AECI public relations officer, said two teams were investigating the cause of the accident and negotiations with the workers were in progress.

He could not say what the workers demands were, but said the strike appeared to be centred around the explosion.

Some Jan 6/7/83
183

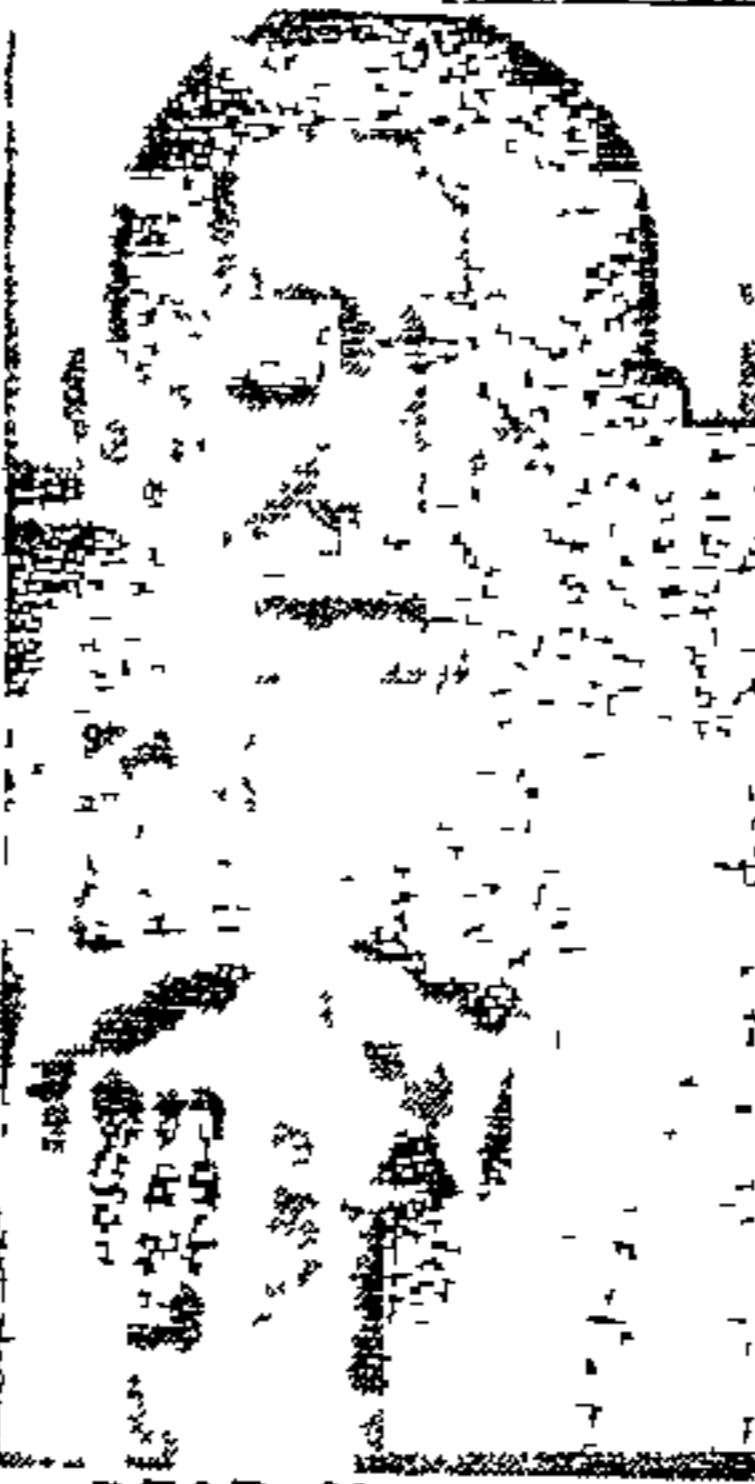
Two die in explosion

MORE than 350 workers at African Explosives and Chemical Industries in Sasolburg are on strike following the gruesome deaths of two colleagues who died as a result of an explosion at the plant.

Workers at the plant have refused to work claiming that they would be risking their lives if they did so

The bereaved families of Mr Clement Sibusiso Ngwenya (29), of 6605 Sharpeville, and Mr William Springkaan (32) of Bophelong, Vanderbijlpark, had expressed their concern about the safety of the workers prior to the incident

It is understood that this is the second accident to happen at the plant within a month, according to union



DEAD Ngwenya

sources

Mrs Nellie Ngwenya said that the family received a report last Friday that her son was badly injured and that he had been taken to the Sebokeng Hospital

"We went to the hospital where we found him badly scarred. Minutes after we had left the hospital we received another report that he had died

"We need a proper explanation from the firm's officials about the circumstances leading to his death because it would appear the safety measures are poor," Mrs Ngwenya said

AECI's public relations manager, Mr Murray Joubert, said that there was a "blow out" at the company's carbide plant last week which killed two workers

Following the incident, workers have refused to work and shop stewards were yesterday negotiating with management

Safety talks after fatal AECI blast ¹⁸³ ^{1/1/83} ^{1/1/83}

~~Mail Reporter~~ ⁽¹⁸³⁾ ^(1/1/83)

MORE THAN 350 strikers at the Sasolburg plant of AECI who downed tools last week because of fears for their safety, spent yesterday afternoon talking to management.

A spokesman for AECI Mr Murray Joubert said management was talking to shop

stewards and was attempting to allay the workers fears about safety at the plant

The strikers who are members of the SA Chemical Workers Union downed tools on Thursday after two men were killed in an explosion. The union is not recognised by AECI and negotiations took place only with

shop stewards

Mr Joubert said they were trying to get the workers to accept the findings of a technical team which had inspected procedures in the plant.

An official inquiry would be undertaken by the Chief Inspector of Machinery later this week, he said.

(163) ~~163~~ Sowetan 7/7/83

Sasol deaths to be probed

AN OFFICIAL inquiry is to be undertaken by an AECI inspector into an explosion in which two employees were killed at the Sasolburg plant

The company's public relations manager Mr

Murray Joubert, told The SOWETAN yesterday that the two men were working in the immediate vicinity of the furnace when the blow-out occurred at about midnight last Thursday

The workers were Mr Clement Ngwenya (29) of Sharpeville (an operator), and Mr William Springkaan (32), of Bophelong (a stoking machine driver)

He said that negotia-

tions were continuing at the plant between shop stewards and management after about 350 workers fearing for their safety, had downed tools after the accident

Meanwhile a worker has been admitted to the Sebokeng Hospital after he was knocked down by a fork-lift at another Sasolburg plant. His condition is said to be improving according to Mr Joubert

RAM 2/7/83

AECI still has staff problems

By ANTON HARBER
Political Reporter

NEGOTIATIONS continued yesterday with 350 workers who downed tools at the AECI factory in Sasolburg after a fatal accident at mid night last Thursday

Two men Mr Clement Ngwenya, 29, an operator, and Mr William Sprinkaan, 32, a stoking machine driver, died after a gas explosion

The strikers are members of the SA Chemical Workers' Union which has concluded a number of agreements with AECI but does not have a recognition agreement that covers this plant

A spokesman for AECI said the accident was being investigated and management was trying to allay the strikers fears about safety. No serious damage had been caused in the blow out and production had resumed

An official inquiry would be undertaken by the Chief Inspector of Machinery tomorrow

The plant has had its share of trouble recently. Yesterday a worker was admitted to hospital after being seriously injured by a fork-lift truck

● An AECI paint plant and warehouse in Alrode on the East Rand, was yesterday also hit by a strike involving about 350 workers

According to a shop steward, the workers went on strike on Monday because of dissatisfaction with a wage increase

He said the workers were told late yesterday that they had all been dismissed, but they were still hoping to meet with management this morning

The AECI spokesman confirmed the strike, but said he did not have any details

(183) (152) (147) (121) RDM 8/7/83
250 paint workers fired

By ANTON HARBER

AECI PAINTS yesterday dismissed about 250 workers who had refused to work since Monday because of dissatisfaction with a pay increase

In a statement yesterday, a spokesman for AECI Paints in Alrode on the East Rand, said the workers had ignored an instruction to return to work and were therefore dismissed

Negotiations with the SA Chemical Workers Union, who have a signed agreement with the company, were continuing

The spokesman said wages had been set for the industry

at the industrial council, to which both the union and the company belonged.

A new wage agreement had been gazetted and the company had paid its employees at or above the minimums in the agreement.

"Considerable debate has taken place with the workforce on this matter and on Monday, Tuesday and Wednesday illegal work stoppages took place

"The company has an established agreement with the union, including grievance procedures and these procedures have not been adhered to in any respect by the workforce

"During yesterday's illegal stoppage, workers were told to return to work.

"They declined to do so and thus were dismissed," he said

● At AECI's Midlands plant in Sasolburg, where 251 workers have downed tools since an accident killed two of their colleagues a week ago, negotiations were still continuing yesterday

The two men were killed in a gas explosion at midnight last Thursday and the workers, who claimed that there have been two other deaths in the past eight months, have said they do not consider the plant safe

to return to work until management has given them acceptable assurances that the factory is safe

Sources in the SA Chemical Workers Union (SACWU) say "There have been four deaths in the carbide section of the plant since November. Predictably, workers are worried, and they say they will not return to work until the factory is proven safe by independent experts."

Earlier this week the union's consultants were turned away by management. An AECI spokesman says "Management would not allow the union's consultants access to the plant because their credentials were regarded as unacceptable. They did not have experience of carbide furnaces."

Power failure

SACWU sources claim that a leaking pipe had been pointed out before the explosion and that water had collected in the furnace as a result of an earlier power failure. The company spokesman says "We are presently involved with delicate negotiations with the union and don't want to comment at this stage."

Neither was AECI prepared to comment on workers demands. But the FM learns that they want first aid training to be provided on an extended basis, better protective clothing, a health and safety shop stewards committee established, and inspection of repairs by furnace operators and two shop stewards. They have other demands of a technical nature.

A recognition agreement has not been formally negotiated between AECI and SACWU. But the AECI spokesman says "Although the agreement has not been formally negotiated, recognition arrangements exist and we do negotiate with SACWU. Negotiations on this issue are taking place with shop stewards at plant level."

The spokesman adds "We've had a highly skilled team investigating the problem including our own experts and an outside consultant with 40 years experience on carbide furnaces. They have assured us that the plant is safe so our negotiations are aimed at reaching a settlement. We're trying to reassure the workers as to the safety of the plant which they are concerned about."

Union sources say that earlier this week management agreed to most of the demands and then changed its mind.

AECI says that "the inspector of machinery will be conducting an inquiry this week and a further meeting between management and union officials is also scheduled. So hopefully, the matter will be resolved."

DISPUTES

Now a safety strike

Last week two people died in an explosion at AECI's acetylene plant at Sasolburg. Now more than 300 workers have refused

Fm 8/7/83 (183)

(UP) (183) (1423)

Strike firm
takes on
new staff

Labour Reporter

11/7/83
AECI Paints in Alrode, Alberton, began employing a new workforce today after about 250 workers were dismissed last week over a wage dispute.

A company spokesman said they were taking on new employees and that former workers who were hired would receive some of their previous benefits.

The workforce was dismissed after refusing to meet a return-to-work deadline.

At AECI Sasolburg a strike by more than 200 workers was continuing today but the company had started operations at one of its plants.

Workers downed tools late last month after two of their colleagues died in an explosion.

An official inquiry into the explosion started last Friday and will continue tomorrow, AECI confirmed.

183 Litemaster fires 260 strikers

SOME of the 260 workers at Litemaster Products in Wadeville who went on strike over the replacement of 44 retrenched colleagues were yesterday "summarily dismissed" by the management

In a statement to The SOWETAN the management said the workers were offered interviews individually to determine whether they were prepared to go back to work or not

The statement said that due to the economic downturn the company has found it necessary to retrench 44 workers

Meanwhile after lengthy negotiations, Checkers management and the union have settled the strike and the workers will return to work immediately

Workers have been assured that they will not be victimized on returning to work, but as stated before, workers will not be paid for time out on strike

About 200 workers at

Universal Lace and Fabric Mills in Pinetown Durban yesterday downed tools in support of their demand for more pay, reports Sapa

AECI's public relations officer Mr Vermont said that about 350 workers who had downed tools after an explosion at the factory in Sasolburg two weeks back, have all agreed to start work today

And at AECI Paints in Alrode the entire labour force that had downed tools have returned to work after agreement with the management

SOWETAN 13/7/83

comes to town

SWA probe into drug sales by SA companies

By DAVID PIETERS

WINDHOEK — THE Thirion Commission into alleged government financial malpractices in South West Africa is probing the supply of pharmaceuticals and medical equipment by South African firms to the territory's administration.

This was confirmed this week by Mr A G Visser, head of the Thirion investigating team.

The Thirion probe coincides with the De Kock Commission, which has been inquiring into the alleged receipt of gifts and favours by officials of the Transvaal Department of Hospital Services from the Alumina Development Corporation and its subsidiaries, as well as other suppliers of medical software.

A government medical official in Namibia was also named at the De Kock Commission, which was appointed by the Administrator of the Transvaal earlier this year.

This followed the publication of a series of articles in the Sunday Express on malpractices in the medical supply industry.

The Alumina Group merged with SA Druggists over ten years ago. And in January this year, a local subsidiary, Heynes Matthew, closed shop in Windhoek.

At its hearing on the Owambo Administration last year, the Thirion Commission heard that 3 200 beds and bedside cabinets delivered for schools and hospitals in Owambo were of inferior quality and overpriced.

The wife of a top civil servant received a commission on the sale, it was alleged.

And outside the Thirion Commission, the construction of two new multi-million-rand hospitals for whites — fully equipped with modern facilities — at Windhoek and Keetmanshoop in 1981/2 have been questioned.

The hospitals have been labelled 'white elephants' because they are usually 'empty', with some floors closed as a result of the decline in the white population — from 90 000 in 1970 to just over 70 000 last year.

This week the Thirion Commission resumed hearings and heard that the SWA Receiver of Revenue's directorate would come to a standstill in three years unless "drastic steps were taken to rectify the situation".

Inadequately controlled tax processing was alleged by a South African income tax official, Mr Jacob Heydenrych.

He was seconded to the Thirion probe's investigating team.

He told the commission's chairman, Mr Justice P W Thirion, a Natal judge, that since 1979 late-comers with tax returns had not been



Crowned at the Intown Centre in Johannesburg yesterday. They are the 20-year-old Lee-Ann Parkes. All the entrants donated money to Operation which provides clothes for needy people.

Change Nat plans

By BARRY STREEK

Referendum yet but Mr Heunis, Minister of National Planning, has said that it could be in

is also increasing that the Government is preparing for a defeat at the referen-

the end of the parliamentary session, the Prime Minister Mr P W Botha, said

if the constitutional proposals were rejected at the referendum it would be a defeat of his constitution, not him

For this reason, he said then, he would not resign

In terms of political realities, however, this doesn't make sense, because defeat at the referendum would be a massive setback for Mr Botha. It could spell the end of his political career

Regardless of this, his statement certainly implies that the Government is considering the possibilities of rejection at the referendum

With the Conservative and the Progressive Federal parties actively campaigning against the proposals, the Government could be caught in a pincer between Right-wing and moderate voters

The PFP began its campaign against the proposals in the heart of Nationalist territory this week with a meeting in Stellenbosch and it has scheduled a number of meetings throughout the country to build an opposi-

against the proposals while PFP MPs were sitting on the select committee

The PFP is campaigning on the grounds that the constitution is not viable because it excludes black people and because of the dictatorial powers of the President and the absence of a Bill of Rights.

The CP, on the other hand, is campaigning against the plans on the grounds that they involve power-sharing and a surrender of white political power

Safari time now in House of Lords

LONDON — Remember the soggiest London spring in memory, when rain fell for 37 straight days?

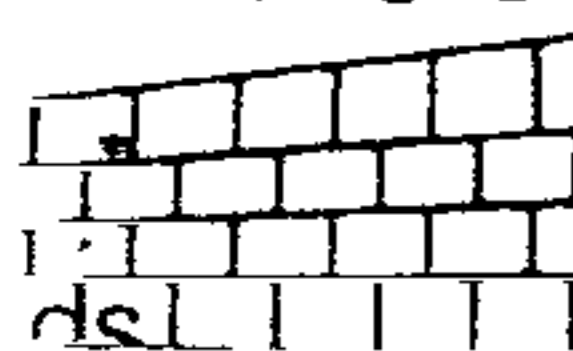
It's hard to believe that was just two months ago. For that wet spell has been followed by a tie-loosening July heat wave in the Thirties, and Britain is visibly wilting. A Peer, Lord Richard Marsh, turned up at the House of Lords in a safari suit.

Chocolate factories have shut production lines because sweets keep melting, and ice cream plants are working seven days a week to keep up with demand.

Water authorities across the country have imposed hosing bans. Automobile Association crews encountered an

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Nat plans

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The Nationalist Press,
quoting unnamed observers,
said this week it was strange
the PFP was campaigning

against the proposals while
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He told the commission's
chairman, Mr Justice P W
Thurion, a Natal judge, that
since 1979 late-comers with
tax returns had not been
traced and that there was no
possibility of solving the
problem with the present
staff position

Mr Heydenrych told the
commission it was found
that some 45 000 income tax
returns had not been proces-
sed. It was estimated that by
next year the backlog would
be about 55 000

He recommended that a
tax official from South
Africa be seconded to the
Windhoek office in a training
capacity

Disclosures were also
made about the financial af-
fairs of the Herero admini-
stration — one of nine
second-tier ethnic authori-
ties.

Mr Visser testified that
last year the Herero admini-
stration had overspent its
R19-million budget for
1982/3 by R14-million.

POLITICAL comment in this
issue by Ken Owen, design,
posters, headlines and sub-
editing by John Leask, all of
171 Main Street, Johannes-
burg.

Safari time now in House of Lords

LONDON — Remember the soggiest London spring in
memory, when rain fell for 37 straight days?

It's hard to believe that was just two months ago
For that wet spell has been followed by a tie-loosening
July heat wave in the Thirties, and Britain is visibly wilting

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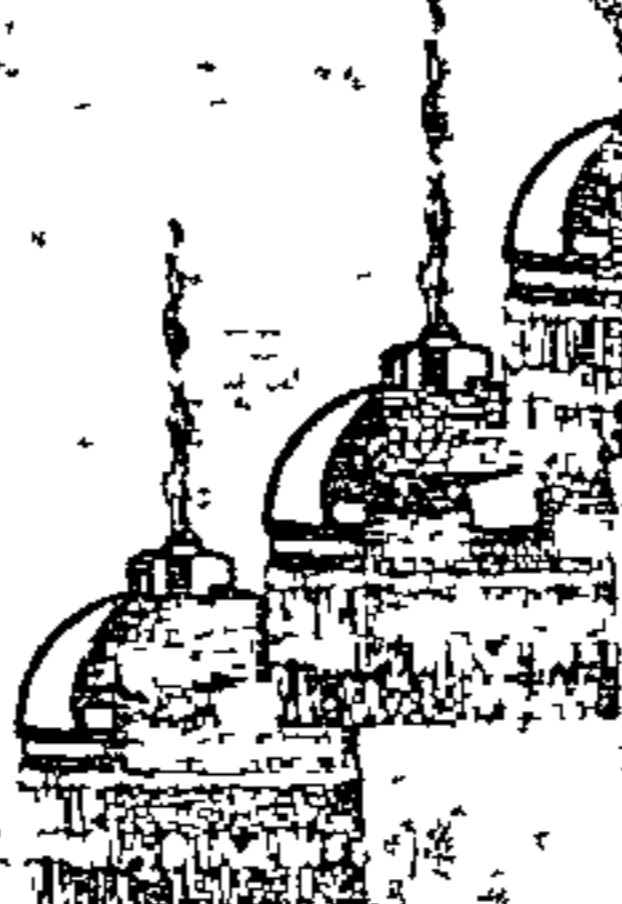
Chocolate factories have shut production lines because
sweets keep melting, and ice cream plants are working
seven days a week to keep up with demand

Water authorities across the country have imposed hosing
bans.

Automobile Association crews encountered an unusual
breakdown complaint, fuel tanks were getting so hot that
gas was pouring out through filler caps onto the road.

Forecasters predicted more heat and sun — with the
occasional thunderstorms. — Sapa

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Gift or benefit 'is not an offence'

Grové is completely exonerated

ROM 21/7/83

By GEOFFREY ALLEN
and GERALD REILLY

DR HENNIE GROVÉ, the Transvaal Director of Hospital Services, has been completely exonerated of all allegations of corruption in his Department and of alleged misconduct by himself.

His deputy, Dr Gherhard Schepers, was found to have made an error of judgment in accepting an extension to an overseas trip paid for by a private company

And he was found to have acted against the interests of the Province by taking his wife on an extended official tour in Europe

Although the De Kock Commission into alleged misconduct by the two doctors found that Dr Grové and Dr Schepers had benefitted from an offer by the Alumina Development Corporation (formerly the dominant supplier of medical equipment and drugs to the TPA), or one of its subsidiaries, to buy TV sets at cost price, neither man had committed an offence

In the report released in Pretoria yesterday, the commission said "The *per se* handing over of a gift or a benefit" did not constitute an offence

Moreover, the TPA had not been "prejudiced", it added

In only one instance was it found that the Alumina Group won any advantage from its dealings with the TPA - when a letter was sent out from the Administration but *intending* to be the allocation to various companies of hospitals they were to supply in terms of a new tender.

Subsequently it was discovered that the tender had not yet been awarded and that therefore the allocation was wrong

Meanwhile some companies had been able to provide three months' stockpiles of goods to the hospitals before the correct allocations were sent out.

The commission made two recommendations

● That the ordinance governing Provincial commissions in the Transvaal should be widened to give the commissions more power. The Commissioner, Mr Lourens de Kock, said his scope to investigate the allegations fully had been limited and that the matter had been discussed with the chief legal advisor of the Province and the relevant ordinance was being reviewed

● That the Province should lay down strict guidelines on exactly when and under what circumstances officials were allowed to receive presents or advantages from supplying companies

The Administrator of the Transvaal, Mr W A Cruywagen, commented last night "It is to be regretted that officials of the Administration have been subjected to unnecessary suspicion and have had to endure such a degree of humiliation. I am satisfied that no offence has been committed

"I and the members of the Executive Committee have full confidence in both officials and also in the system followed in respect of tenders, not only in the Department of Hospital Services, but also in the Transvaal Provincial Administration as a whole, and we are further satisfied that, as is evident from the report, the Administration has not in any way been prejudiced and that the possibility of irregularities in the handling and acceptance of tenders has been ruled out."

Dr Grové said last night he was still considering the report.

But an apparently ebullient Dr Schepers insisted on first turning on his desk tape recorder, and then declined any comment

Mr Ken Owen, editor of the Sunday Express newspaper, which published many of the allegations against the doctors, said, "We are still studying the report. However we are reassured by the main finding that the Provincial officials were not influenced by the favours they received."

The leader of the Progressive Federal Party in the Provincial Council, Mr Douglas Gibson, said the report removed the cloud of suspicion that hung over the province

~~180~~ (183) ROM
Gift rules already strict

Mail Reporter 22/7/88 recommended

TRANVAAL Provincial Administration officials are already subject to the strictest regulations concerning the acceptance of gifts despite a De Kock Commission recommendation for stricter guidelines

The De Kock Commission into alleged misconduct by Dr Henne Grové, Transvaal Director of Hospital Services, and his deputy, Dr Gerhard Schepers,

● That the province should lay down strict guidelines on exactly when and under what circumstances officials were allowed to receive presents or advantages from supplying companies

Commenting yesterday on the recommendation, MEC Mr D P Kirstein said there were at present the strictest regulations governing the conduct of officials

Medical probe 'not yet complete'

Mercury

22/7/83

183

Mercury Reporter

INVESTIGATIONS into allegations that two Addington Hospital doctors solicited funds from medical supply companies to attend medical congresses overseas were not complete, according to the Natal Director of Hospital Services, Dr Johan Vorster

He would say no more as the matter was 'embarrassing'

On Wednesday the Director of Provincial Hospital Services in the

Transvaal, Dr Hennie Grove, was exonerated of all allegations of corruption in his department

His deputy, Dr Gerhard Schepers, was found to have made an error of judgement by accepting an extension to an overseas trip paid for by a private company, and to have acted against the interests of the province by taking his wife on an extended official tour

However, the De Kock Commission found that neither man had committed an offence.

CAPE TOWN 22/7/83

Sasol 'attack' did no damage

Own Correspondent

JOHANNESBURG —
An unsuccessful attack was made on Sasol's Secunda installations on Wednesday night, a Sasol statement said yesterday

The terse statement said "no damage whatsoever" had been caused and that the police were investigating the sabotage attempt.

An official Sasol public relations spokesman also declined last night to give further details, and referred all inquiries to the police

However, a police spokesman in Pretoria also refused further information

Attacks and attempted sabotage attempts at Sasol plants to date are

- January 1980 R2-million damage caused when an explosion ripped through Sasol One at Sasolburg

- June 1, 1980 Series of explosions and a massive blaze ripped through Sasol One White security guard shot in the shoulder and minutes later five petrol tanks exploded

- June 2, 1980 Three bombs planted at a Sasol-linked company — headquarters of the American firm Fluor — who were involved in the building of Sasol Two and Three This attempt came 15 hours after the explosions at Sasol One and Natref in Sasolburg

Sunday Express

JOHANNESBURG, JULY 24, 1983

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STAIRS AN

S-Express 24/7/83

ANEW

By Martin Welz

and ...

THE Transvaal provincial administration has been thrown into utter confusion by the report of the De Kock commission of inquiry into the medical pay-off scandal.

The commission ignored regulations that forbid officials to take gifts — on the grounds that they are not applied anywhere in the public service — yet called for new rules to prevent graft.

It exonerated two top medical officials of wrongdoing, even though they accepted gifts and benefits from a pharmaceutical company. It made no mention of Public Service Regulation No A11/1 which forbids acceptance of such gifts without proper permission.

The commissioner Mr Lourens de Kock, told the Sunday Express: 'I read the regulations, but I can say they are not strictly applied anywhere in the public service.'

In his report he observed that even Cabinet Ministers regularly received gifts when they visited homelands and said there was 'nothing wrong' in the mere acceptance of a gift.

His call for new guidelines left officials bewildered. The Transvaal MEC for hospital services Mr Daan Kirstein said: 'I don't know what the commission means. There are already strict conditions laid down.'

The provincial secretary, Dr W Steyn, said the province was not empowered to frame new regulations. The present

regulations were well established and comprehensive he said.

In fact, the Sunday Express was reliably informed this week that earlier this year a special circular was sent to all officials in the provincial Department of Hospital Services reminding them of the regulation banning the acceptance of gifts.

Home, sweet home for ...



There were tears of joy for the families of the Dogs of War who were flown into Johannesburg. Martin Dolinsek is reported to be ...

South Africa's time-table of terror

— Page 12

To Page 2

From Page 1

Payola row starts anew

Explaining his apparently contradictory recommendations, Mr de Kock told the Sunday Express that clear guidelines were particularly necessary for officials in the province's Department of Hospital Services, which he had found to be definitely a very rich field, ripe for irregularities.

Beside's sowing confusion in provincial ranks his findings also fly in the face of views on gifts for doctors held by leading members of the medical profession.

The leader of the Opposi-

tion in the provincial council, Mr Douglas Gibson, yesterday called on the Administrator of the Transvaal to demand a fresh report from the commission to clarify the position.

Regulation A11/1, which applies to all provinces, deals with the acceptance of gifts, commissions, money or reward.

It states: "An officer or employee shall not accept, without the permission of the head of department or, in

the case of the head of the department, without the permission of the Minister or Administrator, a gift pecuniary or otherwise offered to him by a member of the public by reason of his occupying or having occupied a particular office or post in the service."

The chairman of the Federal Council of the Medical Association of SA, Professor Guy de Klerk, said he could definitely not go along with the commissioner's view of gifts to doctors.

"Under no circumstances should a doctor, in private practice or in the provincial service, accept a gift or favour from a pharmaceutical company — whether it is in return for favours or not," he said.

Prof de Klerk's statement reflects a view long held by leading members of the medical profession.

Earlier this year Professor Peter Folb, chairman of the Medicines Control Council, said his attitude was unequivocal: "No person oper-

ating with the MCC may accept anything whereby he should be influenced or seen to be influenced by pharmaceutical companies. Not even a cup of coffee."

Calling for a fresh report, Mr Gibson said the commission should now spell out exactly why it did not apply the regulation and what it now had in mind.

"Mr de Kock appears to have a remarkably candid approach to the regulations. He should have spelled out exactly what he proposes

should replace the regulation, if it for some reason no longer applies. Surely this is what the commission was all about," Mr Gibson said.

The Administrator of the Transvaal, Mr Willem Cruywagen, told the Sunday Express, however, that there was no point in calling for a fresh report. "There already are regulations that prohibit the acceptance of gifts," he said.

"I recall that they were circulated again to all de-

Arrests for state security

THE first concrete evidence that a threatened coup was behind this week's turmoil in the Ciskei surfaced during a brief court hearing in the Ciskei capital, Zwelitsha, on Friday.

Brigadier M B Madolo acting head of the Ciskei Central Intelligence Service said in an affidavit he had acted under the Ciskei National Security Act which provides for the detention of people who engage in activities which endanger the safety of the state.

He said prompt action was necessary and that the arrests had nothing to do with the family feud known to be raging in Ciskei.

It involves President Lemox Sebe on one side and members of his own family, with their respective factions, on the other including his half-brothers, the detained Commander-General Charles Sebe, and Mr Namba Sebe, Minister of Transport.

The Sunday Express can also disclose that one of the key figures arrested — Major General Falletter Mamba security adviser to the Ciskei cabinet — had accompanied President Sebe on a visit to Israel.

The president left shortly after his visit and returned hurriedly

Action was

required

promptly

official



President Sebe

postponed until tomorrow

The applicants were Mrs Mara Elizabeth Mamba, for her husband, Mrs Nomafakathi Sebe for her husband, Gen Sebe, and her son, Colonel Nondwande Sebe for her son, Lieutenant Tom Sebe, Miss Kholeka Nondwande for Captain Joe Ntwasa, Miss Evelyn Tamassanga for her husband Brigadier H Tamassanga, Mrs Nomamho Sebe

her son, Lieutenant Mbulolo Xaba

Ets Tom and Colin Sebe are the sons of Transport Minister Mr Namba Sebe, and Lt Xaba is the son of the acting vice-president, the Rev W M Xaba

Mrs Mamba said she was told the following day that her husband had been arrested and was being held in Mdantsane, the Ciskei town

office of commander-general was now vacant and had not been filled, and since in terms of the National Security Act it was necessary for the commander-general to sign any detention warrant, she believed her husband was being held wrongfully

Lt-Gen Sebe's wife, Mrs Nomafakathi Sebe, said in her statement that her husband and her son, Cpl Khambashe Sebe, were "loyal and faithful" servants of Ciskei

She said that she believed the lives of her husband and son were in danger

In a replying affidavit Brig Madolo said he had been Commissioner of Prisons in Ciskei and that since July 15, he had been acting head of Ciskei National Intelligence Service

"Since then I have assumed the powers and duties

of the Commander-General," he said

He gave instructions for the arrest of Gen Sebe and his son Khambashe on July 19, for Capt Ndlabantu on July 18, for Brig Tamassanga on July 14, for Lt Xaba on July 18, and for Lt Tom and Colin Sebe on July 20, he said

"It was in the interests of the state that they should be detained," he said

It was not in the interests of the State or the public that reasons for the detentions should be made known, he said, nor that the detainees should receive visits

"As for allegations that lives and health are in danger, I deny there is reason for this. They are being well treated and get better food than other awaiting-trial prisoners and detainees"

partments earlier this year by the provincial secretary I have discussed the matter with Dr Steyn and he has agreed that all we can do is to bring the regulations to the attention of all officials again

"We can only abide by the existing regulations, we cannot have new guidelines

"We intend bringing the regulations very clearly to the attention of all officials and if there are then contraventions nobody can complain they did not know about them," Mr Cruywagen said

In his interview with the Sunday Express Mr de Kock said that evidence heard by the commission has certainly made it clear that the Department of Hospital Services is a rich field, ripe for irregularities

He referred the Sunday Express to his finding that, on the evidence, the former chairman of the Alumina group of pharmaceutical companies, Mr Isaac Kaye, "pursued success and in the process had no scruples about applying dishonest or unethical methods"

He also noted that the actions of the Alumina group's agents 'indisputably' showed that the group was prepared to pay officials if this would promote the group's interests

That was the situation I had in mind in this situation it is natural to be suspicious. The province cannot afford to leave the matter so ill defined," Mr de Kock said "The department should determine exactly what an official may receive, for instance, a business lunch and a bottle of whisky at Christmas — and what he may not accept

"If an official may not take a lunch or a box of chocolates in return for a favour without first getting the permission of the provincial secretary, Dr Steyn, then the province must say so" Gifts and benefits given to various Transvaal officials,

I did not back the PW's

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la row starts anew

the case of the head of the department, without the permission of the Minister or Administrator, a gift pecuniary or otherwise offered to him by a member of the public by reason of his occupying or having occupied a particular office or post in the service.

The chairman of the Federal Council of the Medical Association of SA, Professor Guy de Klerk, said he could definitely not go along with the commission's view of gifts to doctors.

"Under no circumstances should a doctor, in private practice or in the provincial service, accept a gift or favour from a pharmaceutical company - whether it is in return for favours or not," he said.

Prof de Klerk's statement reflects a view long held by leading members of the medical profession.

Earlier this year Professor Peter Folb, chairman of the Medicines Control Council said his attitude was unequivocal. "No person oper-

ating with the MCC may accept anything whereby he may be influenced or seen to be influenced by pharmaceutical companies. Not even a cup of coffee.

Calling for a fresh report, Mr Gibson said the commission should now spell out exactly why it did not apply the regulation and what it now had in mind.

"Mr de Kock appears to have a remarkably candid approach to the regulations. He should have spelt out exactly what he proposes

should replace the regulation, if it for some reason no longer applies. Surely this is what the commission was all about," Mr Gibson said.

The Administrator of the Transvaal, Mr Willem Cruywagen, told the Sunday Express, however, that there was no point in calling for a fresh report. There already are regulations that prohibit the acceptance of gifts," he said.

"I recall that they were circulated again to all de-

partments earlier this year by the provincial secretary. I have discussed the matter with Dr Steyn and he has agreed that all we can do is to bring the regulations to the attention of all officials again.

"We can only abide by the existing regulations. We cannot have new guidelines.

"We intend bringing the regulations very clearly to the attention of all officials and if there are then conventions nobody can complain they did not know about them," Mr Cruywagen said.

In his interview with the Sunday Express Mr de Kock said that evidence heard by the commission "has certainly made it clear that the Department of Hospital Services is a rich field, ripe for irregularities."

He referred the Sunday Express to his finding that, on the evidence, the former chairman of the Alumina group of pharmaceutical companies, Mr Isaac Kaye, "pursued success and in the process had no scruples about applying dishonest or unethical methods."

He also noted that the actions of the Alumina group's agents indisputably showed that the group was prepared to pay officials if this would promote the group's interests.

"That was the situation I had in mind. In this situation it is natural to be suspicious. The province cannot afford to leave the matter so undefined," Mr de Kock said.

"The department should determine exactly what an official may receive for instance a business lunch and a bottle of whisky at Christmas - and what he may not accept.

If an official may not take a lunch or a box of chocolates in return for a favour without first getting the permission of the provincial secretary, Dr Steyn, then the province must pay so."

Gifts and benefits given to various Transvaal officials according to documents submitted to the De Kock Commission included:

TV sets, overseas trips for officials and their wives, cars, cash retainers, commissions, discounts on TV sets, washing machines and other purchases, uses of champagne, expensive bottles of perfume, weekends at hotels with lavish entertainment for officials and their wives, and dinners and nights at the opera for officials and their families.

● See pages 18, 19

Mr 'State security'

Action was required promptly - official



● President Sebe

office of commander-general was now vacant and had not been filled, and since in terms of the National Security Act it was necessary for the commander-general to sign any detention warrant, she believed her husband was being held wrongfully.

Lt-Gen Sebe's wife, Mrs Nomafakathi Sebe, said in her statement that her husband and her son, Cpl Khambashe Sebe, were "loyal and faithful" servants of Ciskei.

She said that she believed the lives of her husband and son were in danger.

In a replying affidavit Brig Madolo said he had been Commissioner of Prisons in Ciskei and that since July 15, he had been acting head of Ciskei National Intelligence Service.

"Since then I have assumed the powers and duties

of the Commander-General," he said.

He gave instructions for the arrest of Gen Sebe and his son Khambashe on July 19 for Capt Twasa on July 16 for Capt Ndlabantu on July 18, for Brig Tamsanqa on July 14, for Lt Xaba on July 18, and for Lts Tomi and Colin Sebe on July 20, he said.

"It was in the interests of the state that they should be detained," he said.

It was not in the interests of the State or the public that reasons for the detentions should be made known, he said, nor that the detainees should receive visits.

"As for allegations that lives and health are in danger, I deny there is reason for this. They are being well treated and get better food than other awaiting-trial prisoners and detainees."

I did not back the PM's plan, says Alan Paton

AUTHOR Alan Paton the former chairman of the now defunct Liberal Party has rejected an interpretation of a speech he made last weekend at Woodmead school outside Johannesburg as supportive of the Prime Minister's constitutional proposals.

In a statement from Gaborone where he has been on holiday he said "I am told Mr Peter Brown and Mr Colin Gardner and Professor Tony Mathews have dis-

tanced themselves from me. Before taking any steps myself I think it is essential to know what caused them to do this.

I can only suppose that it was due to reports appearing in the Press of my speech at Woodmead school including a headline in the Rand Daily Mail which said Dr Alan Paton backs PW plan. I did not write this headline and it does not express my attitude at all - Sapa



Smugglers do roaring trade in cut-rate wonder drug

183 S. Express
24/7/83



● Throbbing feet were dragged off the dance hour disco marathon, part of the school holiday. Deanne Shepherd, 19, centre as she waltzes with Mark Thompson, 15, left, followed by Ch...

THE Department of Customs and Excise is ready to pounce on a number of companies accused of using false documents to smuggle cheap antibiotics — of dubious quality — into South Africa from the Far East and from behind the Iron Curtain.

The smugglers are accused of importing the wonder drug oxy-tetracycline under the pretence that it is penicillin to escape heavy import duties

This has enabled them to undercut the local manufacturer of oxy-tetracycline, the only antibiotic wholly manufactured in South Africa. The local company claims that illegal imports robbed it of its entire market last year. About 20 000kg of the yellow powder is used by South African pharmaceutical companies each year.

The company, National Fermentation, called in inspectors from Customs and Excise in an effort to catch the culprits.

Importers of the cheaper foreign product, however, this week indicated they "will not go down without a fight", claiming their drugs are not inferior and that they have legal "ways and means" of getting around the prohibitive duties imposed on the imported product.

BY WILSON
STYLLS

If caught evading import duties they could face arrest, heavy fines and confiscation of their stocks and vehicles by customs officials.

The chief director of the Department of Customs and Excise, Mr Daan Colesky, this week confirmed that a "widespread and complicated" investigation was well advanced.

"But it has reached a delicate stage, so I can give no details," Mr Colesky said.

Mr Peter Wighton, deputy managing director of Premier Milling group, said this week that National Fermentation, a Premier subsidiary which manufactures the drug, had lost its entire market last year as a result of allegedly illicit imports.

"We have been aware for some time that there have been imports under false tariff headings, imports of dubious quality bought behind the Iron Curtain at dumping prices, less than R30/kg. The importers evade import duties, probably by describing it as another product which is not liable to duty."

Mr Wighton said the local product met with the very high local standards, whereas tests done on the imported powder showed it was often of poor quality.

"Our analyses showed the potency of the drug was sometimes wrong, and so was the method of manufacture, which done properly is a very costly operation," Mr Wighton said.

But at least one of the companies under investiga...

Pakistani heads Mugabe's air force

Sunday Express Correspondent

HARARE — A senior officer in the Pakistan air force has been appointed acting commander of the Zimbabwe Air Force in an apparent attempt to curb the loss of trained personnel.

The officer, Air Marshal...

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*The finest t
*Superb skill in
*The pleasure of smoking

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Pakistani heads Mugabe's air force

Sunday Express Correspondent

HARARE — A senior officer in the Pakistan air force has been appointed acting commander of the Zimbabwe Air Force in an apparent attempt to curb the loss of trained personnel.

The officer, Air Marshal Azim Daudoota, has been in Zimbabwe for about two weeks and is working from the office of Air Marshal Norman Walsh, who retired in May at the start of the Thornhill sabotage trial.

On Wednesday the acting commander, who is understood to be on a one-year contract, attended a military reception at which he wore the uniform of an air marshal in the Zimbabwe Air Force.

Air Marshal Azim has been appointed over Air Vice-Marshal Josiah Tungamirai, a former guerrilla commander who moved to the Air Force as Chief of Staff from the army last year.

The Pakistan Air Force, like the Zimbabwe Air Force is close in training and tradition to the British model.

A deal between Zimbabwe and Pakistan embraces about 30 other members of the Pakistan Air Force, some of whom have already arrived.

By WILLIAM UTTING

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"Our analyses showed the potency of the drug was sometimes wrong, and so was the method of manufacture, which done properly is a very costly operation," Mr Wighton said.

But at least one of the companies under investigation is not daunted.

Mr Wolfgang Andre, managing director of Anpharm importers of raw chemicals, confirmed that his was one of about 10 companies having 'friendly discussions' with customs investigators. But no action had yet been taken, he said.

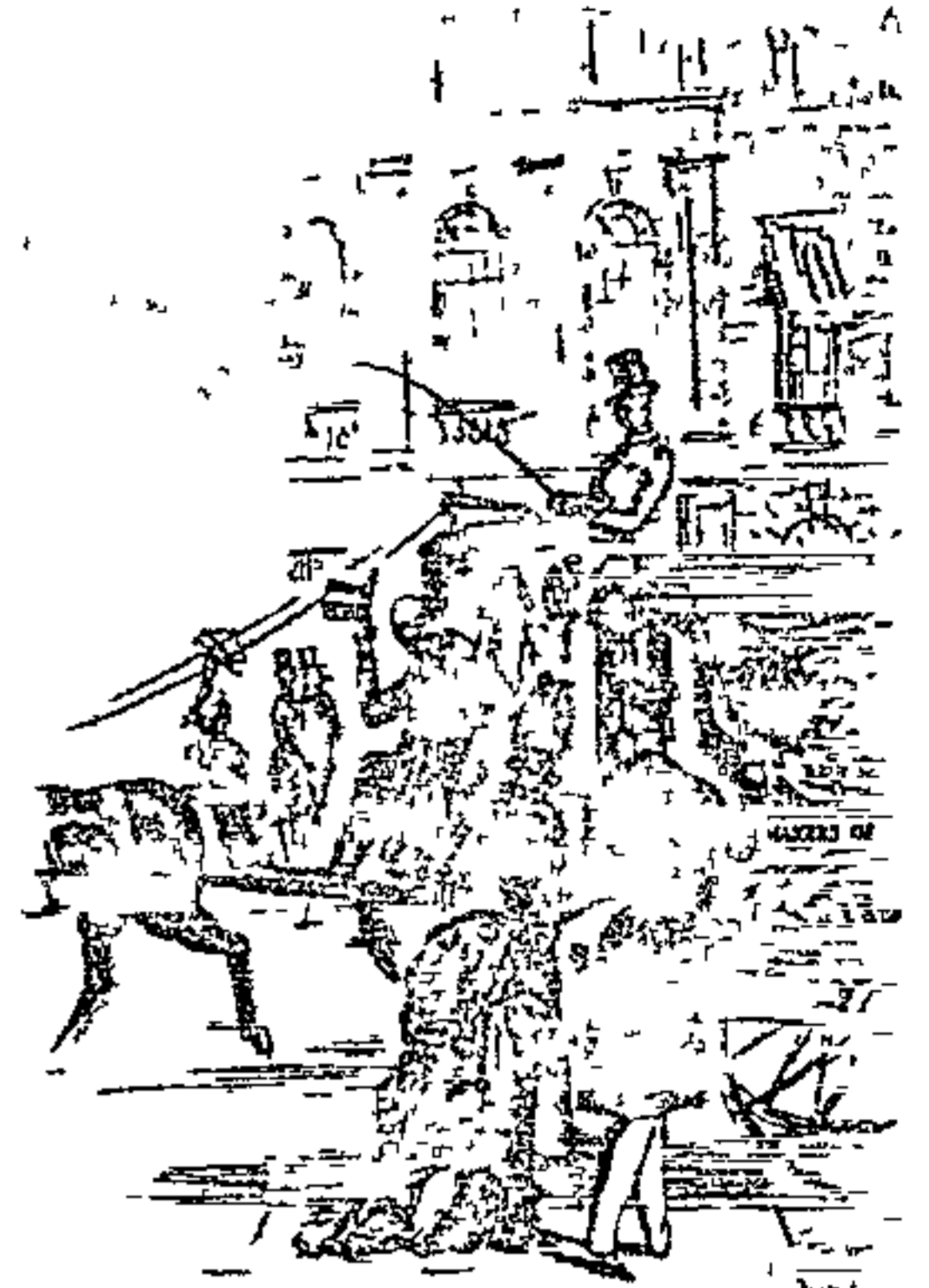
"We are merely under suspicion of evading the heavy duty. They have proved nothing," Mr Andre said.

He said the importers were out to help the consumer. They bought fine quality products from France or Italy or even China at about R25/kg and had found 'ways and means' of bringing it illegally in to South Africa to undercut the local product which sells at R58/kg.

"If we paid the full duty on oxy-tetracycline this would mean about R40 on top of the FOB price of R25."

"Some manufacturers may bring the drug in under a false name, for example penicillin which carries no duty at all."

But this is illegal," Mr Andre said. "And you are not speaking to a crook. We pay duty."



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*The fine
*Superb skill!

*The pleasure of smoking

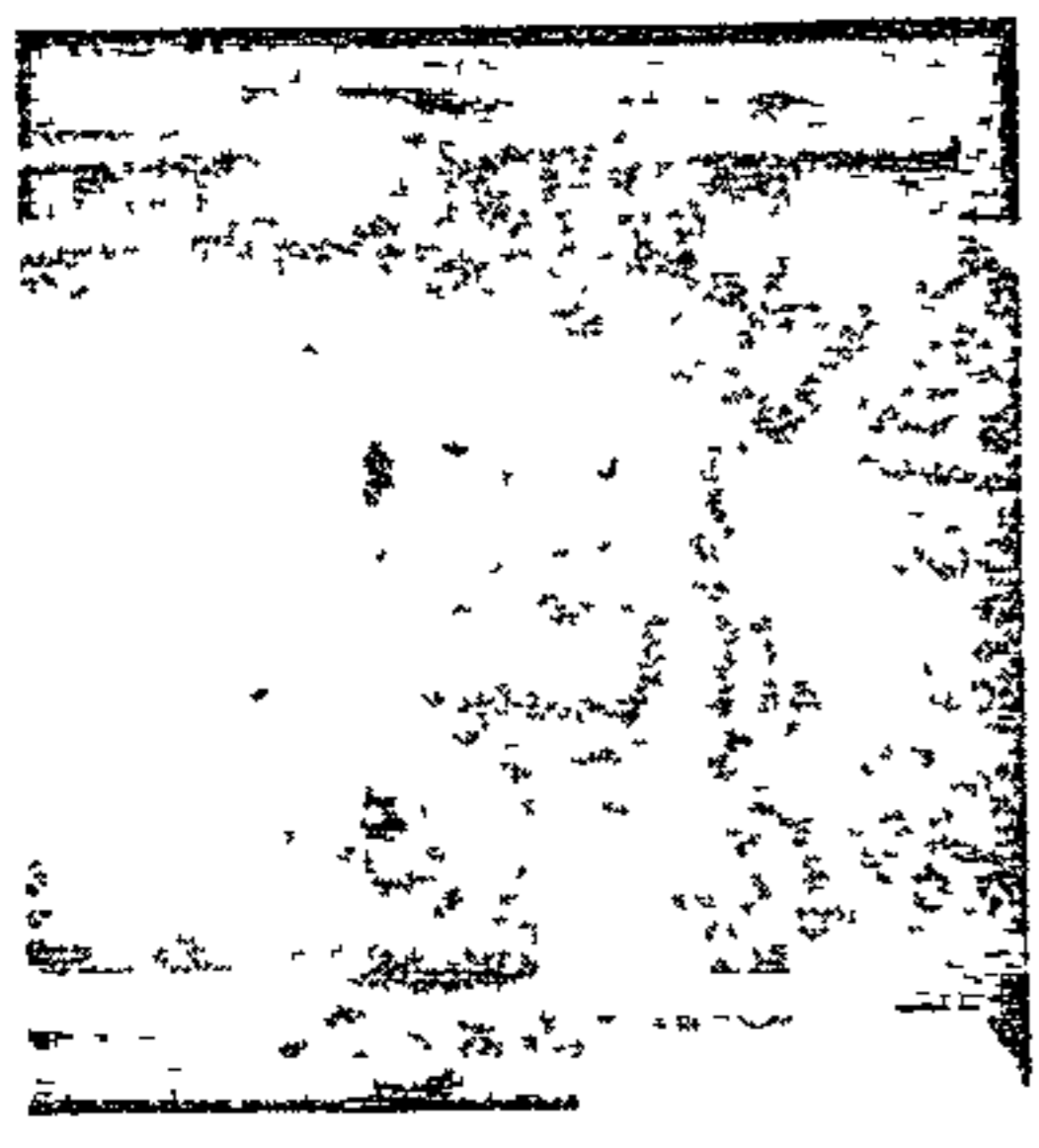


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Gifts didn't influence Grové or Schepers

Sun. Express 27/7/83 F

282 (83) S



● Dr Gerrit Schepers — admitted receiving a TV set wholesale but there was no evidence he was influenced in the awarding of tenders

A COMMISSION of inquiry appointed to investigate aspects of the gift-giving scandal in the medical industry, this week exonerated Dr Henric Grové, Director of Transvaal Hospital Services, and his deputy, Dr Gerrit Schepers, saying they had not been influenced by favours they received.

The commission said that Dr Schepers' action in taking his wife along on an overseas trip sponsored by a pharmaceutical company had not been in the interests of the province, and he was at fault for not obtaining approval for a trip to Sweden.

"The handing over of a gift, as such, is not an offence," the commission said. "What is of importance, however, is not only the spirit in which it is given but also the spirit in which it is accepted."

The commission said the Director of Hospital Services and his staff met daily with suppliers to the province and it was only natural to expect that this contact

would lead to ties of friendship. However, it suggested that the Transvaal Provincial Administration consider drawing up "clear guidelines" for officials to accept gifts and benefits.

Mr Lourens de Kock was appointed as a one-man commission by the Administrator, Mr Willem Cruywagen, after reports on medical gift-giving by the Alumina group of pharmaceutical companies headed by Mr Isaac Kaye were published by the Sunday Express on February 6 and February 13.

He found that the actions of Alumina's agents in Natal, the Cape, Namibia and Transvaal demonstrated indisputably that the group was prepared to pay officials if this could promote the interests of the company.

The commission was, however, required by its narrow terms of reference to make a finding only on whether gifts, and favours received by the doctors from the Alumina group could have benefited the companies in the awarding of tenders for the supply of medical equipment to the

province. In his report Mr de Kock said his inquiry centered around 11 main allegations against Dr Grové, and four allegations against Dr Schepers.

Of the 11 allegations against Dr Grové listed by the commission, three emanated from reports in the Sunday Express or evidence by Sunday Express reporters. Two of the four allegations against Dr Schepers came from the Sunday Express.

The allegations concerning Dr Grové that emanated from the Sunday Express were:

- That until 1975 he had

been a shareholder in two private hospital companies, Banstan (Pty) and Copybook Investments (Pty), controlled by Mr David Tabatznik, a director of and major shareholder in companies in the Alumina group, and a partner of Mr Kaye. Other Alumina directors and shareholders also had interests in Banstan and Copybook at the same time.

- That he had acquired a TV set and a washing machine wholesale through Mr Kaye and the Alumina companies.

- That Dr Grové had hesitated to take action against an Alumina company that supplied the province with intravenous fluids when it

was discovered that the fluid packs were defective and possibly dangerous to health.

Other allegations, made by witnesses to the commission, included making use of an Alumina director's 'Makro' card to buy goods wholesale using the company's name, taking a holiday trip with his wife to the Greek Islands paid for by an Alumina company, favouring Alumina companies in tender allocations and by giving information to Alumina in advance, to the detriment of its competitors.

Sunday Express allegations concerning Dr Schepers were:

- That he had obtained a TV-set wholesale through an Alumina company.

- That he had undertaken an extended overseas trip with his wife, paid for by Alumina companies.

Other allegations made in evidence were that Dr Schepers was excessively entertained by Mr William Kennedy, the managing director of an Alumina company and that he had awarded a tender for silver recovery (from used X-ray film) to an Alumina company in such a manner that the province had suffered large financial losses.

The commission said it

was common cause that Dr Grové was allotted 2 000 shares in each of two companies, Banstan (Pty) and Copybook Investments (Pty), in 1973 and that he had paid for them. These companies were controlled by Mr D Tabatznik, but the companies did no trade with the province.

In his evidence Dr Grové had said that he had not been aware that Mr Kaye (who did trade with the province) was also a shareholder in these companies. The commissioner found that even if he had been aware of this, there would have been "no harm in it".

There was absolutely no

More allegations but no proof

The handing over of a gift, as such, is not an offence. What is of importance, however, is not only the spirit in which it is given but also the spirit in which it is accepted.

THE commission assessed evidence which suggested that Mr Isaac Kaye and the Alumina Group were given preference or had unusual influence in the Transvaal Department of Hospital Services.

- Mr Malan du Preez, a former assistant director of Hospital Services, had testified that there was a "feeling" in the department that the Alumina companies were favoured above others.

- Mr du Preez was, however, unable to substantiate this view, the commission found.
- Mrs Annette Geiling (the official in the department responsible for administering informal tenders) had gone out of her way to be of assistance to Mr William Kennedy, the managing direc-

companies as well. The commission also noted that she denied that the gifts were always as big as was reflected on the invoices presented to the commission.

- Mr Jimmy de Villiers, a former director of one of the Alumina companies, alleged in his evidence that Mr Peter Goldberg and Mr Kaye would "see things right" with senior officials in the department. But, he too, the commissioner found, based this claim on hearsay.

- In a letter, remembered as "arrogant" by Mr du Preez in his evidence, Mr Goldberg wrote to Dr Grové in October 1979 objecting to the award of certain informal tenders to a competitor. The letter (a copy of which was

after he had seen it and the original could now not be traced.

- In a Sunday Express interview Mr Goldberg was quoted as saying "Top officials in Pretoria, such as Dr Grové and Dr Schepers, would phone me for advice. They knew I would sort them out."

The commissioner interpreted this statement as meaning that Mr Goldberg would "put them in their place".

In his evidence Mr Goldberg had vehemently denied making the statements attributed to him in the Sunday Express.

"If the Sunday Express report is correct, it reflects a sad state of affairs that Dr Grové and Dr Schepers should phone a vain chap (verwaande vent) such as Mr Goldberg — and

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● Mrs Annette Geiling (the official in the department responsible for administering informal tenders) had gone out of her way to be of assistance to Mr William Kennedy, the managing director of an Alumina company, from whom she had received many gifts.

The commission, however, found that she appeared a "helpful sort of person", and accepted her statement that she had helped people from other

companies as well. The commission also noted that she denied that the gifts were always as big as was reflected on the invoices presented to the commission.

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● In a letter, remembered as "arrogant" by Mr du Preez in his evidence, Mr Goldberg wrote to Dr Grové in October 1979 objecting to the award of certain informal tenders to a competitor. The letter (a copy of which was found in Mr Goldberg's correspondence files seized by the commission), concluded "I trust you will go into this matter and prevent a repetition".

However Mr du Preez could not recall what had become of the letter

after he had seen it and the original could now not be traced.

● In a Sunday Express interview Mr Goldberg was quoted as saying "Top officials in Pretoria, such as Dr Grové and Dr Schepers, would phone me for advice. They knew I would sort them out".

The commissioner interpreted this statement as meaning that Mr Goldberg would "put them in their place".

In his evidence Mr Goldberg had vehemently denied making the statements attributed to him in the Sunday Express.

"If the Sunday Express report is correct, it reflects a sad state of affairs that Dr Grové and Dr Schepers should phone a vain chap (verwaande vent) such as Mr Goldberg — and Goldberg says 'They knew I would put them in their place,' the commission said.

"But in the end when I indicated that I intended recalling the Sunday Express reporters for further question-

ing, Mr Frans Roets, leading evidence, informed the commission that the Sunday Express had conceded that its reporting was wrong. What was intended was that Mr Goldberg would sort out problems," the commissioner said.

Now a new picture emerged with which no fault could be found, the commission found. "But Dr Grové and Dr Schepers remain tarnished by the newspaper report. There is much of the newspaper reports that does not reflect a true image," the commissioner said.

Misunderstanding over denial

THE De Kock Commission said the Sunday Express had admitted to incorrectly reporting an interview with Mr Peter Goldberg, company secretary and accountant in the Alumina Group of pharmaceutical companies.

The Sunday Express had reported that Mr Goldberg said he was frequently called for advice by Dr Grové and Dr Schepers and he would "sort them out". Mr Goldberg denied making the remark.

To help shorten the proceedings, the Sunday Express explained to Mr Frans Roets, who was leading evidence to the commission,

that in the context of the interview with Mr Goldberg the latter had used the expression "sort them out" as meaning sorting out their problems.

Mr Goldberg had been reported accurately, and the entire report of the interview had been read to him and passed by him before publication.

It appears that Mr Roets misunderstood this explanation and told the commissioner the Sunday Express had admitted an error, which in fact it had not. Had the Sunday Express been aware of the misunderstanding it would have testified on this point to the commission under oath.

Commission clears top provincial doctors

Reports by MARTIN WEIZ AND WILMAR UTING

● Dr Henne Grové — no evidence that an allotment (of shares) influenced the awarding of tenders

evidence that this allotment (of shares) influenced the awarding of tenders, the commission found

The commission condemned a report in the Sunday Express headlined "Grové linked to Kaye empire" just because they held shares in the same company, saying it was misleading

The commission found that evidence of a trip allegedly made to the Greek Islands by Dr and Mrs Grové at the expense of Continental Ethicals in 1978 or 1979 "must have referred to another Dr Grové" It found that while Dr and Mrs Grové (the director and his wife) had visited the Greek Islands, this trip had taken

place in 1975 and had been paid for by Dr Grové

The commission was satisfied from the records that all the hospital's tenders had been properly handled in terms of tender regulations

While this was not specifically provided for in the regulations, special tender advisory committees consisting of doctors and professors in the department's service had assessed tenders and made recommendations to the Tender Board This procedure, the commission found, was an added safeguard against irregularities taking place

Dealing with the evidence concerning Dr Grové, the commission noted that Dr

Grové had admitted obtaining a TV set at wholesale price from Mr Kaye, purchasing a washing machine making use of an Alumina company buying order to get it wholesale, and using the 'Makro' card of an Alumina director to buy goods wholesale

"It is general knowledge that people acquire things at cost with the help of those in a position to help It is also general knowledge that when Ministers of State open certain homeland legislative assemblies they are handed gifts"

In the case of officials receiving gifts, the commission found that both the giving and the receipt of a gift

must be in relation to the work of the official There must be a guilty intent before a crime is committed

"With regard to the favour accepted by Dr Grové, the allegation is clear it could promote influence in a community, experience has taught, there will always be those that come to the conclusion that there is advantage to the giver

"Judged objectively, however, there was absolutely no evidence led from which it could be deduced that Dr Grové was influenced Whatever Mr Kaye's intentions might have been, the commission is satisfied that Dr Grové did not receive the fa-

vours in relation to his work, and that there was no guilty intent on his part

"Dr Grové is a senior official with an annual income in salary and allowances totalling over R41 000 It is highly improbable that he would squander his honour and integrity for a measly few hundred rand"

Referring to the Sunday Express "banner headlines" report on contaminated intravenous fluids supplied to the province by an Alumina subsidiary, Labethica, the commission said the allegation was that this serious situation had not received immediate attention However, the commission found that the province had

acted immediately it was informed by the Medicines Control Council of the contamination by telephonically advising hospitals to freeze their stocks and obtain replacements from another company

This instruction had been confirmed in writing two weeks later

Dr Grové had impressed the commission as an honest and reliable witness, the report said The commission was satisfied he had not been influenced

Dealing with allegations concerning Dr Schepers, the commission said while he had admitted receiving a TV set wholesale from Mr Kaye there was no evidence he

was in any way influenced in the awarding of tenders

While evidence indicated that Dr Schepers had been entertained countless times by an Alumina director, Mr William Kennedy, both men had said they were bosom friends and that this entertainment, although done at the company's expense, was not related to business

Dealing with an invitation from the Israeli Board of Trade to visit Israel, the commission noted that Dr Schepers had taken his wife along instead of the other doctor invited, Professor Funston, without informing Dr Grové

This action was wrong and reprehensible, the commission said Dr Schepers had put his own interests above those of the province

An unauthorised extension of this trip at the expense of a company was clearly to acquire further knowledge to the advantage of the province and the commission accepted Dr Schepers had acted in good faith in this regard

He should, however, have sought approval subsequently

One Sunday Express report condemned

THE De Kock Commission condemned the Sunday Express for one of its reports on the medical scandal published earlier this year, saying it was "misleading"

The Sunday Express reported linked Dr Henne Grové to the 'Kaye empire' — a group of pharmaceutical companies known as the Alumina group which was headed by Mr Isaac Kaye.

It said Dr Grové was a former business associate of

The commission noted that "an official is also human and entitled to live a normal life" and said it could find no fault with Dr Grové's actions There was absolutely no evidence that his shareholding had influenced the award of tenders

The commission did not mention the partnership agreement between Mr Kaye and Mr Tabatznik. Nor did it mention that Banstan and Copybook had in fact never traded with the province and were not involved in the tender market for medical products.

The only companies that

did enter the Transvaal tender market for medical products in 1975 were Amilkay and Labethica, the two Alumina companies in which Mr Tabatznik and Mr Kaye were partners, major shareholders and co-directors

Mr Tabatznik told the Sunday Express in a statement which he examined for accuracy before publication that he had suggested to Dr Grové that he sell his shares in Banstan and Copybook because Labethica — not Banstan or Copybook — was about to trade with the province

However, the relationship between these companies is not clarified by the commission's report which does not deal with the implication that Mr Tabatznik and Dr Grové saw a link between the companies, or they would have had no reason to sever it

mining group, Mr Kaye and his partner, Mr David Tabatznik.

Dr Grové was allotted 2 000 shares in one of Mr Tabatznik's companies, Copybook Investments (Pty), in 1966 and in 1972 he was allotted 2 000 shares in another Tabatznik company, Banstan (Pty). Both these companies own or hold interests in private hospitals and sanatoriums. The commission found he paid for the shares.

Other shareholders in these companies included Mrs Maria Brink, wife of Professor A J Brink, also a director of an Alumna subsidiary, and Mr Kaye himself.

Mr David Tabatznik, besides being chairman of Copybook and Banstan, was also a director of two of the Alumna group's largest subsidiaries, Amilkay and Labethica.

All the companies in the Alumna group were, or became, major suppliers to the Transvaal Department of Hospital Services.

The De Kock commission accepted Dr Grové's explanation that he had been unaware that Mr Kaye also held shares in Banstan and Copybook at the time. Neither company had traded with the province.

According to the commission Dr Grové and Mr Tabatznik had an agreement that if the companies entered the Transvaal tender market Dr Grové would be informed. This had occurred in 1975 and Dr Grové had sold his shares.

TPA likely to remind officials of gifts law

By GEOFFREY ALLEN

A MEMORANDUM is likely to be sent to Transvaal Provincial Administration officials reminding them of a 26-year-old law against accepting gifts from the private sector

This possibility follows a four-month commission of inquiry into alleged misconduct by two senior TPA officials

The De Kock Commission, which investigated alleged misconduct by the Director of Hospital Services, Dr Hennie Grove, and his deputy, Dr Gherhard Schepers, recommended that precise guidelines should be laid down for the acceptance of gifts or favours by Administration officials

Yesterday, spokesmen for both the Public Servants Association of South Africa and the Commission for Administration said that the recommended guidelines already exist

Meanwhile, Provincial officials are still working out the cost of the commis-

sion conducted by Mr L V de Kock, following reports by a Sunday newspaper that the two doctors had allegedly misconducted themselves in the course of their work

A TPA source said the Administrator of the Transvaal, Dr Willem Cruywagen, still had to decide on the commission report and what action to take

However, the source said it was most likely that a memorandum would be circulated to staff reminding them of the law relating to the acceptance of gifts

The commission report tabled last week found that the doctors had accepted assistance from the giant Alumina Group of pharmaceutical and medical equipment supply companies in purchasing goods at wholesale prices, but that they had not been influenced, nor had they in turn influenced the awards of huge tender contracts as a result

According to the Public Service Act No 54 of 1957, it is an offence for any officer "to accept (or demand) without

the permission of the Minister or Administrator in respect of the carrying out of or the failure to carry out his duties any commission, fee, or reward, pecuniary or otherwise, or fails to report to his head of department or the Minister or Administrator the offer of any such commission, fee or reward"

A spokesman for the Commission for Administration confirmed that the rule applies equally to public servants and officers of the TPA

If an official is found guilty of accepting any reward in terms of the Act, he can be suspended and be made to pay back the money he has gained

"It is a very serious rule," the spokesman for the Public Servants Association said

He said that he did not think that expensive business lunches could be included in the definition of gifts because they were had in the course of working

The De Kock Commission found that neither of the two doctors under scrutiny had been guilty of any misconduct

Officials not
~~26~~ 183 ~~27~~
confused
RDM 307/83
spokesman

Pretoria Bureau

THE Transvaal Provincial Administration had not been thrown into confusion by the contents of the De Kock commission report, says the province's liaison officer, Mr A Byrne

He was reacting yesterday to Press articles that TPA officials were confused by the report.

The De Kock report had been accepted in its entirety by the Administrator, and the comments contained in it would receive attention, he said

"I wish to state emphatically that no action is contemplated against either Dr Grove nor Dr Schepers or any other official in the TPA, as the report is quite clear that no misconduct had taken place and no offence had been committed", he said

EXPRESSSCOPE LOOKS AT THE PAYOLA CHAOS

TPA to enforce ban on gifts to officials

Reports by
WILLEM
LITTING

THE Transvaal Provincial Administration (TPA) will now reimpose, in full force, standing regulations which prohibit any of its officials from accepting gifts unless they obtain proper permission

Officials who contravene the ban will face a departmental inquiry, and, if found guilty of misconduct, will be liable to penalties ranging from a reprimand to dismissal from the service

However, the administration is not considering action against officials who were recently found by the de Kock commission of inquiry to have accepted gifts and favours from a group of pharmaceutical companies

This was announced in a statement issued on Friday by the TPA's liaison officer, Mr A Byrne

The statement denied a Sunday Express report which said the findings had sown "utter confusion in the administration"



● Administrator Mr Willem Cruywagen says it's not possible to reopen the commission

THE REGULATIONS

THE RULES now reimposed for all officials of the Transvaal Provincial Administration

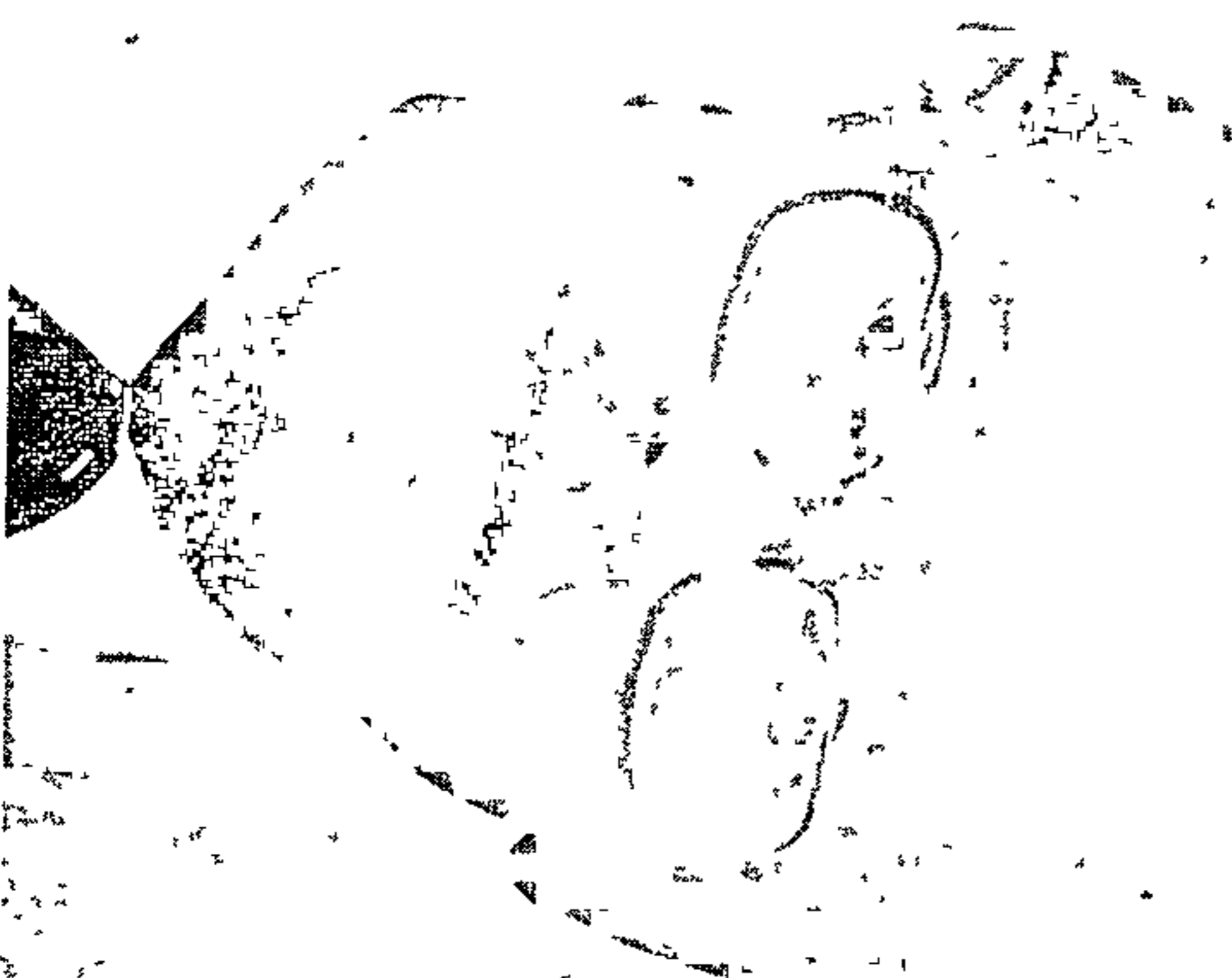
Public Service Regulation A/11/1 An officer or employee shall not accept, without the permission of the head of a department, or the Minister or Administrator, a gift pecuniary or otherwise, offered to him by a member of the public by reason of his occupying or having occupied a particular office or post in the public service

Public Service Act 1957, Section 17 (n) An officer shall be guilty of misconduct if he or she accepts, without the permission of the Minister or Administrator or demands any commission fee or reward, pecuniary or otherwise not being the emoluments payable to him in respect of his duties, or fails to report to his head of department, or if he is the head of a department, to the Minister or the Administrator, the offer of any such commission, fee or reward and disciplinary action may be taken against him

Public Service Act 1957 section 18 says that if an officer is found guilty of misconduct the head of the department or the commission may recommend that

- The officer be cautioned or reprimanded or
- A fine be imposed by deductions from his salary, or
- He be transferred to another post or
- He be demoted and his salary reduced or
- He be discharged or called on to resign

In addition Section 24 (a) says that where any remuneration, allowance or other reward whatsoever is received by an officer or employee in connection with the performance of his work in the public service, apart from his salary, such officer or employee shall pay into the State Revenue Fund an amount equal to the amount of such remuneration allowance or reward or where it does not consist of money, the value thereof as determined by the head of the department in which he was employed at the time of the receipt thereof, and if he does not do so, it shall be recovered from him by the said head by legal proceedings



● Mr Douglas Gibson says an impression has been created that "it is open season"

... accepted in its entirety by the Administrator, and the findings contained therein will receive attention," the statement said

A/11/ which categorically states that no official shall accept any gift from a member of the public without permission

administration, or any of its officers into disrepute after the findings of the commission had been published, the statement said

Without referring to standing regulations, he suggested in his findings issued on July 20 that the province draw up guidelines for its officials, particularly officials of the Department of Hospital Services which, he said, was a "very rich field, ripe for irregularities"

... that no action is contemplated against either Dr Heime Grové (director of the department of hospital services) or Dr Gerrit Schepers (deputy director), or any other official in the Transvaal Provincial Council

... regulations

He also quoted Section 17(n) of the Public Service Act of 1957 which forbids any official to accept a fee or reward without permission

The statement has further added to the confusion caused by the findings of Mr Lourens de Kock, who was appointed to probe possible misconduct by officials who accepted gifts and favours

Mr de Kock made no reference to the contravention of the regulations in his findings, but in a subsequent interview said he had decided to ignore them because "nowhere in the public service are they applied"

The Public Service Regulations (which ban gift-taking) "I wish to state emphatically as a whole"

The leader of the Opposition in the provincial council, Mr Douglas Gibson, called for a fresh report from the commission so that it could spell out its proposals in detail

These had been circulated to all officials in November 1974, he said

However on February 17, answering questions from the Opposition in the provincial council on the council's attitude to gift-giving, Mr Fanie Schoeman, MEC, said "it had not been found necessary in the past" to take action against officials as far as the acceptance of gifts was concerned

Mr de Kock made no reference to the contravention of the regulations in his findings, but in a subsequent interview said he had decided to ignore them because "nowhere in the public service are they applied"

The Public Service Regulations (which ban gift-taking) "I wish to state emphatically as a whole"

"The present position should not be allowed to continue for a moment longer because an impression is being created that it is open season, and that companies and other interested parties can give gifts to provincial officers who can in turn accept them with impunity," Mr Gibson said

Commenting on the de Kock commission findings, TPA leaders said they were puzzled

Mr de Kock made no reference to the contravention of the regulations in his findings, but in a subsequent interview said he had decided to ignore them because "nowhere in the public service are they applied"

The giving of gifts was not an offence, the commission said What was of im-

The Public Service Regulations (which ban gift-taking) "I wish to state emphatically as a whole"

The Administrator, Mr Willem Cruywagen, said it was not possible to reopen the commission for a further report, nor could the province reframe new regulations or guidelines, since they already existed

Mr Daan Kirstein, MEC in charge of hospital services, said he did not know what the commission meant. There were already strict conditions laid down

Mr Schoeman quoted answering questions from the Opposition in the provincial council on the council's attitude to gift-giving, Mr Fanie Schoeman, MEC, said "it had not been found necessary in the past" to take action against officials as far as the acceptance of gifts was concerned

The giving of gifts was not an offence, the commission said What was of im-

The Public Service Regulations (which ban gift-taking) "I wish to state emphatically as a whole"

All the administration could do, he said, was bring the regulations again to the attention of all officials

Mr Daan Kirstein, MEC in charge of hospital services, said he did not know what the commission meant. There were already strict conditions laid down

Mr Schoeman quoted answering questions from the Opposition in the provincial council on the council's attitude to gift-giving, Mr Fanie Schoeman, MEC, said "it had not been found necessary in the past" to take action against officials as far as the acceptance of gifts was concerned

The giving of gifts was not an offence, the commission said What was of im-

The Public Service Regulations (which ban gift-taking) "I wish to state emphatically as a whole"

"If there are then contraventions, nobody can complain they did not know about the regulations," Mr Cruywagen said

Mr Daan Kirstein, MEC in charge of hospital services, said he did not know what the commission meant. There were already strict conditions laid down

Mr Schoeman quoted answering questions from the Opposition in the provincial council on the council's attitude to gift-giving, Mr Fanie Schoeman, MEC, said "it had not been found necessary in the past" to take action against officials as far as the acceptance of gifts was concerned

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The Public Service Regulations (which ban gift-taking) "I wish to state emphatically as a whole"

● Gifts and benefits given to Transvaal officials according to documents before the de Kock commission, included TV sets, cars, cash retainers, commissions, discounts on TV sets, washing machines and other goods, cases of champagne and other liquor, expensive perfume, weekends at hotels for officials and their wives, dinner and nights at the opera for officials and their families, and overseas trips for officials and their wives

Mr Daan Kirstein, MEC in charge of hospital services, said he did not know what the commission meant. There were already strict conditions laid down

Mr Schoeman quoted answering questions from the Opposition in the provincial council on the council's attitude to gift-giving, Mr Fanie Schoeman, MEC, said "it had not been found necessary in the past" to take action against officials as far as the acceptance of gifts was concerned

The giving of gifts was not an offence, the commission said What was of im-

The Public Service Regulations (which ban gift-taking) "I wish to state emphatically as a whole"

Consulting fees weren't bribes, SWA probe told

183
S. Express
31/7/83
Staff Reporter

A JOHANNESBURG supplier of hospital equipment denied to a commission of inquiry this week that his company had bribed a top official in Namibia with "consulting fees" to better his chances of selling his products in the territory.

Mr Bill Kennedy, former managing director of Surgicare (a subsidiary of Mr Isaac Kaye's Alumina group of companies, later taken over by South African Druggists) was questioned by Mr Justice F W Thirion who is conducting a probe into corruption and irregularities in the Namibia administration.

The commission, appointed in November last year, heard evidence at a brief hearing in Pretoria this week.

The judge questioned Mr Kennedy on Surgicare records which showed large amounts totalling more than R20 000 paid to Mr Dudley Honey's company Salita in Cape Town as "consulting fees".

Mr Honey is consultant to the South West African Department of Hospital Services. Mr Kennedy said the company used Mr Honey as a consultant to design its equipment.

He denied his company had paid Mr Honey to enhance its prospects of selling its equipment to Namibian hospitals. He also denied that Mr Honey had ever told the company that certain equipment was needed in Namibia and asked if he could design it for the company.

Mr Kennedy said Mr Honey submitted invoices for the hours he spent designing for Surgicare and he was paid according to his invoices. Mr Kennedy could not explain why a cash register slip, showing calculations and bearing the word "commission" was attached to one of the Salita invoices.

He said this must have been a mistake.

The documents, including a Surgicare cash book, were submitted to the commission by Mr Martin Welz, political correspondent of the Sunday Express.

Mr Welz and Mrs Wilmar Utting, the chief reporter of the Sunday Express, had been asked by Mr Justice Thirion to hand over any documents or information relating to irregularities that may have occurred in Namibia.

Mr Welz said his information and the documents had been supplied by company officials.

Mr Welz submitted several cheques made out to Mr Jack Boshoff, chief radiographer at the Wmdhoek Hospital. The cheques showed that Mr Boshoff had received payments from another of Mr Kaye's companies, CE Electro Medical.

The commission's attention was also drawn to instruments imported by Surgicare direct from Pakistan and supplied to hospitals.

Mr Kennedy agreed that some of those instruments might have been supplied to hospitals in Namibia, but he could not say how many.

He said that in 1980 he had made an arrangement with a Pakistan company, Prestige, that it manufacture surgical instruments for Surgicare, but stamped with the name of a British manufacturer, Fleming and Ashday.

He denied a suggestion by the judge that this was a fraud committed against Fleming and Ashday.

It was common practice in the trade, he told the commission, because "in the East, labour costs are much cheaper". The Pakistani products met British specifications and were now generally acceptable, he said. Everyone knew they were actually made in Pakistan.

Mr Justice Thirion asked what was the point of a Pakistani company masquerading under an English name if everyone knew the instruments were made in Pakistan.

Mr Kennedy said the arrangement to import direct was to "cut out the middleman, Fleming and Ashday".

The commission has completed its hearings in Pretoria. It will continue its hearings in other centres.

(4/10/83) (83) vno 1/8/83

Wits issues guidelines on gifts to medical staff

By HELENE ZAMPETAKIS
GUIDELINES for staff who are offered gifts have been sent to academics at the University of the Witwatersrand, in the wake of the recent furore over "sweeteners" to medical lecturers

Circulars sent to Wits academics last week stressed that any gifts extended to staff should benefit the university as a whole and any donations should be paid into a university fund

The dominant guidelines were that staff should consider the example they set to students and take into account the impression that was created as well as the legality of their actions

The circular says "The council assumes that a member of staff acts honourably and would not jeopardise his academic or personal integrity by accepting gifts which are tantamount to bribes. In the university sphere,

the concern is whether commercial gifts to academics might have the appearance, the potential, the outright intention or the actual effect of influencing the recipient's scientific and critical judgment of the donor's wares"

It added that members of the joint medical and dental staff were not permitted to undertake private work for personal gain

When testing new drugs or equipment by commercial organisations, gifts of gratitude should be "properly motivated", budgeted and recorded on a contractual basis

The tests should have the approval of the relevant hospital authorities, the Senate's research committee and the relevant ethics committee

Guidelines included
● Donations of money should be paid into a university fund to be used at the discretion of the dean of the faculty

● Donations routed through the University Foundation and research division should be credited to the department, not to an individual staff member

● Financial assistance to enable an academic to attend a conference should be sanctioned by the head of department or the dean of the faculty and the staff member should report back to colleagues on the conference

● Gifts in kind "of real intrinsic value" should not be accepted for individual personal gain but rather for the benefit of the university and should be installed in an appropriate university area

"It is clearly unacceptable that a member of staff should attempt to exert any pressure to elicit such donations and great care should be exercised by those in positions of influence not to become obligated to a particular company", the circular says.

350 affected by ^{Mercury} AECI plant closure

~~183~~ (183) Mercury Reporter

ABOUT 350 workers are likely to be affected by the shut-down of two plants at the African Explosives and Chemical Industries (AECI) factory at Umbogintwini in Natal

A spokesman for the company said yesterday that employees would be redeployed as far as possible, but there inevitably would be some retrenchments.

"The Umbogintwini ammonia plant being oil based, is a high-cost producer by world standards because most ammonia world-wide is produced from cheap natural gas

ammonia producer in South Africa and would be able to supply its customers from its plants at Modderfontein which use locally mined coal as raw material

It is not known how many would lose their jobs at this stage, but all employees have been fully informed of the situation

"It is expected that this plant will not be viable against the fertiliser prices which will pertain in the next year or two. The plants will therefore be mothballed to make it possible to restart them in the future if conditions are more favourable"

The company has made it clear that other manufacturing facilities at the factory would not be affected

Announcing the suspension of operation of the ammonia and urea plants at the factory, the spokesman said the decision had been taken with regret in the face of the 'very severely depressed' state of agriculture in South Africa

The spokesman pointed out that AECI would continue to be the largest

Mr Dennis Marvin, managing director of the company said in the interim report for June this year that results for the first half of the year had been seriously affected by the drought

The disastrous drought and high interest rates had greatly reduced the demand for fertiliser in the country and this, together with substantial quantities of urea imported last year, had created a considerable surplus of nitrogenous fertiliser

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RAND DAILY MAIL, Thursday,

AECI suspends operation of 2 Natal plants

SIMON WILLSON
Industrial Editor

FACED by an oversupply of imported urea and undercut by natural gas-based ammonia, African Explosives and Chemical Industries (AECI) is mothballing its urea and ammonia plants in Umbogintwini, Natal, from the beginning of next month.

Operations at the two plants will be suspended so that resumption of production will be possible when conditions in the fertiliser market improve.

An unspecified number of redundancies is expected, but the group is redeploying employees internally and, where possible externally.

Continued economic production at the plants was already under threat at the end of last year when the local fertiliser market was unable to absorb a consignment of imported urea.

More than 200 000 tons of urea was imported last year as a result of an exchange agreement negotiated by the Maize Board.

In its 1982 annual report, AECI said this tonnage was acquired without reference to the fertiliser industry and

could have caused major disruption.

The company predicted that a considerable quantity of the imported urea would have to be carried forward into 1983, leading to a substantial oversupply.

Umbogintwini's oil-based ammonia plant has become unviable competing against ammonia produced from natural gas. The company does not expect oil-based ammonia to return to price-competitiveness against the natural gas-based product for at least two years.

Coal-based ammonia production at the company's Modderfontein plant will continue.

Besides being jeopardised by the oversupply of imported urea and the unviability of oil-based ammonia production, the two Umbogintwini plants were up against the continuing drought and high interest rates.

These factors have all combined to cut substantially the national demand for fertiliser.

Sales of agricultural fertilisers during the fourth quarter of last year were 30% below the corresponding figure for 1981.

(183) ROM 8/8/83

Triomf's Louis Luyt to sue over spying claims

By SIMON WILLSON
Industrial Editor

FERTILISER magnate Mr Louis Luyt is to sue unspecified people and institutions for defamation following publication yesterday of sensational allegations of industrial espionage within the fertiliser industry

Mr Luyt's decision to resort to legal action was announced last night after a marathon session of talks with senior aides in his Triomf fertiliser empire

The hurriedly-arranged meeting, which started at

about midday yesterday at Mr Luyt's Johannesburg home, broke up after eight hours

Mr Luyt called the meeting after reports mentioning industrial espionage appeared in the Sunday newspaper Rapport yesterday

Sources said Mr Luyt was "very upset" at the newspaper reports. Nobody at the meeting was able to name the targets of Mr Luyt's defamation actions.

The newspaper report mentioned bugged telephone conversations, searches of company offices and closed court sessions involving alleged fraud and theft.

The other company mentioned in the reports was Hanhill Industries, a key competitor of Triomf's in the national fertiliser market

Hanhill's managing director, Mr Oliver Hill, said last night his company had had "a difference of opinion" with Triomf which he was hoping to settle privately without re-

sort to the courts

He declined to elaborate on the substance of his company's differences with Triomf

He added that evidence of fraud and theft had been discovered in a Hanhill subsidiary company, Swaziland Chemical Industries, in February this year

Colonel Nollie Hulme, head of the Commercial Branch at John Vorster Square, last night confirmed that the branch was investigating allegations of the irregular acquisition of money belonging to the company, and other irregularities connected with the sale of fertiliser

In a statement issued as the Triomf meeting broke up last night, Mr Luyt said

"Triomf's problems with the Hanhill group arose when Bonus Fertilisers, a member of that group, did not timely pay Triomf for fertiliser and raw materials supplied"

Fertilizer war heads for court

183
Cape Times 8/8/83

Own Correspondent
JOHANNESBURG —
Two competitor companies in the disaster-hit fertilizer industry are set for war in the courts over allegations of industrial espionage.

Triomf Fertilizer is to issue defamation writs this week against unnamed people and key competitor Hanhill Industries is poised to reply within days with lawsuits of its own.

In a sensation charged weekend in the struggling drought-stricken industry

● A press report appeared detailing alleged "dirty tricks" by companies fighting for a share of the nation's fast-diminishing fertilizer sales.

● After seeing the report, published in the Sunday newspaper Rapport, Triomf chairman Mr Louis Luyt announced that he had ordered his legal advisers to sue certain people for defamation.

● Hanhill managing director Mr Oliver Hill said Mr Luyt's response to the press report had

defamed him (Mr Hill) and was itself actionable.

After reading the Sunday newspaper's press report, Mr Luyt yesterday called top Triomf aides to his Saxonwold Johannesburg home about midday for a crisis meeting to plan the company's response.

Mr Luyt's decision to resort to legal action was announced in a statement last night at the end of the marathon, eight-hour session of talks with his advisers.

However, having heard the text of the statement, Mr Hill hinted at legal action of his own against Triomf.

He added that evidence of fraud and theft had been discovered in a Hanhill subsidiary company, Swaziland Chemical Industries, in February this year.

The evidence had been handed over to the police, who were still investigating.

Colonel Nolie Hulme, head of the Commercial Branch at John Vorster Square last night confirmed that the branch was investigating allegations of the irregular acquisition of money belonging to the company and other irregularities connected with the sale of fertilizer.

'Taxpayers lost over R300 000'

A MULTINATIONAL pharmaceutical company has called for an investigation of the awarding of contracts totalling R1-million by the Transvaal Department of Hospital Services

The company claims the deals will cost the taxpayer more than R300 000 — the amount it says was overpaid by the province

The multinational, Maybaker, of Port Elizabeth, part of the giant French-owned drugs empire, Rhone-Pouleng, has challenged the awarding of contracts for X-ray film chemicals to a fledgling Johannesburg company whose quoted prices for the chemicals were up to 70% more than those of Maybaker

Mr Stanley Anderson, chief executive of Maybaker, confirmed he had written to Mr Daan Kirstein, MEC in charge of Transvaal Hospital Services, asking for an investigation, "so that we can be quite certain tests were carried out which showed that our products were inferior to those of the successful tenderer"

The successful tenderer, Mr Bill Sykes, managing director of X-Ray Imaging Services, said "The better

man won"

Mr Sykes was formerly managing director of CGR, a subsidiary of the Alumina group of companies headed by Mr Isaac Kaye, and subsequently taken over by South African Druggists. The company was dis-

solved in 1981 and Mr Sykes launched X-Ray Imaging

In a letter last week Maybaker asked Mr Kirstein to investigate following the company's failure to obtain a satisfactory answer from Dr Henne Grové, director of the Transvaal Department of Hospital Services

It referred to a tender published on October 13

Maybaker tendered for products, including developer-replenisher and fixer/hardener to make 20l of working solution

The company quoted R13,60 for a 20l container of developer and R8,10 for the same amount of fixer

When the tenders were opened in public on November 12, the company wrote, the quoted prices were not read out because of the length of the list of items. However, two weeks later, a clerk in the department, Mr S J Gerber, supplied prices to Maybaker. The company representative noted that X-Ray Imaging had quoted R19,03 for 22l for developer and R13,20 for the fixer

However, when the department published the results of the tender on May 10, these showed that X-Ray Imaging had been awarded the contracts at R20,55 for the developer and R14,25 for the fixer

Maybaker pointed out to Mr Kirstein that X-Ray Imaging were not producers of the chemicals, but merchants who purchased the concentrates and merely mixed the solution to the required strength

According to the letter, X-Ray Imaging had used Ciba-Geigy chemistry, but were instructed by the Department of Hospital Services to prepare the solutions from the Kodak chemical

Maybaker listed the province's financial loss because of the tender awards

X-Ray Imaging would be paid R993 720 by the province for supplying 28 816l of developer (R592 169) and 28 179l of fixer (R401 551)



● Mr Daan Kirstein asked to investigate

By WILMAR UTING

S. Sykes 7/8/83
DRUGS COMPANY

URGES PROBE

INTO HOSPITALS

TENDER AWARD

Maybaker's total quote for the same amounts were R431 087 for developer, R251 075 for fixer

The additional cost to the taxpayer was R311 558

Two telegrams from Maybaker to Dr Grové in June, seeking an explanation about the quality of their products, and asking for advice, were answered by an acting director, Dr P Hauptfleisch, who wrote a standard letter, referring inquiries to Dr Gerrit Schepers, deputy director, and refusing to give reasons for non-acceptance of the tenders

"Rest assured," Dr Hauptfleisch wrote, "all tenders are treated equally"

However, when the samples of their products, which had been submitted for testing, were returned to Maybaker, in accordance with standard procedure, it became apparent that they had not been tested

"We are at a loss to understand how a panel of experts drawn from various hospitals were in a position to adjudicate on factors such as quality and suitability," the company wrote to Mr Kirstein

It also pointed out that according to State policy, provided quality is satisfactory, preference should be given to locally-produced materials

Asked for comment, Mr Kirstein said "I can't remember a letter like that. The best person to speak to is probably Dr Hauptfleisch" (Dr Hauptfleisch had already referred inquiries to Dr Grové)

"I do remember that one of the MPCs mentioned the issue to me but that is all"

Mr Kirstein said he was not familiar with the name 'Maybaker'

Dr Grové said he was unable to comment. He referred all inquiries to Mr Kirstein

Behind the Big Stink in SA fertiliser

183
RDM
9/8/83

THE row between Triomf Fertilizer and Hanhill Industries is another sign that manufacturers in the beleaguered fertiliser industry have decided to take the gloves off in their fight over what remains of the market.

Drought and recession have hit the fertiliser industry particularly hard

Given the long lead times in the agricultural sector, fertiliser will take longer than most other industries to shake off the effects of the heavy blows it has been dealt

The overall picture this year for fertiliser manufacturers is looking so bleak that the near-desperation shown by arch-competitors like Triomf and Hanhill to maintain production and sales is understandable

On top of the depressed market for fertiliser at home and abroad because of high interest rates and drought, domestic manufacturers are faced with a substantial supply of imported fertiliser left over from last year

Projections by the Fertiliser Society of South Africa (FSSA) are for sales to drop by at least 30% by the end of the year

Average use of the industry's capacity of 4 100 000 tons a year could turn out to be barely 50%, according to one analyst. This depressing figure is set to become even worse next year when an extra 1 200 000 tons a year of manufacturing capacity will have come on stream at Sasol, Triomf and Omnia

Analysts have pointed out that the fertiliser industry is particularly vulnerable to slumps in demand because fixed costs can be as much as 75% of the total. Return on capital in the industry is therefore set to suffer along with sales

Last year 208 000 tons of urea entered SA as part of an exchange deal arranged by the Maize Board. As AECI pointed out in its annual report, the domestic industry was not consulted about the extra tonnage coming on the market

In spite of the sell-off programme negotiated last year with the Department of Industries, there is an overhang of imported urea which has to be absorbed before demand can filter through to domestic producers

Last year's urea imports were criticised by AECI last week as the company announced the mothballing from the beginning of next month of its ammonia and urea plants at its Umbogintwini factory in Natal

The collapse of the domestic market for fertiliser has been matched by a similar slump in the export market

The FSSA estimates that exports of phosacid, for instance, will be barely 300 000 tons this year compared with a million tons in 1980 because of the debt crisis involving Mexico and Brazil, and a 15% tumble in fertiliser demand in the

United States

The fortunes of the two SA companies involved in the fertiliser row make grim reading, and offer reasons for the two groups' wrangling through the courts

Triomf, most analysts agree, hit rock-bottom last year as fertiliser sales declined nearly 10% — the worst performance of the domestic market for at least 25 years

The company's 1982 trading profit slumped from R7 300 000 to R128 500, earnings a share slipped from 26,74c to 1,15c and the dividend was passed

The weak United States market for phosacid caused international dumping by US firms, exerting a downward influence on fertiliser prices in several countries, including Brazil — one of Triomf's major markets

But Triomf remains bullish about the prospects for international sales, believing that the end of the US recession will stimulate economies throughout the industrial West, with consequent beneficial influences on South African fertiliser exports

Hanhill has also suffered from the recession and the drought, cutting its final dividend from 6c to 2c as earnings a share fell from 17,9c to 9,3c in the year to December 1982

Comparison of Hanhill's recent results has been invalidated by the company's R42-million acquisition of Swaziland Chemical Industries (SCI) last year, a move which turns out to have been badly timed and which has increased the pressure on the fertiliser and explosives group

SCI, like AECI's mothballed Umbogintwini plant, is in the ammonia business, and is therefore a loss-incurring concern at a particularly bad time for the parent company

Hanhill also seems set for another poor trading year. It has shown none of Triomf's optimism about prospects, and has warned that earnings will fall further

Extra spice is added to the imbroglio between the two fertiliser competitors because of Hanhill's stake in Mozambican gasfields

Hanhill hopes that the gasfields will provide a base source of ammonia that is cheaper than anything the company's competitors have

In the overtraded and oversupplied domestic fertiliser market, a cheap raw material source could provide a manufacturer with an ace to trump all the opposition

Through SCI, Hanhill hopes to exploit the Pande gasfield, which is in an accessible inland site with prospectively low development costs

But the project depends on political stability in Mozambique and some kind of financial contribution from the Mozambican authorities — two somewhat distant eventualities

Small wonder then that these two key competitors are scrapping so vigorously over customers in the South African fertiliser market

Workers strike over dismissals

By PHIL MTIMKULU

WORKERS at Mega-Plastics in Ohlantsfontein went on strike on Tuesday morning after two of their colleagues were suspended from work.

The exact number of workers who downed tools is a matter of dispute between the company and the union representing the workers, the South African Allied Workers Union (Saawu). The company claims 55 workers went on strike while the union claims over 200 workers were affected.

According to an official of Saawu, which claims to have a majority of members at the company, the workers went on strike after two quality controllers, Bambi Maepa and Difer Mnsi, were sacked on Monday.

The union spokesman said the grievance arose

when the ~~two~~ men were summarily dismissed after a client returned a poor quality product. The striking workers claim management did not follow the correct procedure and no verbal warning was issued before the men were dismissed.

Mr H Barnabas, the national organiser of Saawu, said the dismissal of the two workers was nothing else but sheer victimisation. Mr Barnabas said he spoke to Mr T V Hodge, the personnel manager of Omega, and made him aware of the contents of Section 18 of the Employment Act. He said Mr Hodge denied that the workers were dismissed and said they were suspended.

The managing director of Sentrachem, Mr D J Marlow, confirmed that the suspension of the two workers led to the strike.

Sowetan 11/8/03

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USA

Fertiliser row: police probing

(183)

Star 12/8/83

Police are investigating cases of housebreaking, criminal injuria and offences under Post Office legislation in connection with the row between the two giant chemical/fertiliser companies, Hanhill and Triomf

This is the latest development in a drama which started at the weekend when it was revealed that Mr Oliver Hanhill had asked the police to investigate allegations of fraud in the company

It was also revealed that Hanhill had brought an application against Triomf in which a court order was applied for to prevent certain information being released by Triomf. The application was heard in camera because of the sensitivity of the issue

Dr Louis Luyt, the head of Triomf, then an-

nounced that, after an emergency meeting of his senior managers, he would be suing for defamation because of certain allegations made

In the latest development, a Triomf employee, Mr Piet Uys — a former rugby Springbok — has laid a charge of criminal injuria at Hillbrow Police Station

Police confirmed today that the case was being investigated in connection with alleged phone-tapping and offences under Post Office legislation

Police in Machadodorp confirmed they were investigating a case of housebreaking at the home of Mr Polla Fourie, also a former Springbok and a former employee of Bonus Fertiliser, a Manhill subsidiary.

Company responds to Saawu

~~183~~
183
~~183~~

By PHIL MTIMKULU

THE MANAGING Director of Sentrachem, whose subsidiary company Mega Plastics has been hit by a strike, says that if a union can demonstrate that it enjoys majority support they will be happy to talk to it.

Mr D J Marlow was reacting to an accusation made by the South African Allied Workers' Union (Saawu) to the effect that Mega Plastics of Olifantsfontein had frustrated their efforts to hold recognition talks with the company.

Mr Marlow said they had last heard from Saawu when they asked

the union to produce proof of the majority support they claimed they enjoyed among workers of the company.

CONTRADICTED

But the national organiser of the union, Mr H Barnabas, contradicted what Mr Marlow told **The SOWETAN**. "When we wrote to them asking to talk about recognition as we represented a majority of workers at their plant, they wrote back asking for our receipt book. We use a ledger book for our records.

"We referred their request to the workers



I DO Mr Godfrey Kgabane Maponya, elder son of Mr and Mrs Richard Maponya, recently said "I do" to school teacher and former beauty queen Laretta Nninki Phooko. The wedding ceremony was held at Burgersdorp in the Cape Province on Saturday.

"The workers said we should not comply with this request but said we should ask the company to allow the union to hold a meeting with the workers so as to show proof that Saawu had a majority there. The company wrote back to us on September 14 last year, saying they saw no reason why they should

comply with our request," Mr Barnabas said.

Mr Barnabas said the workers were still on strike and they had refused to go and fetch their money until Mega Plastics spoke to the union. He said they were going to talk with the management of the company on Monday.

Blocked during

183
14/8/83 S. A. [unclear]
Tender award
probe rejected

THE Transvaal provincial administration has dismissed a complaint from a pharmaceutical company whose tender to supply the province with X-ray film chemicals was rejected in favour of a more costly supplier

Maybaker of Port Elizabeth, part of a giant French-owned company, asked for an investigation of the tender award, pointing out that its tender was about R300 000 cheaper than that of X-Ray Imaging Services, the company that won the R1-million contract

Maybaker wrote to Mr Daan Kirstein, MEC in charge of hospital services, after failing to obtain what it regarded as a satisfactory answer from Dr Henne Gröve, director of hospital services

Mr Kirstein, responding to a report of Maybaker's complaint, which was published by the Sunday Express last week, told newspapers "I investigated the matter per-

sonally and wish to state categorically that the contract was concluded strictly in accordance with the provincial tender board regulations

"I am satisfied that the award of the tender to the company concerned was made in the best interests of the administration"

He refused to disclose why the more expensive tender was accepted, saying that tender board regulations prevented him from doing so. He said the De Kock commission of inquiry had found it "virtually impossible" to favour any tenderer

Mr Kirstein added "It is to be regretted that the company saw fit to submit the matter to the Press before having received a reply from me"

● Mr Kirstein is mistaken in assuming that Maybaker complained to the Press. The Sunday Express obtained its information from an independent source, and Maybaker was subsequently asked for its comment

A question of ethics

183
S - 50/1
14/8/83

INTEGRITY cannot be legislated for — but the pitfalls in maintaining it can be illuminated. And that's what the University of the Witwatersrand's new guidelines to staff members about accepting gifts from outsiders seek to do

The guidelines are the result of several months' consultation within the university following the resignation earlier this year of Professor Saul Zwi as dean of Wits' medical faculty. Prof Zwi resigned after acknowledging that he had received credit card payments from a drug company.

Described by one senior academic as a "gentle and enlightened document", the three-page guidelines provide a broad framework for the acceptance or refusal of gifts by the several thousand academic, administrative and part-time staff of the university.

It lays down few rigid rules, points no fingers and assumes that university staff wish to act 'honourably' and do nothing that would jeopardise their academic and personal integrity. It follows the tack of "be aware of the potential dangers of gift taking" rather than "be wary of all gift-givers".

Businessmen may regard it as a naive attempt to elucidate an area of free enterprise filled with traps for the unwary and point to its lack of definitions. What, for example, constitutes "real intrinsic value"?

Less scrupulous companies may brush it off as only a flimsy obstacle in their attempts to influence people in pursuit of profit, for it lays down no machinery to enforce the guidelines or to monitor them.

But the guide's very flexibility and basic premises may be the reason it will succeed where lengthier, more detailed and more rigid directions would not. It has the attraction of being relatively brief. It is clear, and resists the temptation to be dogmatic or to deliver sanctimonious lectures on moral behaviour.

It also has the advantage of placing the onus where it belongs on the individual staff member in consultation with his colleagues.

While reminding staff that many companies offer a

wide range of gifts as part of their public relations and marketing techniques, the guidelines exhort staff to be aware that "the purport of the gift may not always be patent" and that the giver may expect a favour in return.

There are two central concerns for the university:

- Gifts to staff may have the appearance, potential, outright intent or actual effect of influencing a recipient's scientific and critical judgment.

- Staff always bear in mind the example they may give to students and the impression their actions may create.

In attempting to clarify the most appropriate behaviour when offered gifts, the guidelines divide such donations into several categories.

Firstly, there are gifts or fees paid to a staff member for services rendered. These may include things such as drug trials or equipment testing. Such money should be paid to the University Foundation and not to the individual. It may then be credited to his department.

Secondly, there are gifts made when no service has been rendered but as gestures of support or interest or to create "a sense of goodwill, gratitude or even obligation".

A Wits student reports on the university's new code of ethics

By JILL McILLEATH

Again, if it is money that is offered, this should be paid to the University Foundation and not to individual staff.

The money may then be allocated for that person to attend a conference and he would be expected to report back on it to his colleagues. Gifts in kind should not be accepted personally "but for the benefit of the university".

Such acceptance should have the approval of the dean of that faculty and should become university property. It is a sensible formula that still permits academics to accept sponsorship to attend conferences or congresses to enable them to remain abreast of learning in this field.

Thirdly, while cautioning staff about accepting gifts of "real intrinsic value", the university sees nothing wrong in staff accepting trivial gifts at Christmas time or where offered to many members of staff.

Fourthly, the guidelines place an obligation on staff not to exert any pressure in eliciting sponsorship for conferences or social functions and that such commercial aspects be kept to a discreet minimum.

Fifthly, gifts made by grateful patients, students or parents are acceptable, but staff should not accept them

if there may be an ulterior motive. Their acceptance remains a matter of "good sense and courtesy".

Implicit in the guidelines is the attempt by Wits to clarify the university's links with the business community and to balance two, potentially conflicting, desires.

While wishing to protect the integrity and independence of staff, private enterprise must not be discouraged from making donations to the university for research, taking part in genuine academic pursuits, or, indeed, from taking a healthy, general interest in the university.

There cannot be complete separation of a university and the society it is part of — that would deny some of the basic tenets of why a university exists.

But such guidelines as laid down by Wits last week do seek to limit the undue influence some sectors of the commercial world may seek to gain in a university, thus helping to keep the relationship between the institution of higher learning and the community on a symbiotic footing.

Ultimately such an arrangement must be in the mutual long-term interest of both Wits and the business world — and regularising the getting of gifts is just one step in this ongoing interaction.

But one aspect that the guidelines do not mention, is that between commercial companies and students. Particularly in faculties such as medicine, students are offered a range of gifts — from ones of little intrinsic value, to more substantial presents such as books, journals and stethoscopes.

Students, in turn, also do their share of begging for sponsorship for social functions and conferences.

Student organisations have often taken the lead in controversial areas — this time they may have fallen a bit behind.

Senchem project kicks off with a huge loss

By SIMON WILLSON
Industrial Editor

THE Afprene project will reduce Senchem's pre-tax profits by about R16-million in the 1982-83 financial year.

The reduction in pre-tax profits will be R50-million in 1983-84, it is estimated

These figures were given to newspapermen this week during a tour of the R401-million synthetic rubber plant established at Newcastle by the Senchem subsidiary, Karlochem

Marketing begins this month of polyisoprene, the Afprene product billed as South Africa's answer to the need to import natural rubber

When fully on stream, Afprene will have a polyisoprene production capacity of 45 000 tons a year

The dent in Senchem's earnings in the year to June 1983 would be about 6c a share, said Senchem's managing director, Mr David Marlow

Losses in the current financial year were estimated at about 30c a share

"Losses are expected to peak at a somewhat higher level during the financial year ending in June 1985, and to improve progressively thereafter

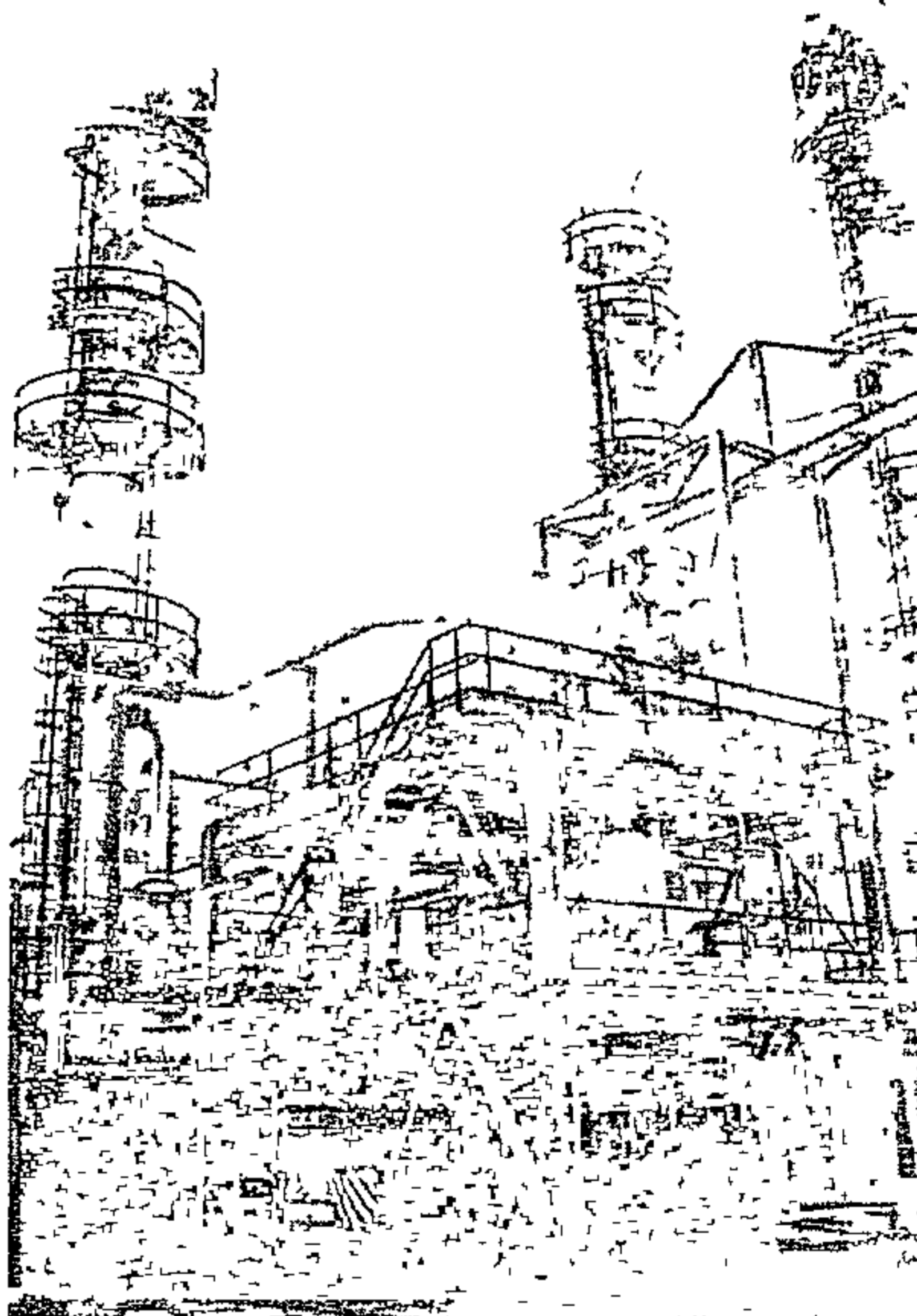
"Pre-tax break-even will, hopefully, occur before the end of the decade, depending on the level of international rubber prices and the Government support obtained"

Senchem has applied for 25% protection for Afprene products to be levied on natural rubber imports, and expects the Board of Trade's verdict in October

"The expected performance of the project will be carefully monitored and action taken to ensure optimisation of group profitability at all times," Mr Marlow said

More information about Afprene's effect on Senchem's earnings would be disclosed with the group's preliminary profit figures about August 31

Additional comment from the board on the project would be given in the group's annual report, due next month



The solvent recovery section of the polyisoprene plant at Karbochem's Afprene project. The plant is to produce 45 000 tons of polyisoprene, a coal-based synthetic rubber intended to replace imports of natural rubber

183 16/8/83

Workers down tools over firing

ABOUT 100 workers employed by Clinical Laboratory in Johannesburg yesterday downed tools after a colleague was dismissed for allegedly "talking too much" while on duty.

The workers told The SOWETAN that their new supervisor, Mr Gibb, was practising racial discrimination by doing favours for whites and restricting blacks from doing certain jobs.

The workers also complained that:

- Their tea-time had been abolished,
- Eating by blacks has

By JOSHUA RABOROKO *Sowetan*

been prohibited in the offices, and,

- Their lunch hour had been cut short by 30 minutes and that the company practised unfair labour practise

Matters came to a head last week when a woman worker, Mrs H Ramoleja, was accused of "talking too much" and not doing enough work. Other workers objected to Mr Gibb's utterances.

BIASED

The workers also brought it to Mr Gibb's

attention that he was being biased when dealing with cases between black and white employees.

He would not listen to them and dismissed the worker.

Workers' representatives earlier held talks with the management yesterday but were told "You either come back to work or you must consider yourself as fired."

The workers have declared that they will not report back to work un-

less their colleague is "unconditionally reinstated" and that Mr Gibb changes his attitude or is transferred.

They have since reported the matter to their union which is trying to contact management on the issue.

When a team of reporters from The SOWETAN approached the management yesterday Dr Brandt, who was in the company of other members of the staff, said "We are busy. You are trespassing. Leave the premises immediately."



MRS HENDRIETA RAMOLEJA Accused of talking too much.

Union slams company

By JOSHUA RABOROKO

183
Sowetan 16/8/83

MORE THAN 800 members of the South African Allied Workers' Union (Saawu) at the weekend deplored the action by Omega Plastics management in dismissing workers at the plant.

In a statement to The SOWETAN after a meeting in Tembisa, the union said it demanded the immediate re-instatement of the workers, otherwise "a programme of action" shall be taken against the company by the entire Saawu membership

About 250 workers at the factory went on strike last week after two of their colleagues were dismissed. The workers were sacked after a client had returned a poor quality product

In the statement the union said that the management did not follow the correct procedure and no verbal warning was given to the workers before dismissal.

Workers, employers sign deal

Labour Reporter
925 (1/21/83)

Three recognition agreements in the glass industry have been signed between the Chemical Workers' Industrial Union and companies in the Plate Glass group

The Fosatu-affiliated union recently completed the agreements with the companies in Germiston, Pretoria and Port Elizabeth

A statement by the CWIU said the agreements covered the recognition of shop stewards, access for organisers in the factories, stop-order facilities, procedures for handling grievances, disputes, discipline and retrenchments

They allowed for full collective bargaining rights on wages and working conditions

The union scored a triumph in the Port Elizabeth plant of Shatterprufe when the majority of the workers left the Tucsa-affiliated Glass Workers' Union to join CWIU after being informed of the union's successes in the Transvaal

□ □ □ ~~183~~ (183) 183
A DISPUTE on the East Rand has highlighted
a labour issue which is attracting growing
attention — union demands that employers
disclose financial details about their
companies

In many negotiations, employers argue
that they must retrench workers or resist pay
raises because of the financial state of the
business

Unions are arguing that, if employers say
this, they must be prepared to produce their
books to justify claims — a view which is
consistent with American labour law

Many employers oppose this but some are
agreeing to disclose information. An industri-
al court test of the issue may be inevitable at
some point

Last week came news that an Anglo Ameri-
can subsidiary, G and W Base and Industrial
Minerals, had agreed to disclose its books to
Fosatu's Chemical Workers' Industrial Union

This exercise revealed another gulf in per-
ceptions between workers and their
employers

CWIU claims the books showed the com-
pany had substantial reserves, but that it
nevertheless refused to raise its wage offer

Employers reply that a company's re-
serves have nothing do with the ready cash it
has and thus its ability to pay workers. Unions
believe these reserves can be used to pay
workers

More may well be heard of this issue too in
the future

250 refuse overtime

Sowetan 24/8/83 (15) (18)

ABOUT 250 workers employed by G and W Base Industrial Minerals in Wadeville have resolved to stop working overtime following a deadlock in wage negotiations at the plant.

This decision was taken at a meeting yesterday of the Fosatu-affiliate, the Chemical Industries Workers' Union which has also declared a dispute with the company following the deadlock.

"We engaged auditors to examine the company's financial position and it was found that they have about R5-million in excess. The company later explained that the money was used to build another plant elsewhere.

The union's meeting at the weekend resolved that workers at the factory should stop working overtime as a sign of protest. Another meeting is to be arranged where workers' support will be discussed.

The union's secretary, Mr Ephram Tshabalala, told **The SOWETAN** yesterday that since the negotiations started during April management had shown "no concern for our demands".

At first they asserted that they did not have money to increase the workers' wages. After some pressure was brought to bear on them they offered an increase of 10c per hour.

The workers were not satisfied with the offer and demanded a minimum increase of R2 per hour. The management disputed this and claimed that they had not made any profit.

The company's industrial relations manager, Mr B Richards said although management

had no recognition agreement with the union they were prepared to discuss with them.

He confirmed that most workers have not been working overtime. The company was doing its best to resolve the matter and will talk with shop stewards today.

"It is unfortunate that the workers have taken this kind of decision when the country's economy is gloomy. We cannot dictate to workers but we will do our best to solve the matter," Mr Richards said.

(183) Jan 25/8/83

Sasol, Triomf fertiliser case is postponed

By Fiona Macleod

An urgent application by Triomf Fertilisers (Pty) Limited to prevent Sasol One from manufacturing fertilisers in Southern Africa was postponed to September 7 by a Rand Supreme Court judge yesterday.

After lengthy negotiations it was agreed that the case be postponed to allow the parties to reply to the allegations leading to the application.

The application by Triomf Fertilisers was for an order binding Sasol One, AECI Limited — a minority shareholder in Triomf — and Fedmis (Pty) Limited — a competitor in the fertiliser business — to a contract signed during 1974 and 1975.

In papers before the court Mr Louis Luyt, chairman and director of Triomf Fertilisers, said in terms of the contract Sasol One had undertaken not to enter the retail fertiliser market in Southern Africa.

In return, Triomf and Fedmis had undertaken to buy agreed amounts of fertiliser nitrogens produced at Sasolburg.

He said a new company, Sasol Fertiliser (Pty) Limited, had been set up in 1981 and had entered the retail market in 1982. Triomf had lost key personnel to it.

In about March this year it became apparent that Sasol Fertiliser threatened Triomf's mar-

ket. But because it appeared that this new company was not a subsidiary of Sasol One, he could not bind it to the contract.

Mr Luyt said he learned in June that Sasol One had gained control of Sasol Fertiliser in February and had since been breaking the contract.

He had also learned that Sasol One and AECI — Triomf's formal contracting party in the agreement — were working on amendments to the contract without consulting Triomf.

DEMAND

He was not certain whether Sasol One and AECI still considered themselves bound to the contract.

The demand for fertiliser had been dramatically reduced and Sasol's entry into the market had cost Triomf millions of rands, he said.

Triomf had abided by the contract. If the contract still existed Triomf was presently obliged to buy 41 000 tons of nitrogens — worth about R5 million.

Mr Luyt said he would buy these nitrogens from Sasol only if Sasol abided by its undertaking.

An alternative to the application to bind Sasol to the contract would be an application for an order relieving Triomf of the burden of buying the nitrogens.

Mr Acting Justice F S Steyn reserved costs.

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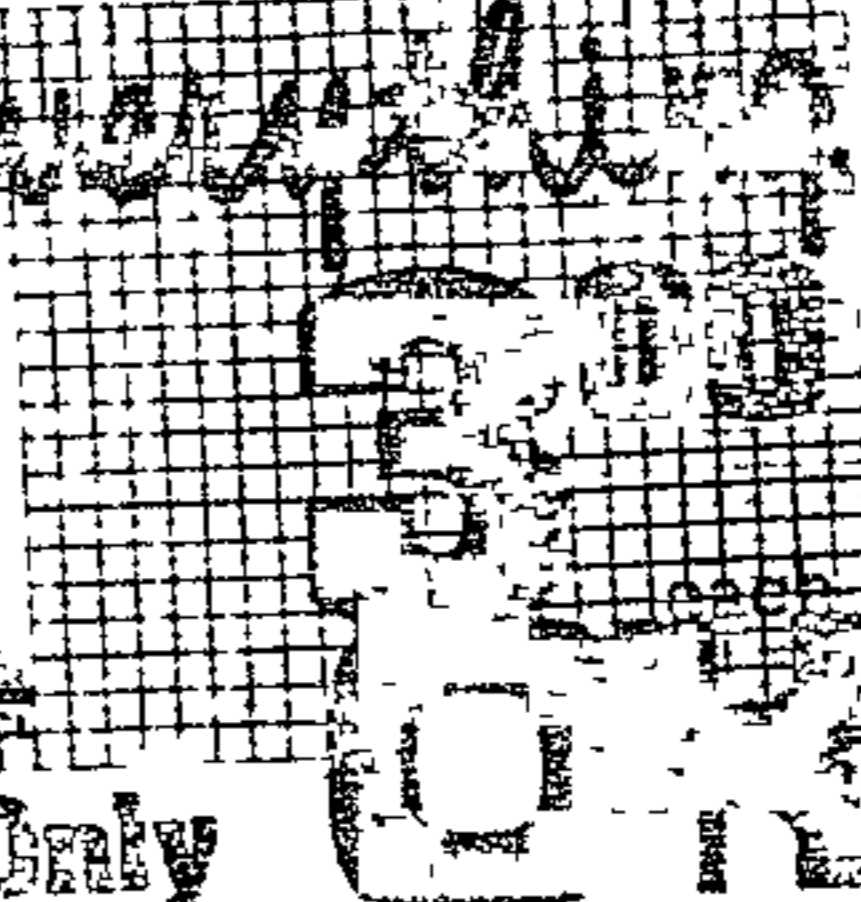
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By SIMON WILLSON
Industrial Editor

FERTILISER magnate Mr Lous Luyt's attempt to have Sasol legally prevented from selling fertiliser was postponed for two weeks — at Sasol's request — in the Rand Supreme Court yesterday. Mr Luyt's company, Triomf Fertilizer had applied for an urgent interdict to bar Sasol from entering the depressed fertiliser market.

Sasol is due to start retailing fertiliser in March next year through its subsidiary, Sasol Fertilisers, which will process and sell by-products of Sasol III.

A spokesman for Sasol confirmed that the company had asked for the postponement of the legal proceedings but had no further comment.

Fertiliser furore in court as Luyt bids to stop Sasol

The court hearing is the latest in a series of rows which have arisen in the industry this year.

- In June Triomf accused Sasol of poaching Triomf staff in preparation for the launch of Sasol fertiliser. Triomf claimed State-backed Sasol was offering pay rises of 40% to attract Triomf employees.
- Earlier this month Triomf claimed that a subsidiary of a

key competitor in the fertiliser industry Hanhill Industries had defaulted on payments owed to Triomf.

● Hanhill Industries countered with allegations that Triomf had gained inside information on Hanhill customers from a former Hanhill employee who had switched to Triomf.

● See Page 13

Man shoots himself in head



Cinema chain to up ticket prices

Mail Reporter

THE price of Ster-Kinekor cinema tickets will be increased from next week, it was announced yesterday.

Admission will cost R3.60 instead of the present R3.30. Concessions to scholars, students, nurses, police and members of the armed forces will still be in force and their tickets will cost R2.40 from September 2.

Pensioners will still be eligible for a 50% discount.

The increase in admission price represents a 9% hike made necessary by rising expenses according to a Ster-Kinekor release.

FBI arrests drug dealers

NEW YORK — Eight reputed criminals connected to organised crime have been arrested for running a multimillion-dollar heroin trade stretched from Southeast Asia to Florida and New York.

Five others were being sought in connection with the drug ring, the FBI said yesterday. — UPI

The Mail's phones

IT HAS been impossible to get through on many of the Rand Daily Mail's phone numbers due to a technical problem at the switchboard.

Sasol fertiliser case postponed

Agg 183 RUM 25/8/83

By SIMON WILLSON
Industrial Editor

MR LOUIS LUYT yesterday granted a request from Sasol and AECI for a postponement of his attempt to have Sasol legally barred from retailing fertiliser next year.

The application by Triomf Fertilizer for an urgent interdict preventing Sasol from entering the fertiliser market was postponed for two weeks in the Rand Supreme Court yesterday.

The next hearing is due to take place on September 7.

Mr Luyt's condition for postponing his legal action was that he could stop taking nitrogen from Sasol in terms of a contract governing the transaction, but that the contract would still be in force.

Triomf would not be liable for costs resulting from two weeks' interruption of the contract.

The dispute centres on a claim by Triomf that it is party to an agreement between Sasol and two fertiliser companies — AECI and Fedmis.

Triomf makes this claim because it has been taking direct supplies of nitrogen from Sasol which were contracted to AECI.

Under a contract drawn up in 1975, Sasol I supplies raw material for fertiliser manufacture to AECI and Fedmis in an arrangement which expires at the end of 1985.

Sasol II also supplies raw material to the same companies in a separate and uncontested contract which expires at the end of 1987.

The Competition Board said last year that AECI could not be part of any restricted contracting involving materials used in the explosives industry — one of the uses to which Sasol's nitrogen is put.

The contract, it is claimed, was renegotiated to remove the article which limited the supply of Sasol I nitrogen for the explosives industry. Another clause which restrained Sasol I from entering the fertiliser market was also removed, it is claimed.

Sasol also transferred the shareholding of Sasol Fertilisers from Sasol III to

Sasol I — preparing to commence retailing of fertiliser in March 1984.

But Triomf concluded that, by moving Sasol Fertilisers under Sasol I, Sasol was breaking part of the 1975 contract which said Sasol would not enter the retail fertiliser market until 1986.

Triomf argues that the source of Sasol Fertiliser's raw materials is irrelevant. The fact that it operates under Sasol I ties it to the restraints on Sasol fertiliser retailing incorporated in the 1975 contract.

Under the disputed 1975 contract, and a separate contract with Omnia, Sasol I is supplying about 200 000 tons of raw materials every year — worth about R30-million — to AECI, Fedmis and Omnia.

The materials include ammonia, nitric acid, ammonium nitrate, limestone ammonium nitrate and ammonium sulphate.

AECI's share of Sasol I's output is passed straight to Triomf in terms of the 1970 merger of AECI's and Triomf's fertiliser interests which precluded AECI from retailing fertiliser.

(183) Aug 31/8/83

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e



Mr Francois Oberholzer

Court told how 'spy stole firm's secrets'

Mr Louis Luyt's Triomf Fertilisers had used a former employee of a rival firm to supply information the Rand Supreme Court heard yesterday

required documents were not found in the possession or under the control of the respondents, and that Bonus Fertilisers was withdrawing its urgent application and a claim for damages to have been made later

An application to remove from the court file a transcript of a controversial telephone conversation between Mr Luyt, chairman of Triomf, and Mr Uys was granted

Until May 31 this year, Mr Uys was a general manager and a director of Bonus Fertilisers

Papers before the court told how the industrial espionage was uncovered by bugging the telephone of a former rugby Springbok, Mr Piet Uys, who was working for Bonus Fertilisers at the time and who allegedly passed confidential information about tenders to Triomf

Even after Mr Uys had left Bonus and returned to Triomf, his secretary at Bonus spied for him. She was trapped through a false document

This information became public in court papers available yesterday after Mr Justice G Gordon set aside an interim order granted early this month — the hearing was in camera — to Bonus Fertilisers (Pty) Ltd

The court order had restrained Triomf and Pieter Uys, now working for Mr Luyt from using any confidential information of Bonus Fertilisers. A search of the Triomf offices for certain documents was also ordered

Mr Justice Gordon was yesterday told that the

CONTEMPT

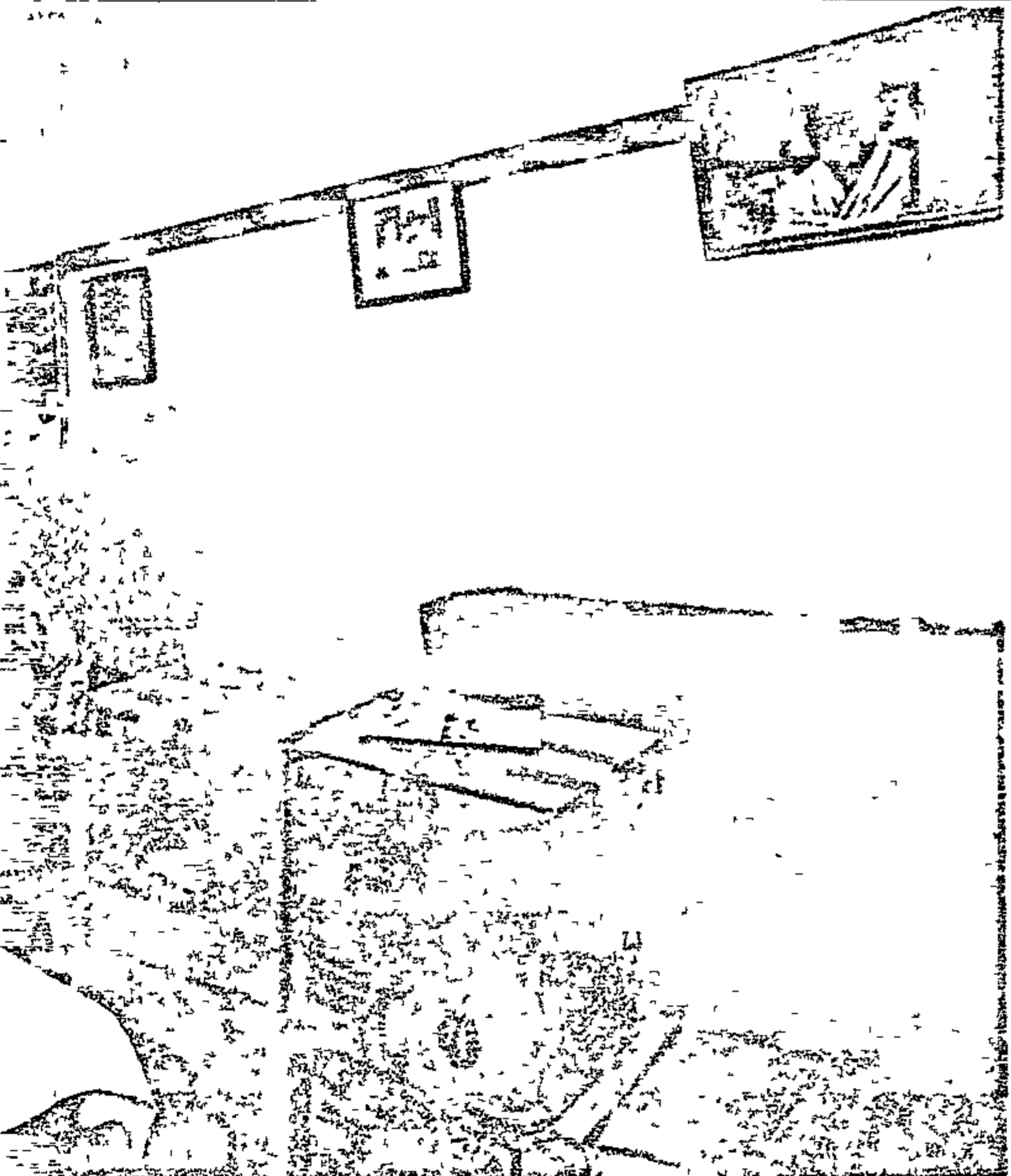
The judge was asked by the two feuding companies to refer the file to the Attorney-General of the Transvaal to consider laying a charge of contempt of court against the publisher and a reporter of an Afrikaans language newspaper, Rapport

This request follows a publication in the newspaper of the transcript of the conversation after a judge had prohibited it. The judge said he would decide today

In the founding affidavit to support the urgent application, Mr Robert Hill, chairman and executive director of Bonus Fertilisers, said Mr Uys had been previously employed by Triomf and the NPI Group before joining his firm

Mr Hill said his firm penetrated the fertiliser market successfully by pioneering the use of diammonium phosphate in South Africa by an aggressive discounting poli-

● To Page 2, Col 5



to move but with nowhere to go ● Picture by David Sandison

Public Bureau

Public Servants Association said today it was "disturbed" if public servants got pay increases this year. The Federal Council of African Transport Staff Association chairman, Mr Zurich, said, if the government agreed, the 100,000 S.A.T.S. workers would get 10 percent

Civil service pay row looms

pay increases from October 1

Public servants received no across-the-board increase this year

PSA chairman Dr Colin Cameron said there should be no differentiation within the public service when it came to general pay increases

"Increases should be

equal all round and should be granted simultaneously," he said

"We will be seriously distressed if one section is favoured above the rest"

Dr Cameron said the PSA had held pay talks recently with Minister of Internal Affairs, Mr F W de Klerk, and had "point-

ed out the financial plight of some public servants — particularly those in the entry grades

"The Minister was sympathetic but so far has not given us an answer

"However, we expect to get some information around the middle of September"

Now in Wynberg

MR. CUPBOARD COMES TO N.E. SUBURBS!

Probe call into price of fertilizer

Police to get tougher on drivers

Pietermaritzburg Bureau

MOTORISTS in Pietermaritzburg who think they will be able to drink and drive without fear at the end of the festive season should think again

Pietermaritzburg's Assistant Chief Traffic Officer Mr Geoffrey Pascoe, said his department was intending to clamp down even harder on offenders in 1985

'We are planning more frequent road blocks and our officers will be instructed to be on the lookout for drivers who have had too much to drink,' he said

Mr Pascoe said additional officers had been posted to patrol the city last night

He said over the Christmas week nobody had

Mercury Reporter

A FARMER and MP for Mooi River, Mr Ralph Hardingham, has called on the Government to institute a full investigation into the fertilizer industry following the massive 20 percent increase in the price of fertilizer, effective from today

Mr Hardingham, who is also the NRP spokesman on agriculture, said the increase had been greeted with anger and dismay by all farmers

He said the increases would have serious consequences because farmers were dependent on fertilizer to produce maximum crops and feed for their stock

'I call on the Government to investigate the possibility of raising overseas loans to finance ingredients required by the fertilizer industry and which are not available in South Africa,' he said

Mr Hardingham also called on the Fertilizer Manufacturers' Association to provide a full explanation to justify the increases

He said the increases

would have a devastating effect on an industry already experiencing economic problems

'There is no hope of curbing inflation if price escalations of this magnitude take place' he said, adding that it was essential that the Government ensures that local manufacturers were not allowed to exploit consumers as a result of a weak rand

Farmers in the Pietermaritzburg area and northern Natal said they were not happy with the explanation that the increases were due to a weakening rand and in-house cost increases

A meeting was being arranged by farmers to protest against the increases and to demand a satisfactory justification said a farmer

It's been says Tu

JOHANNESBURG—Nobel Peace Prize winner Desmond Tutu arrived here yesterday

Returned

Farmers fear fertiliser price rise will cost them R100-m,

Financial Staff

Fertiliser prices are to increase by an average of 20 percent during the first half of 1985, according to the SA Agricultural Union

This is the outcome of enquiries made by the SAAU among fertiliser producers. The average increase will amount to approximately R44 per ton.

The SAAU states that agriculture does not have the capacity to cope with such an increase. These price adjustments would come at a most inappropriate time.

"Should this year see the same consumption of fertiliser as was the case during 1984, it could cost agriculture an additional R100 million per annum," the union statement says.

"In view of the fact that a large part of agriculture has over the past few years been plunged into a crisis of survival because of economic structure problems and droughts, agriculture presently does not have the capacity to bridge this increase in

costs

5/11/85
"The union trusts that the authorities and the consumer sectors will see this development in the right perspective when negotiations regarding agricultural prices take place early this year.

In the past the profitability of agricultural production was retarded substantially by a delay in agricultural price adjustments following cost increases of agricultural means of production.

"Cost increases of this nature will therefore have to be reflected in producer prices soon in cases where it is made possible by marketing schemes.

"The fertiliser advisory committee of the union will soon discuss these price developments and other problems involving the supply of fertiliser in depth in order to ensure that fertiliser will be made available to farmers on the most economical basis."

The SAAU is scheduled to meet top government representatives on January 15 to discuss these problems — Sapa

Sasol begins to re-employ stayaway workers

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Labour Reporter

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Star
10/11/85

Sasol has begun to re-employ the 5 000 workers fired for participating in the two-day Transvaal stayaway in November last year, under a new threat of legal national industrial action by the 24 unions involved in the union unity talks if the dispute is not resolved

According to a Sasol spokesman, 1 500 of the 5 100 dismissed Sasol 2 and 3 workers have already been re-employed Over the past two

months more than 4 000 applications from former employees had been received and were being sympathetically considered, he added

The move follows informal pre-Christmas talks between the corporation and officials of the Chemical Workers' Industrial Union

At the discussions, an agreement was reached whereby the union would not proceed with industrial action before the end of January and Sasol undertook to reinstate as many dismissed workers as possible

I E. S. A.



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Labour Reporter

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Star
10/11/85

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Sasol: ⁽¹⁵⁾conciliation board ⁽¹⁷⁾sought ⁽¹⁸⁾Star

The Sasol saga took a new turn yesterday with an announcement that the Chemical Workers' Industrial Union had asked the Minister of Manpower to appoint a conciliation board in an attempt to resolve the dispute. At the same time Sasol had already reinstated 1 500 former employees and agreed to re-employ before the end of this month as many as possible of the 5 100 fired after last November's stayaway.

If the Minister refuses to appoint the board, national legal industrial action by the 24 unions involved in union unity talks, including the chemical workers, will become possible. The unions, representing some 300 000 workers countrywide, submitted a letter of demand to Sasol demanding reinstatement of the workers and negotiations with the Chemical Workers' Industrial

By Carolyn Dempster
Labour Reporter

Union after the November mass firing. The union says two long meetings were held after the letter was submitted. Union general secretary Mr Rod Crompton said "In spite of the meetings no settlement could be reached in particular on the criteria for reinstatement. "However a loose understanding was reached including an undertaking by the union not to proceed with industrial action before the end of January 1985, during which time Sasol undertook to reinstate as many dismissed workers as possible." Only applications from dismissed workers will be considered until the end of January, and further negotiations have been

11/1/85
scheduled for the end of the month.

A spokesman for Sasol said more than 4 000 applications from dismissed Sasol 2 and 3 workers had been received over the past seven weeks. Appointments would be based on merit, reliability, loyalty, competence and a stable record of employment, he added.

Initially, Sasol stated it was not considering re-employing any of the 5 100 dismissed. However, Sasol stated on November 20 that it would consider applications provided former employees complied with certain criteria and satisfied Sasol they were not guilty of intimidation or incitement to participate in the two-day stayaway.

By November 28 none of the ex-employees had been re-employed.

After the meetings with the

Chemical Workers Industrial Union, at which Sasol stated an understanding was reached news of the re-employment of dismissed workers was made known.

A spokesman for Sasol said they were not re-employing former employees under pressure or threat of industrial action from the Chemical Workers' Industrial Union or any of the unions involved in the union unity talks as implied in an article in *The Star* yesterday.

Sasol stated that the re-employment process began well before the Chemical Workers' Industrial Union began discussions with them. Former employees who are re-employed will receive the same wage as applicable at their dismissal.

They will also retain full pension benefits accumulated until November 6 1984.

(183) S. Express

13/1/85

By TONY KOENDERMAN

Colgate makes a clean sweep of soaps

COLGATE-Palmolive has bought the consumer products of Henkel South Africa, a move which will give the company a 27% share of the R200-million-a-year detergent market

The deal means that Colgate takes over complete legal responsibility, together with advertising, marketing, sales and distribution, for the products

Henkel, a German company which had 12% of the detergent market, will continue to manufacture the products under contract to Colgate-Palmolive, which previously had 15%. A total of about 10 Henkel products are involved, the leading ones of which are Extra and White Giant detergents, and Country Pride fabric softener.

This leaves only three marketers of detergents in the country. The biggest, Lever Brothers, has 63% of the market, and the remaining 10% is held by Chet Industries, which produces in-house brands for major retailers

"In difficult economic conditions there was no point in the two smaller branded product competitors bashing their heads against a wall," said Colgate-Palmolive managing director Mr Gerald Nocker. "We have now formed a strong base from which to compete with the market leader"

Henkel MD Mr Peter Klews said the company had been in South Africa for 12 years, but the market had not grown as much as ex-

pected "Four companies are too many for this market"

Mr Klews said the company would continue on its base of chemical products — adhesives, industrial cleaning compounds and a variety of organic chemicals used in cosmetics, pharmaceuticals, plastics, detergents and other products

The takeover aligns Henkel's two detergents with C-P's Punch and Bingo

Improve

"We don't plan to take any brands off the market at this point in time," said Mr Nocker. "We believe we can improve the distribution, marketing and positioning of the brands"

Colgate-Palmolive, a wholly-owned subsidiary of its American parent company, does not disclose its turnover in South Africa, but sales are thought to be more than R100-million a year. The new products will boost that by about R20-million a year.

De Villiers promises tough action

Row 17/1/85

Industry warned on price-fixing

Financial Reporter

A SHARP warning about price-fixing was given to the tyre, cement and fertiliser industries yesterday by Dr Dawie de Villiers, Minister of Trade and Industry.

He said that the Competition Board was preparing to deal severely with this sort of arrangement

Dr De Villiers said in Cape Town "Joint statements by competitors announcing uniform price increases have recently attracted wide attention.

"Conspicuous examples of such price increases were those in respect of tyres, fertilisers and cement.

"These announcements are often made by associations representing many, if not all, manufacturers of particular products

"Such joint price increases give rise to a good deal of justified objections

"The question is quite rightly asked how such an apparent elimination by competitors of price competition could be tolerated within

the context of a policy of effective competition"

The big three producers in the fertiliser industry, apart from Sasol, are Fedmis, Triomf and Kynoch

They recently-announced identical 20% price rises with a similar pattern of rebates

The Consumer Council referred to an "unhealthy monopoly" in the industry and called for a major investigation

Price control in the industry was abolished in January 1984

The South African Tyre Manufacturers' Conference, an effective cartel, announced an 8,1% rise in the prices of tyres and tubes from December 27

The cement industry is facing major competition in Natal from imports but there have been allegations that the big three domestic producers, PPC, Blue Circle and Anglo Alpha, have been combining through Natal Portland Cement to combat imports by making price cuts aimed at eliminating competition

Dr De Villiers said "The Government views this development in a very serious light.

"I, therefore, deem it necessary to again invite attention to the Competition Board's announcement in the Government Gazette of Novem-

ber 30, 1984, that it was to embark upon a new and important investigation

"Basically this investigation embraces agreements or arrangements establishing any form of

● Fixing prices (or other conditions of sale) horizontally (that is, between competitors) or vertically (for example, between manufacturers and retailers);

● Market sharing;

● Collusion on tender practices

Dr De Villiers said "The purpose of this investigation is to determine whether these agreements or arrangements, with or without exceptions, should summarily be prohibited.

"Should such a prohibition be recommended by the board and be accepted by the government, any prohibited price-fixing, market sharing or tender practice collusion would constitute a serious offence

"I have instructed the board to give very high priority to this investigation

"The board is currently awaiting comments from interested parties and I, therefore, urgently appeal to all concerned to give their full cooperation to the board

"When the board's report and recommendations have been received, appropriate action could be expected soon thereafter"

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RDM 17/1/85 183

Small profit expected in fertilisers

By PRISCILLA WHYTE

FERTILISER companies are expecting to show at best small profits for the 1984 financial year.

Mr Hilmar Venter, director of the Fertilizer Society of SA, added at the Agrocon '85 agricultural conference Pretoria yesterday. "Even though prices firmed in tandem with increased demand towards the third quarter of 1984, fertiliser companies are expecting to show at best small profits for the year, against a backdrop of operating losses reported by some companies for the first six months."

He said the rising price of raw materials and finished products on world markets, and weakening of the rand, had a marked effect on local prices

Last year the industry entered a new era of market-related economics with the abolition of price control, introduction of tariff protection and phasing out of quantitative import control

He said the falling rand, rising interest rates, idle capacity, disposal of stocks and poorer farming communities were factors contributing to a "blood-letting price war for the first few months of 1984".

Discounts of up to 30% had been common. Of the annual 5-million tons of capacity about 28% was unused last year.

Another 400 000 tons was lost because of start-up problems of new plants and the closure of one company.

Price increases in fertiliser products had been caused partly by increases in the world price of sulphur — an essential raw material in the manufacture of phosphoric acid

Sulphur price increases, calculated in rands, totalled 118% for the period January to October

Last year fertiliser sold at well below imported supplies

Mr Venter said world demand was likely to improve as the industrial countries came out of recession.

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FRIDAY, JANUARY 18, 1985

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Stop supplying killer chemical to

CAIC Times 18/1/85

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By DI MEEK
 Environment Reporter

SOUTH AFRICA'S leading conservation societies yesterday called on Shell South Africa to stop supplying the killer chemical dieldrin to any country in Africa.

And the chairman of the oil company confirmed yesterday that dieldrin was formulated in Durban from basic imported chemicals before being exported to a number of African countries.

The call by the Wildlife Society and the Endangered Wildlife Trust is the latest development in the scandal over Shell supplying Botswana with dieldrin, which is banned in most Western countries, including South Africa.

The recent disclosure by the African Wildlife magazine has also sparked intense controversy in the international media.

Dieldrin, a highly-toxic organochlorine compound, is considered far worse than DDT and one of the most dangerous environmental contaminants because of its long lasting properties.

Extremely toxic to all vertebrate animals, it dissolves in animal fat when digested and is retained by the body, becoming more and more concentrated as it passes up the food chain.

In a joint statement, Mr John Comrie Greig of the Wildlife Society and Dr John Ledger, director of the Endangered Wildlife Trust, said Shell must accept that DDT and dieldrin were dangerous global contaminants.

Dieldrin was being used on the Linyanti River in Botswana, which led into the Chobe, the Zambezi and ultimately the Indian Ocean.

"In supplying Botswana with dieldrin, Shell is also guilty of contaminating the South African environment, its wildlife and people," they claimed in the statement.

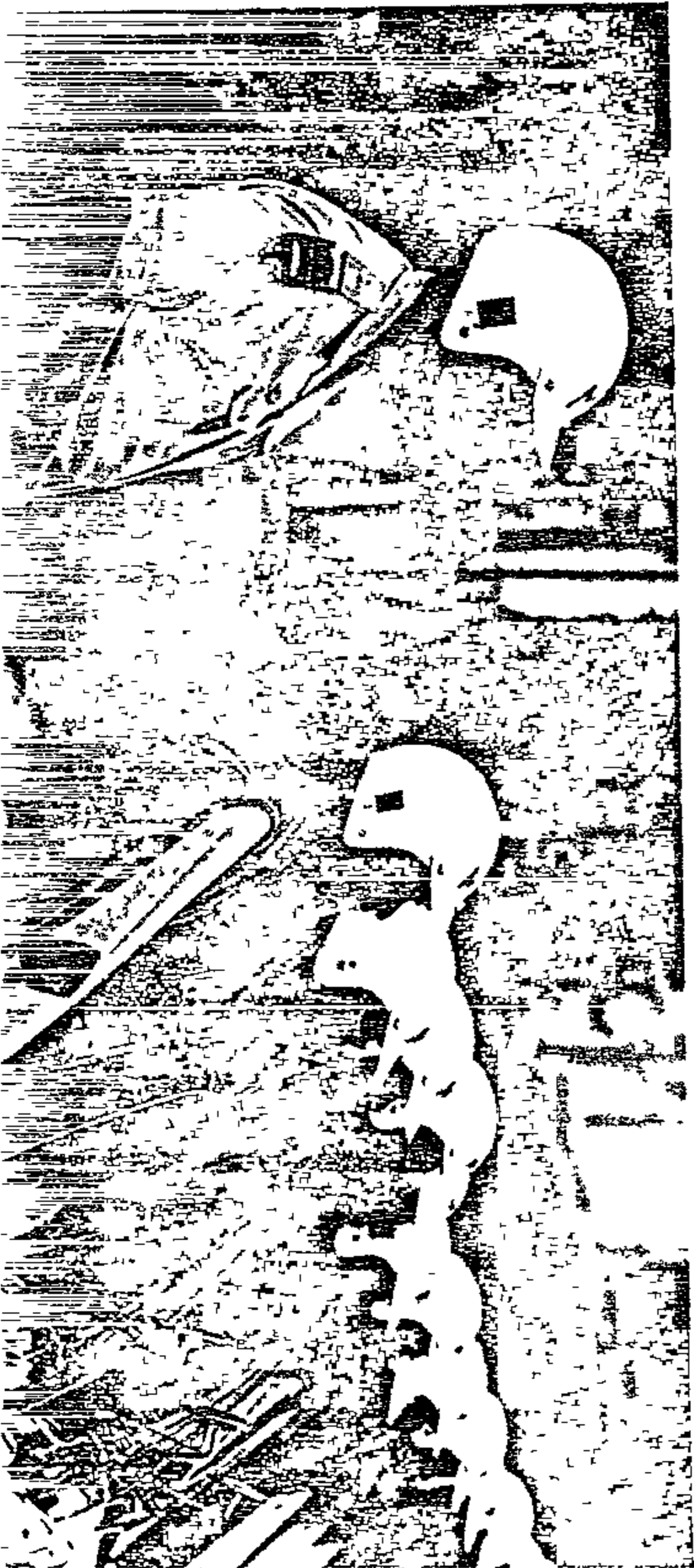
They said an unpublished study by a Natal University student had shown high levels of dieldrin in fish and bird-life in the Umdloti River area 18 km north of Durban, while the chemical had also been discovered recently in tissues of birds reaching the Durban Museum Cats living on Marion Island also showed high levels of the chemical.

Indications were that Natal farmers could be border-hopping to purchase the chemical, used to combat tsetse-fly.

A Shell spokesman yesterday declined to comment on the appeals to stop supplying dieldrin to African countries, but said Shell had satisfied itself that it "had at all times acted within the laws of the Republic".

"In the importation of dieldrin into South Africa for this purpose, Shell had acted with the full knowledge of the Registrar of Fertilisers, Farm Feeds, Agricultural Remedies and Stock Remedies."

He said dieldrin was manufactured in Holland by Shell



Cape Times

Funfinder Inside

FRIDAY, JANUARY 18, 1985

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He said dieldrin was manufactured in Holland by Shell Chemicals International and supplied only to countries where registration had been obtained from responsible governments.

"The Cape Times correspondent in Durban reports that Mr John Wilson, chairman of Shell South Africa, confirmed that the chemical was formulated in Durban and said the product was barred and adequately labelled in the city before being despatched to 'certain countries' in Africa."

Mr Wilson said that although the poison did "degrade" and could have an effect on the environment, the authorities using the material did so "with due regard" and were "aware of what they were doing and the consequences".

Police suspect survives 9 floor fall

JOHANNESBURG — A 21-year-old man wanted by police for alleged fraud survived a fall from the ninth-floor balcony of a Hillbrow club yesterday morning by landing on the boot of a car.

Mr Dekker (no first name available) clutched a photograph of a male friend in his hand as he jumped from the top storey of the Summit Club in Claim Street.

Mr Dekker, whose picture appeared on Police File recently, was semi-conscious when he was rushed by ambulance to the Johannesburg Hospital at 11 30 am.



The incident occurred while Hillbrow CID detectives were in his room investigating an alleged fraud, a police spokesman, Colonel Fred Bull said.

"While they were there he tried to tear up his Defence Force Medical

crop expectation is based on bigger plantings

Oil seed (sunflower and groundnuts) yields will depend on further plantings up to the end of January, and on good rains. A groundnut crop of about 120 000 t — well below a reasonable crop of 200 000 t-250 000 t — could still be reaped, subject to "favourable climatic conditions," says Oil Seeds Board GM Jan du Preez. However, recent heat waves have taken their toll.

With good rains, a "normal" sunflower crop could yield 400 000 t-500 000 t, enabling producers to earn foreign exchange on production above local requirements of about 350 000 t. Last year, farmers earned about R130m on a crop of less than 200 000 t (after original expectations of 800 000 t).

Oil Expressors' Association chairman Lance Japhet expects more than 150 000 t of vegetable oils will have to be imported before May, following three disastrous crop years.

Other sectors looking good include wool (Wool Board chairman Faan van Wyk expects an increase in wool receipts to R400m-R450m from last year's R293m), mohair (where export earnings are expected to jump to about R125m from last year's R94m), deciduous fruit (where the low rand could push up farmers' gross earnings by about 25%, from last year's R360m) and wheat (a bumper crop of about 2,2Mt is expected with about 130 000 t for export).

FERTILISER

Cartel fears

The Consumer Council is considering asking the Competition Board to investigate the possible formation of a new cartel in the fertiliser industry. The move would follow the simultaneous announcement of identical price increases by all major producers except Sasol Fertilisers.

The hefty increase, just a year after the abolition of price and import controls on fertilisers was supposed to re-establish a free market in the industry, has angered SA's farmers.

The 20% hike from January 1, to be phased in over the next eight months, leaves Sasol as the only producer still operating on the October 1984 price list.

But to avoid being swamped by a rush of "cheap" early-season orders, leaving the more lucrative late market open to its competitors, Sasol is watching developments closely and playing a cautious game on 1985 pricing, a spokesman says.

In January last year Trade and Industry Minister Dawie de Villiers announced the abolition of controls in the industry. But the latest price increase announcement has created suspicions of collusion between major producers.

Assistant Consumer Council director Bernard Hellberg says although there is no

proof of a formal or informal cartel the "strange situation" of similar price increases announced "as from one mouth" by all major producers, excluding Sasol, raises strong suspicions of such a cartel. "We condemn this out of hand as inimical to the interests of consumers," says Hellberg.

Farmers are predictably upset about the sudden increase. They point out that it has come on top of the drought, sky-high interest rates, rising inflation and an expected 18%-20% increase in the petrol price.

Says Nampo GM Piet Gous "Although we are not unaware or unsympathetic to the effects of high imported costs of fertiliser raw materials, aggravated by the very low value of the rand against the dollar, we would have expected a greater amount of competition in the industry as far as pricing is concerned. I find it incomprehensible and unrealistic that five major producers announce basically the same price lists for 1985 on the same day."

Producers, however, deny the allegations of collusion. Fertiliser Society of SA director Hilmar Venter says he is "not aware" of any collusion in determining prices. But since the end of controls, he points out, the society is no longer responsible for announcing increases on behalf of the industry. "Individual producers make their own announcements," he says.

Fedmis MD Terra Terreblanche says it is "pure coincidence" that other companies

(183) PM 18/1/85



Most businessmen today know the outstanding benefits of using high-speed facsimile transceivers to improve their productivity and profitability. Saving themselves untold miseries and frustrations with unreliable courier and messenger services, overdue mail services and inefficient telephone and telex services. Since 1979, Photrafax have supplied and serviced facsimile transceivers to all the leading motor manufacturers, like Toyota, Ford, General Motors, B M W, Mercedes-Benz South Africa as well as many of the top one hundred companies.

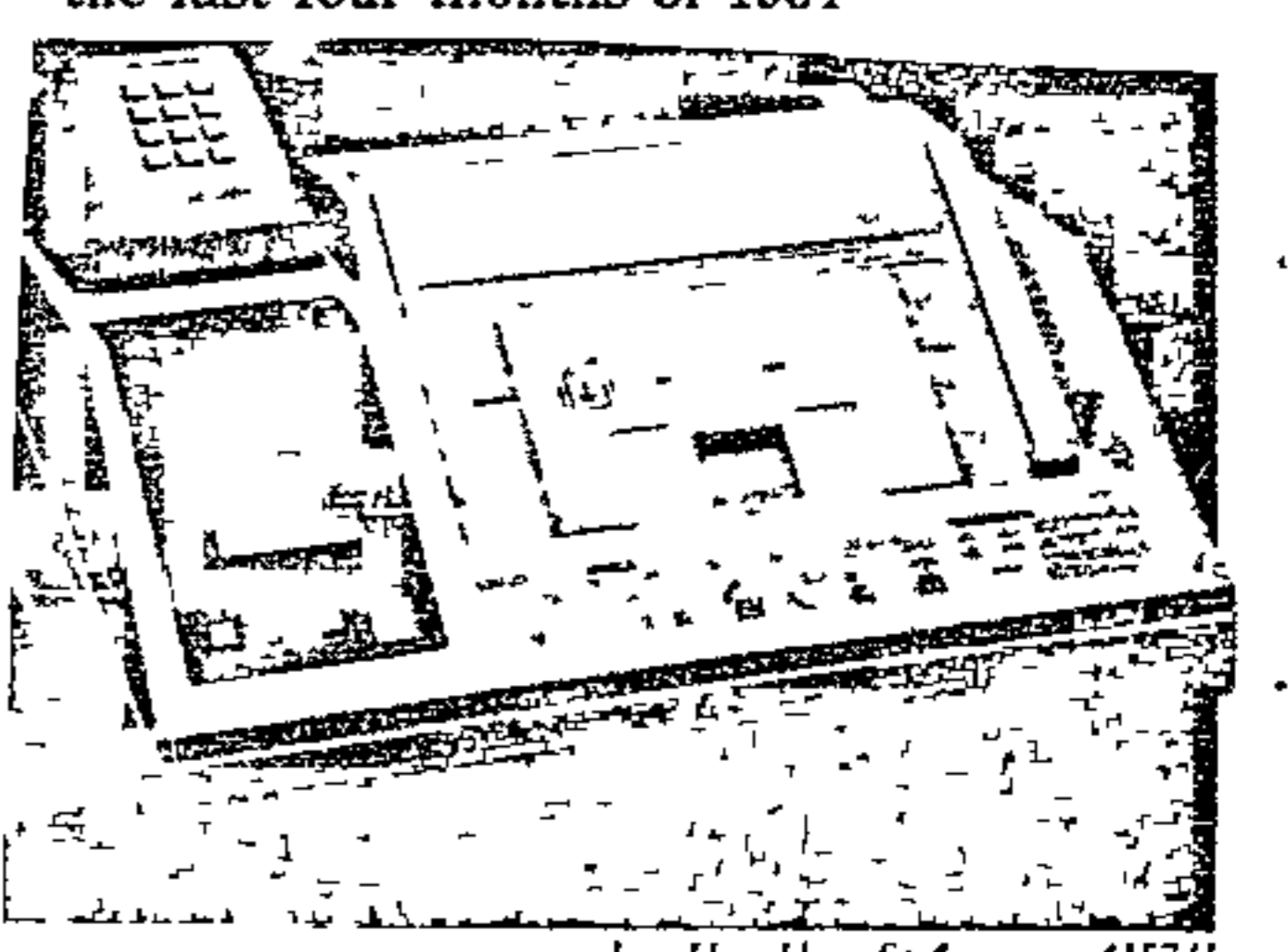
announced identical price increases on the same day. Nampo, meanwhile, is advising farmers not to take advantage of early-buying rebates offered by the "big five" from January 1, because of the high cost of interest on fertiliser stocks to be carried until the next planting season. "Although rebates kick off at 19% in January (and then reduce by 2,5% a month until the full 20% increase comes into effect on September 1), the interest cost and the risk of carrying these stocks will not make the exercise worth farmers' while," says Gous.

Surplus capacity
At the root of the problem seems to be the fertiliser industry's massive production over-capacity. With production in 1983 down to 2,2 Mt, the industry was utilising only about 47% of its total capacity of 4,7 Mt a year. This has already led to the closure of AECI's Umbogintwini ammonia plant, with annual production capacity of 180 000 t, and of Bonus Fertiliser. Sasol's entry into the crowded and drought-hit market early in 1984 aggravated the problems of existing market leaders like Triomf and Fedmis. In defence of the industry, Venter says the 118% increase in the dollar price of imported sulphur over the past year, "contributing about 7% to the total increase of

about 20%," the sharp drop in the rand/dollar exchange rate and high local inflation and interest rates, meant producers had to "do something" to recover increasing costs.

A Triomf spokesman says all potash is imported and constitutes "about 15%" of fertiliser sold in SA. Depreciation of the rand "roughly doubled" the cost of imported potash, without taking into consideration any offshore price increases.

Another factor leading to the fertiliser price rise is the 18% increase in the ammonia price by AECI and Sasol from January 1. This follows AECI's reduction in production capacity, which forced Triomf and Fedmis to import 35 000 t of ammonia in the last four months of 1984.



Ken Hirschberg & Associates 4157/1

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Deadly chemical

● FROM PAGE 1

This is not true. Dieldrin is one of the most effective controls,' he said

Mr Wilson said that although the poison did 'degrade' and could have an effect on the environment, the authorities using the material did so 'with due regard'

Dr John Ledger, director of the Endangered Wildlife Trust, told the Mercury yesterday that his sources in Swaziland had indicated that the highly toxic Dieldrin was available freely there

He believed there was a trafficking route from Swaziland through Nelspruit in the Eastern Transvaal, and officials of the Department of Agriculture had apparently set up roadblocks in an attempt to intercept illicit supplies

He also feared that animals and people in parts of Northern Natal could be affected by the use of Dieldrin in the Big Bend area of Swaziland through seepage into water such as in the Pongola River

Large numbers of mullet from the Umdloti River have been affected and reports from the Durban Museum and local office of the CSIR indicate that many Natal birds, including two fish eagles, have died as a result of ingesting the poison

'This global pollutant is a totally unacceptable product. We are very concerned and plan to petition the Standing Committee for the Protection of Man and the Environment Against Toxic Substances strongly,' he said

Ingestion of Dieldrin by birds and fish was described as 'rapidly fatal' and would 'easily' kill humans

A CSIR spokesman revealed that 'selectively high' levels of Dieldrin had been found in some local birds

'We are having material collected to find out whether there is a major problem,' he said yesterday

Dr John Mendelsohn, acting curator of the Durban Museum was alarmed by high Dieldrin levels here and said traces of Dieldrin had surfaced

Indications are that Natal farmers could be border-hopping to buy stocks of the killer chemical, which is used to combat tsetse fly

High levels of dieldrin have been discovered in fish and bird-life in the Umdloti River area 18 km north of Durban

Tests have revealed traces of the 'water-insoluble' chemical in Durban harbour, Richards Bay, St Lucia and the Shongweni district as well as several coastal centres in the Cape

Mr John Wilson, chairman of Shell South Africa, the company which produces Dieldrin here for use in those African states which allow it, emphasised that his company did not supply it in South Africa

He confirmed that the chemical was formulated in Durban from basic chemicals imported from Holland and said the product was barrelled and adequately labelled in the city before being sent to 'certain countries in Africa'

'When we load the stuff it is stored as toxic material and with the knowledge of the authorities

'We are doing this with the full knowledge of the Registrar of the Fertilisers, Farm Feeds, Agricultural Remedies and Stock Remedies Act 36 of 1947,' he said.

He believed that the chemical was one of the most effective tsetse-fly controls

'We have been accused of dumping Dieldrin on Third World countries

● TURN TO PAGE 2

DIELDRIN, a deadly chemical banned in South Africa and most Western countries, is prepared in Durban from imported chemicals before being shipped to a number of African countries, including several border states.

By Mike Phillips

Killer chemical in Natal

Murray
18/1/85
183

IN THE SHADOW OF BHOPAL

SHADOW.

IKAGENG residents in Potchefstroom are living in the shadow of death.

By DANIEL DHLAMINI

They are frightened that the nearby Triomf fertilizer plant may produce a disaster similar to the tragedy in Bhopal, India — where a poison gas cloud killed thousands last December

Ikageng has already suffered a similar incident

In July 1973, 19 residents were killed and more than 200 had to be treated in hospital when a 25-ton ammonia gas tanker burst at the Triomf plant

The wind blew a cloud of ammonia gas to the township — about 100m from the plant

The people who inhaled the gas were overcome by it

Now residents who live near the plant have been scared stiff by the Bhopal

disaster

They fear that a tanker may burst again

Some complain about the constant sharp, irritating smell of chemicals

Others say their sheet roofings don't last long because acids from the plant corrode them

Residents also blame Triomf because their fruit-trees don't bear fruit anymore

City Press contacted Triomf management to establish what precautions it had taken since the 1973 disaster to ensure the safety of Ikageng residents

Triomf Group production director J J Gerber said their ammonia tankers were of international standard

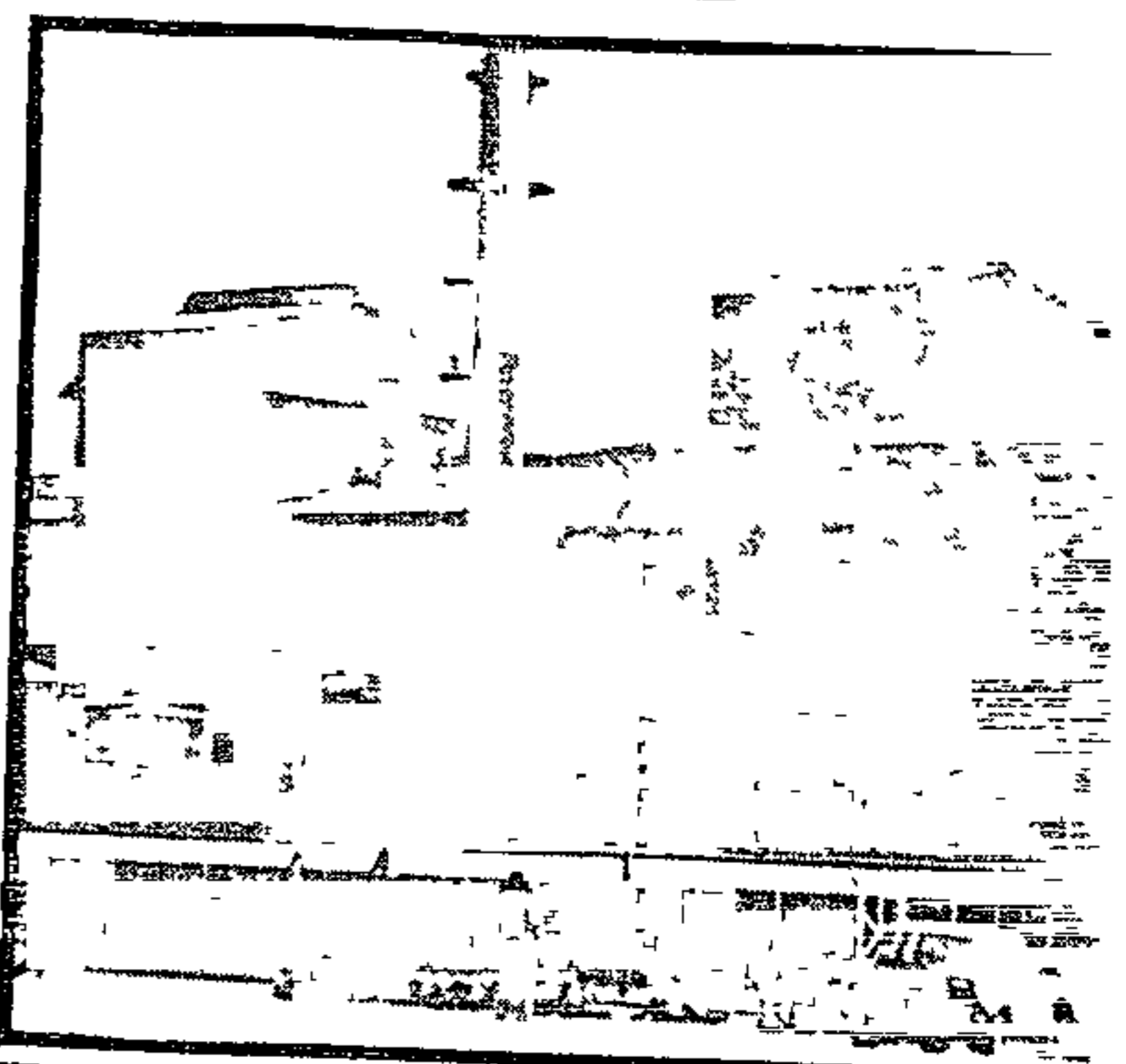
Under no circumstances would they burst — because they are "20 times

stronger than the previous ones"

Concerning pollution, Mr Gerber said Triomf had installed high chimneys "to ensure that the smoke is emitted far from the residential area"

He denied that some of the acids were toxic and could cause corrosion on sheet roofings

He said the amount of chemicals emitted was "so small that it couldn't pose danger to anybody"



The Triomf fertilizer plant at Potchefstroom out of Ikageng residents after the Bhopal disaster

Ga-Rankuwa people win 'back-pay'

BOP'S Housing Department has to pay back thousands of rands to Ga-Rankuwa residents — because it "miscalculated" land prices more than a year ago

Local Government

By ANDREW

'I'm in'

THE UNITED Democratic Front Border region has been embarrassed and inconvenienced by the publication of a report about chairman Steve Tshwete last month

The report concerned the banning of Mr Tshwete's house-warm-

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Chemical exports climb at Umbogintwini plant

Financial Reporter

DESPITE the general economic gloom, 1984 has been a successful year for chemical company, S A Tioxide, with production records set and substantially higher levels of exports to 'deep sea' markets being achieved.

The Umbogintwini-based company, which employs about 500 people, is a specialist chemical manufacturer and the only producer of titanium dioxide pigments in Africa, sold under the trade name Tioxide

Retiring managing-director, Mr Jim Sommerville, says that 1984 had been a year of two distinct halves 'It was a very difficult first half due to the increasing availability of low-priced European imports encouraged by the Government's action in reducing protective duties'

The rand

'But the second half had seen a substantial reduction in import activity as the rand weakened and European producers sought more rewarding markets

'This change was accompanied by a general reduction in domestic demand as the Government's squeeze started to take effect

'On the bright side there was a substantial improvement in returns from the hard won dollar-based exports and volumes improved in this area when they were most needed'

Mr Sommerville is full of praise for the company's team effort, which should result in the budgeted profit for the year being achieved

Although total sales by volume failed by 0,68 percent to match the record year of 1981 when South African demand was at an all time high, some company records were broken

But the real breakthrough came in 'deep sea' exports, which were more than twice those for the previous best year. Sales were made to markets in North America and selected markets in Europe



Mr Jim Somerville, retiring managing director, receiving a farewell gift from his successor, Mr Peter Kerr, at a recent staff party

Sales

In 1984 S A Tioxide's 'deep sea' exports accounted for 14 percent of total sales, with a further 5,5 percent being sold in traditional export markets earning R10m in for foreign exchange

The year ended on a high note, with December sales well above the monthly average and 45 percent of production being exported

The new managing director, Mr Peter Kerr, a recent arrival in South

Africa, sees a number of similarities in the problems facing S A businessmen today and those of UK management in the 70's, when high inflation caused serious damage to industry and the economy as a whole

'South African businessmen must react to the changing business scheme, particularly if the Government sticks to its policy of reduced protection of local manufacturing industry and companies must seriously consider the opportunities the weak rand offers them'

Mr Kerr says they are aiming for full capacity production this year with a minimum target of 20 percent for export

His major concern is how to remain price competitive in 'deep sea' markets and not be forced to increase prices locally to the extent, that despite the weakness of the rand, it again becomes an attractive market to importers

He admits to having made a poor start in this respect as prices of Tioxide titanium pigments — because of the dollar-based raw materi-

al, like sulphur — will be increased by about 12,5 percent from February 1

'New contracts for sulphuric acid have had to take account of a 30 percent increase in the US dollar price of sulphur over the twelve months and when this is translated into rands it has the effect of increasing direct product costs by about R130-R140 per ton

The steep increase in electricity charges, with a further rise expected mid-year, will also have a significant impact on costs

25ml OR DAILY BASICS (Aramis) - Absolute Com
fort Shave Cream, 30ml and Herbal After Shave, 15ml -
FREE with any purchase of Aramis Devin or Aramis 900
City Cosmetics Claremont

CAPE Times 21/1/85 (183)

Shell stand on dieldrin 'examined'

Environment Reporter

THE storm of protest against the use of dieldrin has led to an announcement by Shell South Africa that it will "closely examine its position in all future requests" for supplies of the chemical through its facilities in South Africa.

However, the statement also defends the supply on the grounds that "there is clearly a need for this chemical (in Africa)".

In a statement issued at the weekend, Mr J R Wilson, chairman of Shell South Africa, said there had been a call from conservationists in South Africa to stop supplying dieldrin to any country in Africa.

He said the company periodically tendered on a competitive basis for the supply of dieldrin to certain African countries which still permitted its use.

"If Shell South Africa were to cease meeting requests for dieldrin this would not mean that the substance would no longer find its way into Africa.

"There is clearly a need for this chemical and the danger to the environment must therefore be weighed against the indisputable and positive benefits that flow from its use.

"Nevertheless the company wishes to make it clear that as a result of the wide expressions of concern on the use of dieldrin it will closely examine its position in all future requests for

supplies through its facilities in South Africa" he said.

He said a statement from the Botswana Government put the matter in its true perspective.

"Dieldrin has been used for the creation of barrier zones to prevent the invasion of tsetse fly since 1966 - in some areas to protect cattle, in other areas to protect people and their families and in some areas such as the Chobe, to protect tourists.

"No collapse of the ecology structure has taken place, nor is it imminent. The product has been handled responsibly by Shell with the full knowledge of South African officials and the Botswana Government.

"There was no question that dieldrin was dumped unwittingly in Botswana nor that veterinary department officials were unaware of the hazards associated with dieldrin" the statement concluded.

● Sapa reports from Maritzburg that the National Council of Women of South Africa was "horrified that the highly-dangerous chemical dieldrin" was being manufactured in South Africa in spite of the fact that it was banned here.

In a statement yesterday the NCWSA deplored the fact that in spite of the dangers of dieldrin and its long-lived toxicity it was "being sold to other countries in Africa as though the destruction does not matter".

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MON, 11/1/85

C 214 521 195 2
**70 union
men strike**

Mail Reporter

ABOUT 70 members of the SA Chemical Workers' Union went on strike at the Pharma Natura Company in Wynberg, Johannesburg, yesterday

The union claimed workers had received no wage increases for the past three years, that the company had deliberately delayed recognition agreement negotiations and that union members were victimised

A company spokesman denied the allegations

(183) 22/1/85

Another toxic chemical used in Botswana

Mercury Correspondent

CAPE TOWN—Another highly toxic chemical, in addition to deadly dieldrin, is being supplied to Botswana in vast quantities by Shell South Africa for the eradication of tsetse fly in the ecologically sensitive Okavango delta, it was alleged last night

The chemical, endosulfan, is also an organochlorine like dieldrin and DDT. It is also banned or severely restricted in many Western and even Third World countries

Evidence

A Group One poison, endosulfan is acutely toxic to fish and all mammals. Its use is banned near aquatic ecosystems in the Philippines and in paddy fields in Thailand because of its high toxicity to fish

Evidence that Shell South Africa was supplying endosulfan to Botswana was shown yesterday in a short documentary film produced in November last year for the British Independent TV News

The film was made to highlight how the eradication of the tsetse fly in the Okavango delta would open up the area to livestock and ultimately, destroy its unique ecology

Mr Cliff Bestall, the

producer, said the film seemed to contradict an earlier statement by Shell that they were satisfied that the Botswana Government was using chemicals, such as dieldrin, 'appropriately and correctly'

It also placed a question mark over a more recent statement by Shell that the 'protection of the environment has always been and will remain a major concern of Shell South Africa'

The film shows labourers, wearing no protective clothing except rubber gloves, carelessly pouring endosulfan from drums into tanks near Shakawe in the northern part of the delta

Pumped

A close-up of the label on the drum showed the Shell trademark and read 'Endosulfan, highly toxic, an organochlorine insecticide. Wear protective clothing, gloves, and eye shields when handling. In the case of poisoning will require urgent medical attention'

A spokesman for Shell said they were unable to comment because they had not seen the film

● See also Page 3



182 (6) 500

Diieldrin: Shock disclosure

Cape Times
22/11/85

Own Correspondent

DURBAN — Traces of the killer chemical diieldrin in a dead fish-eagle discovered at Shongweni Dam, one of Durban's major water supply sources, were the highest ever found in a bird of prey in Southern Africa, it was disclosed yesterday

The shock disclosure by Dr John Mendelsohn, acting curator of the Durban Museum, has led to a call for a study of diieldrin poison levels in the city's drinking water

"The levels found in the fish-eagle were many times higher than anything ever recorded in Southern Africa," he said

The killer poison was banned in South Africa in 1981, but an investigation found that diieldrin is prepared in Durban for the export market, and indications are that farmers are still using it on crops in various parts of the country

Varying levels of diieldrin have already been found in Durban harbour, Shongweni, St Lucia and Richards Bay, and experts predict that much of the Mkuzi River, in game-rich Zululand, could also be riddled with the poison

The chemical has been described as a highly-effective control method and popular among farmers in spite of the ban

● In response to a Sapa report carried by the Cape Times on Monday, Shell South Africa advised that they do not

manufacture diieldrin in South Africa

It is manufactured in Holland by Shell Chemicals International and only imported by Shell against the receipt of specific orders

Diieldrin is then formulated, appropriately labelled and supplied to the end-user

● Cape Times Environment Reporter DI MEEK reports that another highly toxic chemical is being supplied to Botswana in vast quantities by Shell South Africa for the eradication of tsetse fly in the ecologically-sensitive Okavango Delta

The chemical, endosulfan, is also an organochlorine like diieldrin and DDT. It is also banned or severely restricted in many Western and even Third World countries

A Group 1 poison, endosulfan is acutely toxic to fish and all mammals

Evidence that Shell South Africa is also supplying vast quantities of endosulfan to Botswana was shown to the Cape Times yesterday in a short documentary film produced in November last year for Britain's Independent TV News

The film was made specifically to highlight how the eradication of the tsetse fly in the Okavango Delta would open up the area to livestock and could ultimately destroy its unique ecology

A spokesman for Shell said they were unable to comment because they had not seen the film

Memor 22/11/85 (183)

Traces of chemical found in dead bird 'highest' on record

By Mike Phillips

TRACES of the killer chemical dieldrin found in a dead fish eagle discovered at Shongweni Dam, one of Durban's major water supply sources, were the highest ever found in a bird of prey in southern Africa, it was revealed yesterday

Dr John Mendelsohn, acting curator of Durban Museum, said the levels found were 'many times higher' than anything recorded in southern Africa

It is possible that traces recently uncovered here could be residue from before 1981 when dieldrin was first banned in South Africa, but conservationists and environmentalists are convinced that new supplies are surfacing here

Dr Mendelsohn said that dieldrin had proved 'much more' toxic than DDT. It was not easily 'broken down' and could be expected to remain potent for 'many decades'

It was established from the Umgeni Water Board,

which controls purification processes and water supplies to Durban from Shongweni Dam, that no problems had been experienced with water destined for the city

'This sort of thing is very strictly controlled,' said the board chairman, Mr Roger Phelines, yesterday

Pure

'We have very pure water'

Mr Lin Gravelet-Blondin, regional pollution officer of the Department of Water Affairs in Durban, whose department conducts water tests said he had received no complaints

Dr Mendelsohn also said that European and North American conservationists were 'very concerned' about the issue because of the likelihood of migratory birds suffering the effects of dieldrin poisoning while in southern Africa

'Biologists have for a number of years urged that the Government set up a monitoring programme to ensure that

dieldrin levels remain acceptable for wildlife and humans,' he added

It was understood from a Wildlife Society of Southern Africa source that 112 people, many agricultural labourers, suffered pesticide poisoning during the period 1982 to 1983

Mr John Comrie-Greig, editor of African Wildlife magazine, said in a statement issued on behalf of the Wildlife Society and the Endangered Wildlife Trust 'It is clear that a high proportion of deaths result from ignorance of the dangers and failure to obey handling rules'

More than 200 people were affected in 1966, but last year according to a Department of Health spokesman only 10 people died accidentally through pesticide poisoning

Yesterday, a spokesman for Shell South Africa was unable to name the African states which still allow the use of dieldrin, but the Mercury has established that

Botswana, Swaziland, Lesotho, and Zimbabwe had accepted stocks of the killer pesticide, increasing fears that the water-insoluble chemical could pass into South Africa, carried by a number of rivers

Meanwhile Mr Comrie-Greig called upon the Government to force users and suppliers to neighbouring countries of the Group One poison, aldrin, to mix it with herbicides to prevent misuse of the substance on crops

Prepare

He believed safety in the use of pesticides was 'all important'

'As labelling of pesticides by chemical companies here is carried out in English and Afrikaans only, we call on all companies to prepare labels bearing the appropriate African language for the area in which it is to be used together with a pictorial explanation and warning of the dangers of misusing chemicals,' he added

diel-drin traces

Capetonians may be bearing

CAPE TOWN 23/1/85

By DI MEEK
Environment Reporter
DIELDRIN deposits were being found in milk and food-stuffs sold in Cape Town until just over a year ago — which means traces of the deadly poison could have accumulated to form "living time-bombs" in the body fats of many Capetonians.

Scientists claim that this is because the body calls on fat reserves if a person suddenly loses weight, and the poison is thus released into the system. Dieldrin poisoning can dam-

age the central nervous system, cause paralysis, destroy protective body mechanisms and ultimately lead to death.

A highly-toxic organochlorine, dieldrin is considered a far worse global pollutant than DDT. It was banned outright in South Africa in 1981 and is banned or severely restricted in most Western countries.

Extremely toxic to all fish, birds and animals, its chief danger is that it accumulates in food-chains, becoming more and more concentrated as it progresses up the chain.

Recent disclosures that the multi-national oil company Shell South Africa is still supplying neighbouring African countries with the poison has caused a storm of protest both locally and internationally.

Cape Town's Medical Officer of Health, Dr R G Coogan, said yesterday that because of dieldrin's long-lasting properties, deposits exceeding the legal limit were being found in milk and butter supplied to Cape Town during 1982.

In terms of regulations under the Food, Drugs and Disinfectants Act, the legal limit of dieldrin allowed in milk and milk products is 0,1 of a milligram per kilogram. For eggs it is 0,1mg per kg and for meat it is 0,2mg per kg.

Dr Coogan said the findings were made during a widespread series of tests carried out among farms that supplied Cape Town with milk. Sampling had continued in 1983, during which the amounts of dieldrin detected decreased.

By last year, 1984, all samples taken were found to be completely negative.

He said samples taken weekly of tests for dieldrin in fruit and vegetables sold in the City had been negative for the past three years. Until then they had been positive.

Meanwhile our Johannesburg correspondent reports that workers spraying dieldrin in the Chobe National Park in Botswana were seen diluting the highly-toxic chemical with river water and washing out the drums at the river's edge.

This occurred at the time when drums of the chemical, which is supposed to be kept

under lock and key and away from dams and rivers, were photographed on the bank of the Linyanti River in Chobe last October.

Mr John Comrie-Greig, editor of African Wildlife, said yesterday that according to reports reaching his Cape Town office, the Chobe workers had not been wearing protective clothing.

He questioned whether illiterate workers who had to apply such poisons were ever told to take precautions. Complaints about the misuse of pesticides were flooding into his office

which, if true, suggested a scandalous carelessness on the part of those using them. He also asked whether manufacturers made any effort to recover empty containers and dispose of them safely.

The Wildlife Society and its sister organizations would press for a full inquiry into the use of pesticides in Botswana, as there was obviously "overkill" and misuse of pesticides.

Dieldrin is banned in South Africa but not in Botswana, Shell SA, which provides African countries with the chemi-

cal, has insisted that they have acted legally and responsibly at all times. The South African authorities have said they have no jurisdiction over the use of banned chemicals beyond their borders and the Botswana Government has said "no collapse of the ecology structure has taken place, nor is it imminent".

"How do they know?" Mr Comrie-Greig asked. One could not see the changes taking place in the eco-system, he said, and it was quite possible that overkill pesticides could be destroying pollinators of trees

FM 25/11/85
~~181~~ ~~182~~ **AGREEMENT AT AECI** ~~183~~

More than 11 000 workers at AECI are to receive wage increases ranging from 10,5% to 12,5% as well as improved fringe benefits this month. This follows the conclusion of negotiations between the company and 12 unions representing the AECI workforce.

Employees in the lowest grade are to receive 12,5% increases bringing the minimum monthly salary to R408,90. They also become entitled to three weeks' leave a year — up from two weeks and two days. Workers in the higher grades will receive 10,5% increases. In addition, improved holiday bonuses and standby benefits have been negotiated.

AECI group personnel manager, Bokkie Botha, tells the FM that although the increases are below current inflation rates they are in line with increases in other sectors and, given the state of the economy, are satisfactory.

FM 25/11/83
AGREEMENT AT AECI

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AECI group personnel manager, Bokkie Botha, tells the FM that although the increases are below current inflation rates they are in line with increases in other sectors and, given the state of the economy, are satisfactory.

Sowetan 25/1/85 (183) (122)

AECI workers get pay hikes

MORE than 11 000 employees of the African Explosives and Chemical Industries throughout the country are to receive wage increases ranging from 10,5 percent to 12,5 percent as from this month.

AECI's personnel manager Mr Bokkie Botha told The SOWETAN yesterday that the increases also included improved fringe benefits for all workers of different races.

The increases follow the conclusion of negotiations between the company and 12 trade unions representing the work force. Some of the unions include the South African Chemical Workers Union and the South African Boilermakers' Society.

In terms of the "pay packet deal" employees in the lowest grade are to receive 12,55% increases bringing the minimum monthly salaries to R408,90.

The employees will also become entitled to three weeks' leave a year. Workers in the higher grades will receive 10,5% increases.

Mr Botha added that in addition improved holiday bonuses and standby benefits have been negotiated.

By JOSHUA RABOROKO

Although the increases are below the current inflation rates, Mr Botha continued, they are in line with increases in other sectors and, with the state of the economy, are satisfactory.

He was "happy" that all the parties welcomed the agreement in "good faith" after the negotiations which started last month and were only concluded last week.

The wage agreement is almost a "blessing" to the company because last year's wage talks ended in a deadlock with the South African Chemical Workers Union and resulted in the first legal strike in January after the union had applied for a conciliation board hearing.

The union leaders were not available for comment this week.

Memorandum 26/1/85 (183) (184)

IT HAS taken more than 15 years for the horrors of dieldrin, a potent Group 1 poison pesticide banned in South Africa and most developed countries, to be fully revealed.

Use of the killer chemical by some African countries was highlighted recently when it was found that, although barred here, Shell South Africa prepares it in Durban for export to more willing markets.

Alarming high traces of the killer chemical have been found in Natal centres, including one of Durban's major fresh water supply sources

Dieldrin is certainly not a new product and the dangers have long been known by authorities worldwide

Environmentalists complained in the early 1960s of its formidable strength, but to no avail.

By 1970 the evidence collected by concerned conservationists weighed overwhelmingly against its continued use, but the chemical has proved so effective that there has been little swing to existing alternatives.

South Africa banned the sale, acquisition and use of dieldrin on May 1, 1981, but the move has apparently failed to curb its use here

Dr John Ledger, director of the Endangered Wildlife Trust, based in Johannesburg, charges: 'End-users have had more than 15 years to realise the dangers of dieldrin to the environment — but still it is used in some countries.'

Feelings have run high because of increasing fears that dieldrin, which takes many years to lose its harmful elements, could be carried into this coun-

The

dieldrin

dilemma

MIKE PHILLIPS reports on the killer on . . . and inside . . . our borders

try through rivers and streams from a ring of border states which freely allow its application.

Some irate members of the public have vowed not to use Shell products in future because the chemical supply company appears reluctant to dismantle its production programme.

A full list of end-users has not been made public, but a Natal Mercury investigation uncovered the fact that Botswana, Swazi-

It was established that continued ingestion of dieldrin — possibly by regularly eating contaminated fish — would lead to a build-up of the poison in the fatty tissues.

Blacks in southern Africa are more at risk because they are more likely to draw on fatty tissue through often going hungry because of drought — they could even face starvation.

Drinking concentrate would result in blistering of the mouth, headaches, vomiting, numbness of the tongue and face, inco-ordination, laboured breathing, convulsions and finally respiratory failure.

Most of these symptoms would occur if the trace build-up through 'innocent' ingestion became too high

A reliable agricultural source in Swaziland has disclosed that South African farmers were 'most certainly' buying supplies of dieldrin in that country for use on crops here.

Dieldrin is freely available in Swaziland and buyers are not required to sign the poisons register when buying it — which makes it easy to secure illicit supplies.

Farmers there use the substance on sugarcane and citrus.

Fears have been expressed that a substitute aldrin, a close relative of dieldrin, could be used on crops causing the same damage to the environment.

Conservationists have agreed that the only way to rid the environment of dieldrin and other highly toxic substances is to ensure a worldwide ban on their manufacture and use.

Mercury 28/1/85 (183) (516)

KwaZulu homes sprayed in S A with pesticide banned

Mercury Reporter

THE use of DDT, another highly toxic chemical, is banned in South Africa, but each year 80 000 homes in KwaZulu are sprayed with the pesticide to control the spread of malaria

In 1930, at least 10 000 people are known to have died of malaria in Natal and the problem led to an investigation into possible control measures

Dr M Short, senior medical officer in charge of communicable diseases, said last week that it was State policy to permit the import of DDT for the control of malaria for use by health authorities

'Conditions for use are strictly defined,' he said. According to Dr Short, DDT is also used extensively in most of the homelands and particularly in the Eastern

Transvaal where the incidence of malaria is said to be 10 times higher than in Natal

Anti-malaria spraying in KwaZulu is carried out between January and March each year and follows intensive and careful planning programmes often launched two months before the application deadline

Huge tracts, including the Ubombo, Nongoma and Ingwavuma districts, as well as an area near Pongola are constantly monitored and form part of the DDT spraying programme

Dr Short said that DDT was sprayed on inside walls and eaves of huts and homesteads

He believed that there was little, if any, risk of DDT damaging the environment or humans. DDT was introduced to

the area in the early 1960s and in spite of continued use, indications were that environmental contamination had dropped considerably

'DDT is the best choice. There are no attractive alternatives. DDT is a slow accumulative poison and has not appeared to be harmful to man,' said Dr Short

The product would be used until environmentalists could show that levels were becoming damaging, he said

The Mercury's Johan-

nesburg correspondent reports a claim that people are dying of pesticide poisoning in South Africa at the rate of 68 a year — while there are only occasional deaths from sleeping sickness

Yet the deadly chemical, dieldrin, banned in South Africa, is being used in Botswana against the tsetse fly because it carries sleeping sickness

Dr John Ledger, of the Endangered Wildlife Trust, said that there had been 1 020 deaths from pesticidal poisoning in

South Africa between 1966 and 1980. Quoting figures from the Central Statistical Services in Pretoria, he said 113 such deaths were officially notified in 1980

Yet in Chobe, where the Botswana veterinary services said Dieldrin was sprayed to protect humans and especially tourists from sleeping sickness, there had been only one death from sleeping sickness every three years in the period 1944 to 1979

A Shell S A spokesman declined to comment

Workers ^{stay} down tools. 29/1/85 (183) after dismissals

Workers at a pharmaceutical company in Aeroton, south of Johannesburg, yesterday downed tools in protest against the alleged dismissal of three of their colleagues

The three were recently elected as the workers' representatives

The strike follows demands by the employees for the scrapping of an already recognised liaison committee and its replacement by their own representatives

A second demand concerned wages. The workers demanded that they be paid a better annual increment than the 10 to 12 percent increase offered by the company

INVOLVED

The workers claimed that about 300 of their colleagues were out on strike, but a spokesman for the company, Sabax (Pty) Ltd, said only 80 workers were involved

A worker who did not want to be identified said the strikers were against the workers' committee set up by management and had elected their own representatives

The Sabax spokesman, Mr F Erasmus, confirmed that the company had "a little bit of a dispute"

"As far as we are concerned this is an illegal strike", he said

"Only one person was dismissed last week and that was strictly procedural. Many of the workers want to return to work but are being intimidated"

Management and worker representatives held talks yesterday

183

Deadly chemical sent to SWA

By DI MEEK
Environment Reporter

SHELL South Africa is still supplying vast amounts of dieldrin to SWA/Namibia — in spite of the deadly chemical being banned in the territory

The Department of Agriculture is using it to control tsetse fly in the Caprivi Strip

It was also learnt yesterday that DDT, another chemical banned in the territory, was being used by the Department of National Health and Hygiene to spray over a million homes every year throughout SWA/Namibia to control malaria

The highly-toxic organochlorines, dieldrin and DDT, are banned or se-

verely restricted throughout the West

Spokesmen for both government departments said they had been using the chemicals since 1964

They said that in spite of the ban on dieldrin and DDT in South Africa and SWA/Namibia they had been given a special exemption to use the specific chemical

DDT is also being used in Zululand by the South African Department of Health for malaria control

The latest revelations in the poison scandal has shocked conservationists who yesterday demanded to know why government departments could be exempted from the ban

A senior official in the division of veterinary services of SWA/Namibia's Department of Agriculture said it had taken his department over a year to obtain an exemption from the ban in 1981

The official who declined to be named, has been working on tsetse fly control since 1979. He said dieldrin supplied by Shell Chemicals was only used in selected areas near, and on the river banks, of the Cuando River (which flows into Lake Lianbezi and links up with the Zambesi)

It was sprayed on trees annually in diluted form between April and July every year when the water was low. Spraying teams were strictly supervised and wore protective clothing, he said

He said dieldrin would not kill fish or birds if it was applied correctly. He also doubted whether dieldrin had penetrated the food-chain but admitted that no tests had been done in the area

The department was aware that dieldrin was dangerous

Only way

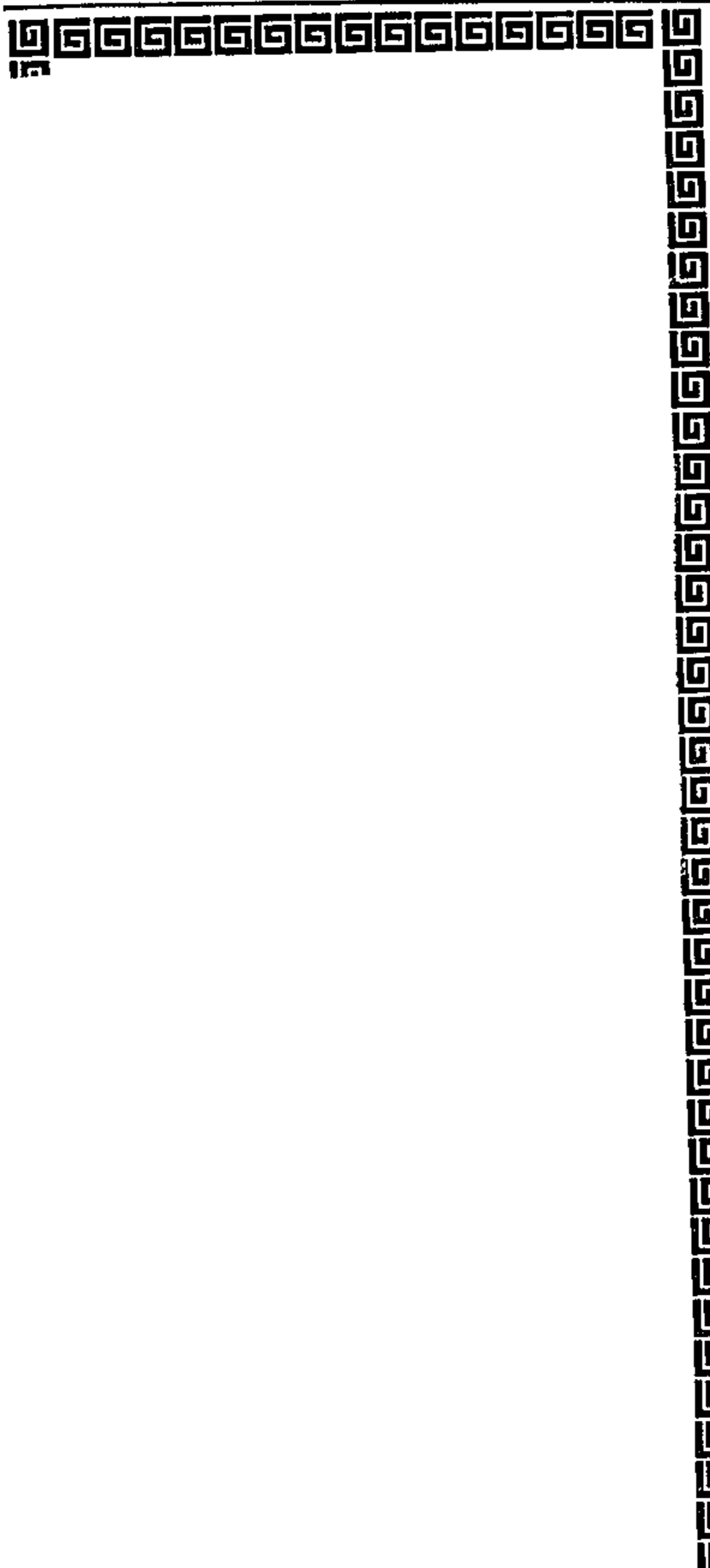
The chief of public hygiene for SWA/Namibia's Department of National Health and Hygiene, Mr M N Mans, said yesterday that the department was exempted from the ban on DDT because it was the only effective method for controlling the malaria-carrying mosquito

More than a million structures were sprayed every year over a wide area, mainly in the north, including Grootfontein, Tsumeb, Kaokoveld, Kavango, Bushmenland and certain parts of Damaraland

Mr Mans said it was "impossible" for DDT to get into the food-chain because it was only used "inside huts and European homes" and was never used near water

He said specially trained teams who wore protective clothing carried out the spraying by hand from June to November every year. Any spillage was buried

● A spokesman for Shell South Africa last night confirmed that they had supplied SWA/Namibia with the chemicals, but did so legally



Shell takes measures to control dieldrin

By DI MEEK
Environment Reporter

THE chairman of Shell South Africa, which supplies the banned killer chemical dieldrin to several African countries, yesterday announced that new measures would be introduced to control distribution of the pesticide

Mr J Wilson made the announcement after a national company, Frasers Machine Moving and Rigging (Pty) Ltd, which has branches in Johannesburg, Cape Town and Durban, had demanded that Shell stop supplying dieldrin

The measures include

- Restricting all future supplies of the potent pesticide in Swaziland to "major sugar growers" only This would prevent third party acquisition and could dramatically cut the illegal "import" back into this country of supplies for farm use

- The addition of a

clause in all future tenders insisting that all dieldrin drums be returned to Shell This was in a bid to prevent water contamination which was likely to affect humans

- Taking back stocks of the pesticide for safe disposal This had been decided following talks with farmers, particularly in Natal, and other organizations

"Anybody with dieldrin can contact Shell Chemical in Durban and arrangements will be made for it to be taken back for disposal People must definitely not pour it down drains," Mr Wilson said

The demand by Frasers was made in an open telex sent to the managing director of Shell on Monday It said

"As major users of Shell diesel for the past 20 years, the directors and staff of Frasers are disgusted to hear that Shell is blending, distributing and selling

dieldrin to neighbouring countries

"Your lame excuse that if Shell does not sell this product someone else will is totally unacceptable to us

"We of Frasers demand that you desist with this appalling commercial practice which is so damaging to the ecology of South Africa"

Not aware

Mr Wilson said yesterday that he was not aware of Frasers having sent the telex

"I am really surprised that the company would take that stance I am not sure that they are in possession of the full facts," he said

A copy of the telex was sent to Dr John Ledger of the Endangered Wildlife Trust in Johannesburg

The measures were welcomed yesterday by the Wildlife Society, the Endangered Wildlife Trust and the Southern African Ornithological Society

CAPE TIMES 30/1/88

183

Firm demands Shell stops poison supplies

30/1/85

183

Mercury
Correspondent

CAPE TOWN—A national company, which buys more than 1 000 000 litres of diesel oil annually from Shell South Africa, has demanded that the multi-national oil company stop supplying the banned killer chemical, dieldrin, to countries in Africa.

The demand by Frasers Machine Moving and Rigging (Pty) Ltd, which has branches in Johannesburg, Cape Town and Durban, was made in an open telex sent to the managing director of Shell on Monday. It said:

'As major users of Shell diesel for the past 20 years, the directors and staff of Frasers are disgusted to hear that Shell is blending, distributing and selling dieldrin to neighbouring countries.

'Your lame excuse that if Shell does not sell this product someone else will is totally unacceptable to us.

Copy

'We of Frasers demand that you desist with this appalling commercial practice which is so damaging to the ecology of South Africa.'

A copy of the telex was sent to Dr John Ledger of the Endangered Wildlife Trust in Johannesburg.

Mr Henry Fraser, managing director of Frasers, said from Johannesburg yesterday that he and the other five directors of the company had sent the telex because they were all keen supporters of conservation.

The decision to voice their protest was made by one of the directors, Mr Monty Brett, after he heard a *Radio Today* programme on the subject. Mr Brett had been wholeheartedly supported by the entire staff, Mr Fraser said.

The chairman of Shell, Mr J Wilson, said yesterday that he was not aware of Frasers having sent the telex.

'I am really surprised that the company would take that stance. I am not sure that they are in possession of the full facts,' said Mr Wilson.

Control

Mr Wilson said Shell believed the issue was a very complex one and he would have thought that Frasers would have first spoken to Shell about it and not to 'some wildlife organisation'.

Mr Wilson also announced that new measures would be introduced to control the distribution of dieldrin from Durban to other African countries. The measures included:

Restricting all future supplies of the potent pesticide in Swaziland to 'major sugar growers' only. This would prevent third party acquisition and could dramatically cut the illegal 'import' back into this country of supplies for farm use.

The addition of a clause in all future tenders insisting that all dieldrin drums be returned to Shell. This was in a bid to prevent water contamination which was likely to affect humans.

And taking back stocks

of the pesticide for safe disposal. This had been decided following talks with farmers, particularly in Natal, and other organisations.

'Anybody with dieldrin can contact Shell Chemical in Durban and arrangements will be made for it to be taken back for disposal. People must definitely not pour it down drains,' Mr Wilson said.

Old stocks

The measures were welcomed yesterday by the Wildlife Society, the Endangered Wildlife Trust and the Southern African Ornithological Society.

But in a joint statement the three conservation organisations said they hoped that old stocks of dieldrin returned to Shell would not be repacked and dispatched to neighbouring states.

They also emphasised that in spite of the measures announced by Shell, they remained totally opposed to the continued use of dieldrin in any African country because of its proven danger to the environment, wildlife and the human population.

They called on members of their societies to write personal letters to Shell, stating their opposition to the company's continued production of dieldrin.

The statement said it had also been agreed to set up a fund to allow for the urgent expansion of existing research facilities for pesticide residue monitoring in South Africa.

~~13/11/83~~
~~13/11/83~~
Three-day strike ends 183
3/11/85

Sabax pharmaceutical company workers today ended a three-day strike, the South African Chemical Workers' Union (Sacwu) announced this morning

The union said the workers had accepted a management proposal to seek arbitration on the reinstatement of three worker representatives allegedly dismissed by the company



WORKERS at Saba Company showing soles after confrontation with police yesterday

'Cops lashed us'

ARMED policemen yesterday allegedly sjambokked scores of workers from a pharmaceutical company in Aeroton, south of Johannesburg yesterday when the workers entered their second day of strike action protesting the dismissal of colleagues.

The workers, members of the South African Chemical Workers Union employed at Sabax (Pty) Ltd, were being addressed by their union leaders when the police ordered them to disperse because they were holding an "illegal meeting."

The workers said that they dispersed and with-

out any provocation the police sjambokked them. They ran in all directions.

Among those who were injured are Mr Solomon Sibeko, Mr Stanley Mosehle, Mr Wilfred Mokoena, Ms Pinkie Magahlela, Mr David Khumalo, Mr Phillip Molale and Mr Klaas Mkwana, all of Soweto.

The police directorate in Pretoria yesterday said a group of people who were dismissed by

the firm gathered outside the firm's premises and intimidated the workers.

The police ordered them to disperse, which they eventually did. There was no further action taken by police, according to the spokesman for the police.

All the company's representatives were said to be locked in a meeting with workers' representatives and were not available for comment.

The strike follows demands by the workers for the scrapping of an already recognised liaison committee and its replacement by their union. They also demand a better wage increment than the 10 to 12 percent increase offered by the company.

A union spokesman said they had tried to meet with management on these issues, but deadlocked because "management is trying to use delaying tactics."

Over 2 000 out on strike

By JOSHUA RABOROKO

MORE THAN 2 000 workers went on strike over wages and "unfair dismissal" of colleagues at different plants in the country this week.

Over 1 000 workers employed by Plascon Paint at four different plants in Luipaardsvlei, Chamdor, Johannesburg and Alberton, yesterday downed tools in protest against wage demands.

The workers, members of the South African Chemical Workers' Union (SACWU) said that several wage demands had been rejected by management. The workers originally demanded a R200 increment which they finally reduced to R90, but management only offered R40.

A company spokesman confirmed that the workers went on strike over wages. Management has made arrangements for the employees to contact their trade union for information.

Affected

The spokesman said that only the four plants were affected, adding that Plascon factories elsewhere were operating normally.

A labour dispute has hit Robertsons Limited in Durban where about 360 workers went on strike over the dismissal of three colleagues, including

the chairman of the Food Canning Workers' Union (FCWU) shop steward committee.

However, Mr C R Henzi, manager of human resources for Robertson, said the workers' cases were in the process of being resolved through use of the grievance and disciplinary procedures when they stopped work.

About 300 workers at Sabax (Pty) Ltd in Aeroton, near Johannesburg yesterday entered their fourth day on strike over the dismissal of three colleagues.

About 100 workers employed by Trador Wholesalers near Vereeniging yesterday went on strike over wages and dismissal of colleagues, but management was not available for comment.

Cutbacks

In the latest spate of staff cutbacks, Game Discount World in Durban has laid-off 115 workers, Dions in Cape Town has retrenched 30 workers and about 150 lost their jobs through the closure of a glass factory at Epping following Murray and Roberts' withdrawal from the industry.

About 30 employees at Four Seasons Hotel in Durban were laid-off this week, Mr Val Gratham, the manager, said yesterday.

Farmers threaten fertiliser giants

183

~~3/2/85~~
S. Times
3/2/85

By Don Robertson

FERTILISER producers have been warned of "drastic steps" against them by the South African Agricultural Union (SAAU) unless they compete on prices, discounts and sales conditions.

Fertiliser producers were forced to increase prices on January 1 by an average of 20% because of rising raw material costs. The SAAU says the increases could cost farmers an extra R100-million a year.

Producers, with the excep-

tion of Sasol, increased prices by the same amount and offered similar rebates.

The fertiliser advisory committee of the SAAU told the Fertilizer Society of SA at a meeting that farmers were not prepared to accept unjustified increases.

The SAAU said farmers had been compelled to cut costs and the fertiliser industry should follow their example.

Fanie van Rensburg, chairman of the advisory committee, says price control on the fertiliser industry was lifted to allow effective competition among producers, "and if this does not happen, the union will have to

take drastic steps"

Daan du Plessis, manager of corporate services at the SAAU, says these steps could include the submission of evidence to the Competition Board of allegations of price collusion.

The Fertilizer Society says the meeting was held to discuss mutual problems. As the society was unable to negotiate on prices, it invited the SAAU to discuss the matter with individual producers.

Friendly

The SAAU appears to be holding fire on confrontation with fertiliser producers, none of which has been approached.

The fertiliser industry, however, insists that it does not fix prices. Referring to the common problem of increased prices for raw materials, producers say it is natural that the cost of the end product should be similar from the various companies. They also point to the competitive position in the Cape where there is a mini price war.

John Skeen, managing director of Kynoch, says the discussions between the SAAU and the Fertilizer Society were amicable and his company is doing all it can to reduce costs.

No comment by Shell on Barnard

By DI MEEK
Environment Reporter

SHELL South Africa yesterday declined to comment on an attack by Professor Chris Barnard in his popular Monday column in the Cape Times on the company's continued supplying of dieldrin to Southern Africa.

He said that in law, poisoning which caused death was a crime. If one could identify the poison, the victim and the culprit, the case would be all tied up. But with the environmental poison, dieldrin, it was not so straightforward —

"We know that people are being poisoned, we know where it is coming from, we know who is doing it, but we can't do a

damn thing about it."

Professor Barnard said the reason the commercial firm which turned out "this muck" continued to do so in spite of all the evidence of large-scale poisoning was that the balance sheet was too important to leave to fools who feel shame.

"That's why fools like me feel angered."

Professor Barnard said that at a service station, the Shell company symbol hit him between the eyes and he quickly drove out again.

"I'll be damned if I subsidize mass poisoning even if it means driving around half the city to find another supplier," he said.

(57) FM 8/2/85

Stan McDonald, Barclays' GM finance, notes "The ability of banks to strengthen their capital base through subordinated loans is a very important point. It is just one further option in the instruments available to us at present."

One of the recommendations in the De Kock report, which is to be included in the draft, is the scrapping of distinctions between different types of banks. If the Bill is passed, there will no longer be commercial, merchant or general banks.

Although the banks themselves may choose to continue the division into different categories, the Registrar of Financial Institutions will no longer make any distinction, or require the re-registration of

any bank

Says McDonald: "There is a blurring of lines between the banks anyway, as their operations have expanded. It really is official recognition of what already stands."

Nedbank deputy MD Anton van der Merwe Vance is somewhat more sceptical. "Although there has been this proposal, I don't know if the Reserve Bank has looked at all the implications of it."

At present, the definitions ensure a bank is registered according to the function which constitutes the major part of its operations. For example, a merchant bank is defined as a firm, a substantial part of whose business consists of the acceptance of bills that are eligible for rediscount with

the Reserve Bank, and which also accepts deposits.

This means merchant banks aren't precluded from offering the type of services rendered by, say, a commercial bank.

Excluded from this proposal are the discount houses. In terms of the Act as it exists, the houses are exclusively defined, and only a firm that functions exclusively as a discount house can be registered as one.

The reason is the special relationship between discount houses and the Reserve Bank involving certain privileges and also Reserve Bank supervision. This is further facilitated with the discount houses performing narrowly circumscribed and highly specialised functions only.

AFROX

Strength in the long term

183

Afrox's 11% earnings a share fall in the year to end-September was hardly surprising after the three-year engineering industry recession. That profits held up as long as they did is a tribute to the group's sound financial management and successful build-up of counter-cyclical income from its private hospital investments.

Earnings could fall again this financial year, owing to capital spending cutbacks, a continued steel and engineering industry downturn and fierce competition which may pare margins. But Afrox is a group with sound long-term prospects. It is investing heavily in its basic gases and welding business (which contributed 82% of group pre-tax profit last year) and in plans to diversify further into private hospitals and educational technology. The weakened rand also provides better export possibilities, notably of welded products to Africa. And after this month's 80c fall in the share price to 620c, the counter looks increasingly like a stock that offers value.

"We are putting considerable efforts and cash into winning new business," says Peter Joubert, Afrox MD. "We are broadening our base of operations and looking to enlarge our markets." Joubert took over as chief executive from Beau Sutherland, now Afrox's chairman, after a stint as chief executive of UK-based BOC Gases, which owns 60% of Afrox.

Joubert's UK sojourn convinced him of one thing: SA suffers from a deep shortage of managerial skills, and he has sought, since his return, to tap the local market for performance training. These efforts are soon likely to bear fruit. Certainly, his methods of running Afrox's head office suggest maximum deployment of labour. Joubert does not have a secretary, telephone callers simply leave messages on an answering service if he is not in his office.

However, if Afrox's future looks rosy, the present is lousy. Trading profit surged

Diversification is likely to send Afrox's prospects soaring, though the market has downrated the stock in recent months. The move into private hospitals and educational technology has done the spadework, and the trend away from traditional markets, where Afrox is unlikely to increase its penetration beyond certain limits, has been well established. Exports should help too.

"We hope the R11m litigation with Coalequip will come to an end this year and that we will be paid." Already this year, however, Afrox has borrowed another R10m to finance the acquisition of the Entabem Hospital in Natal.

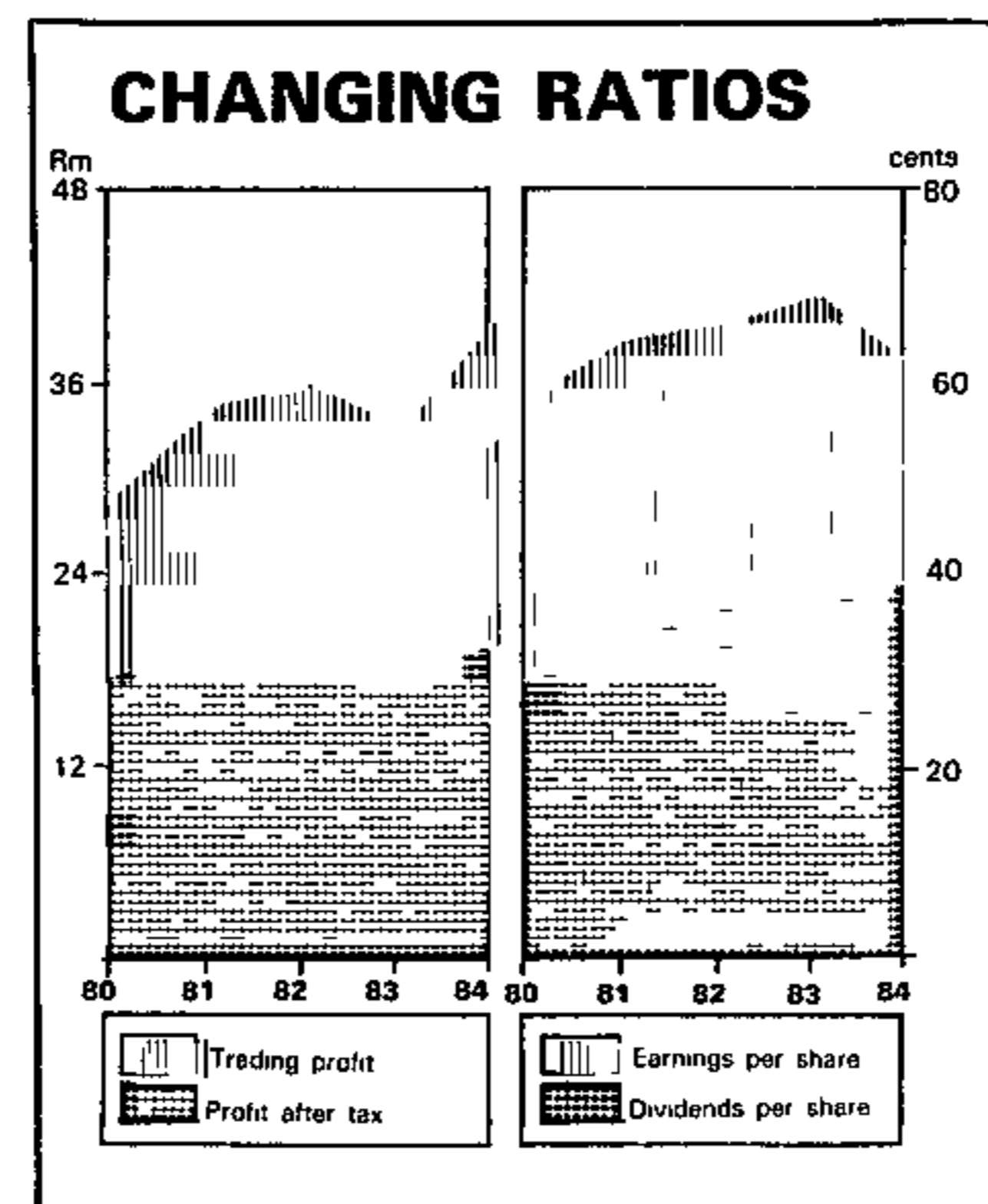
Last year's profit rise was led by a good performance from the gases and welding divisions. This was attributable to the first half's buoyant trading conditions. Afrox's diversified gases business (especially in cylinders) and the welding division's winning of increased market share at the expense of imports and competitors.

But, as Joubert notes, "the testing time will come early this year. Order books are pretty lean, and that will affect our welding business, which is closely related to steel consumption. The downturn in gases should be less severe, as we have a broad use of gas from small operators, farmers, the food industry and the black economy, which is still growing. These small growth pockets are connected to population increases and, as they tend to be smaller customers, margins should improve."

Afrox has doubled its capacity in gases since 1980 and plans more capex in order to maintain its competitive edge. The four SA gas producers — Afrox, Air Products, Fedgas, and Union Liquid Air — each hold a substantial share in what Joubert says is the most competitive market in the world. The gases market consists of the supply of cylinders and liquid products and the establishment of gas plants for customers.

Joubert will not be specific on market share, although he intimates that Afrox holds more than half the SA liquid gas and cylinder market. To maintain its position as market leader, Afrox needs to invest heavily in new plant and more efficient distribution.

Afrox also intends to develop sales of its welding robots, first introduced two years ago. Joubert believes there is a large poten-



ahead 20% to R40,4m last year, but attributable profit dipped 9% to R18,5m because of an increased tax bill and a three-fold rise in interest paid from R2,5m to R7,7m. A crucial determinant of Afrox's profit in 1985, says Joubert, will be the group's success in cutting debt.

"A decline in debt also depends on whether we make an acquisition," he com-

agreement

Dieldrin: A kind of gentleman's

DOCTORS get to learn a lot about anatomy. They have to, otherwise nobody would employ them.

The thought occurred to me last week after I had received a personal visit from the chief executive of Shell South Africa. It wasn't a courtesy visit—he arrived with his legal adviser.

My grasp of anatomy told me immediately that this was muscle. Any doctor can recognize muscle when he sees it.

The message was simple—put up or shut up. Shut up about the ecological effects of dieldrin, supplied to neighbouring countries by

Shell, and shut up about my personal opinions expressed in last week's column concerning the desirability of Shell products.

In addition, it would be fair and just if I would present Shell's side of the case. They didn't put it quite like that of course. The exchanges were very pleasant and civilized.

However, I had a strong impression that the alternatives would be too glibly to contemplate. Like any other private citizen I take little notice of the business practices of the multinationals until such time as they are

shoved under my nose. In this case, it was practically shoved up my nose. The effects of the pesticide dieldrin are so well documented worldwide that there is no longer a controversy. Dieldrin is a long-lasting poison, so dangerous that it has been banned in most Western countries, including South Africa.

Its penetration of the ecosystem is well proven. Traces of dieldrin have been found in Cape Town's water supply, the Hartbeespoort Dam, in fish in South African rivers, in milk in the Transvaal, in shellfish at the mouth of a Natal canal near where the Shell fac-

tory is sited, and in the Republic's marine environment.

That's basically what I said in my column in this newspaper last week. Shell believes this is a biased view which does not give their side of the story.

I like to think I am an objective and rational human being. Shell doesn't need to harness its billions to force me to act like one.

Ordinary courtesy, which I learned at my mother's knee, tells me that if I have injured Shell's reputation with my out foundation, an apology is due. And not only an apology, but full resti-



CHRIS BARNARD ON MONDAY

tution insofar as lies within my power. What is their case? As expressed in the file of literature given me at our meeting, they made the following points

- Pesticides, properly applied, relieve hunger and sickness.
- There is no feasible alternative to the use of dieldrin for the control of tsetse fly in Botswana and the sugar cane beetle in Swaziland.
- Shell takes great care to instruct users in the proper control of this pesticide.
- The product has been handled responsibly by Shell with the full knowledge of South African officials.
- Shell makes a "minor" profit on the transaction.
- Protection of the environment is a major concern of Shell.
- If Shell did not supply dieldrin to the countries concerned they would find their own supplies elsewhere, perhaps with less control over its use.

● There is clearly a need for the chemical. The danger to the environment must be weighed against the indisputable and positive benefits that flow from its use.

● Shell's attitude to the issues is "not coloured by commercial considerations".

● Shell wishes to make it clear that as a result of the wide expressions of concern on the use of dieldrin it will closely examine its position in all future requests for supplies through its facilities in South Africa. I am impressed. A little

And I accept their bonafides. In turn, they have accepted mine — with a challenge. Show us an alternative which we regard as truly viable for the control of tsetse fly — and Shell South Africa will pull out of the supply chain. As a concerned citizen of this planet that is the commitment I want. On that agreement gentlemen, I will publicly shake your hand. Not only that, I'll be first in the queue at the pumps. After all, it's a damn fine South African company. Other things being equal, why shouldn't I buy South African?

For the Department's day-to-day public relations functions use are being made of an internal press liaison section which has been operative at departmental Headquarters since 1973 and which is staffed by professional persons who are skilled in journalism and public relations. In addition, Public Relations Officers are located in all the Department's Regional Directorates to handle local

press enquiries and to give advice and guidance to individuals and business concerns on Post Office services.

[Rest of reply laid upon the Table with leave of House]

(2) The required information with regard to the contracts that were either completed or awarded during 1984 for specific *ad hoc* tasks is as follows

(a) KMP Compton (Pty) Ltd (b)(i) (ii) Opinion poll re the image of the Post Office and its services R51 700

Young and Rubicam— Marketing of investment services R1,5 million maximum
McKinstry Schonfeldt

Ogilvy Mather Direct Joint marketing campaign (Post Office, Volkskas, Standard Bank and United Building society) on the sharing of automatic teller machines (Multinet) R75 000

Cinevision Motion Picture Producers Production of a TV commercial on tax free investments R43 650

Market Research Africa (Pty) Ltd Participation in Index of Financial Institutions (IFI) (Measurement of personal finances, users' demographics, financial holdings and media consumption in White adults in the RSA) R37 323

V.Z. Oeliv and Mather Advertising campaign for Beliel R250 000

Marplan Research (Pty) Ltd Market research re Beliel R75 000

183 Sasol dismissal of workers
Q. 61 63 12/2/85
*17 Dr A L BORAINÉ asked the Minister of Mineral and Energy Affairs

- (1) Whether he has (a) been informed of and/or (b) received any representations on a decision to dismiss a number of Sasol workers in November 1984, if not, why was he not informed of this decision, if so, (i) how many workers were involved and (ii) by whom was the decision taken.
- (2) whether (a) he, (b) any member of the Department and/or (c) any member of any body falling under his Department was involved or participated in this decision; if so,
- (3) (a) which person or persons were involved, (b) what was the nature of this involvement and (c) what were the circumstances surrounding the decision,
- (4) whether we will make a statement on the matter?

THE MINISTER OF MINERAL AND ENERGY AFFAIRS

- (1) (a) and (b) No Sasol is a private company and as in the case of any private company, the Sasol board of directors and its management act autonomously in matters of such nature
- (i) According to information furnished by Sasol approximately 5 100 employees were dismissed
- (ii) The Sasol management
- (2) (a), (b) and (c) No
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- (4) No

Mr H SCHWARZ Mr Chairman arising out of the hon the Minister's statement that Sasol is a private company, does he care to inform the House of the extent of the shareholding of the State in that private company?

The MINISTER Mr Chairman, the hon member must please table that question

Mr H SCHWARZ Mr Chairman, further arising out of the hon the Minister's reply, and as he is in charge of Mineral and Energy Affairs, does he suggest that he does not know the extent of the State's shareholding in that company?

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Howard Q. 61. 65
Admission to schools
12/2/85
*18 Mr A SAVAGE asked the Minister of Education

- (1) Whether any Black children are unable to gain admission to schools in 1985, if so, how many black children

were unable to gain such admission as at the latest specified date for which figures are available

- (2) whether any steps are being taken to provide additional school facilities for Black pupils, if not, why not if so, (a) what steps and (b) in which areas?

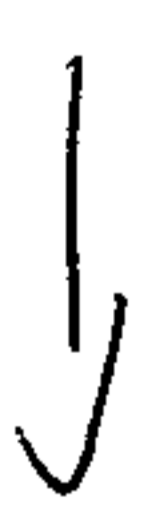
THE DEPUTY MINISTER OF DEVELOPMENT AND OF LAND AFFAIRS (for the Minister of education)

- (1) According to our records approximately 1 200 pupils have not gained admission. This number is influenced by two very important factors namely
- (a) that pupils often apply for admission at more than one school so that the records very likely give an over estimation of the number of pupils seeking admission, and
- (b) that each year a large number of pupils of the national and independent states seek admission in the Department's schools, whereas the Department's planning for accommodation is based on the projected accommodation needs for its own pupils.

- (2) Yes (a) and (b) New school and classrooms are continuously being erected on a considerable scale in all seven regions of the Department. It is expected that 969 classrooms for secondary education and 1 468 classrooms for primary education will be completed during the current financial year

Howard Q. 61. 66
Rail Commuter Services
12/2/85
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- Whether the South African Transport Services made a profit or sustained a loss on rail commuter services in the 1983-84



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CAPE TIMES 12/2/85 (183)

SA pineapple farmers used dieldrin till 1984

Environment Reporter

DIELDRIN was used on pineapple farms in the Border area of the Cape Province until early last year

The registrar of agricultural and veterinary drugs, Mr Max Orban, said yesterday that a special dispensation on the ban of the deadly chemical was given to members of the Pineapple Growers Association (PGA) in 1982 and renewed in 1983, specifically for the control of the white grub. It was lifted in March 1984 when an alternative insecticide was found.

Mr Roger Hulley, MP for Constantia, read a letter in Parliament last Thursday in which a major agricultural cooperative claimed R2 472,60 for dieldrin sold to one of its members in August 1983.

Mr Orban stressed the PGA conces-

sion was the only exemption to the ban and that, besides SWA/Namibia, the use of dieldrin had not been allowed anywhere else in South Africa.

Conservationist Mr John Greig, of the Wildlife Society, said it appeared that if people were sufficiently persuasive they would be exempted from the ban.

Mr Orban said the exemption had only been made after discussion between experts from various departments including the Department of Health and Environment Affairs.

He said it was distributed under strict PGA control and when the concession was lifted the Shell company undertook to remove all stocks and the Department of Agriculture had checked that this had been done.

● Yesterday a spokesman for Shell said the matter would be investigated.

Tsetse control: Options dispute

By CHRIS ERASMUS
Science Reporter

A SIX-YEAR-OLD scientific study on tsetse fly pesticides has suggested the possibility that there are known effective alternatives to dieldrin for the control of the flies, in spite of claims to the contrary

Undertaken in Nigeria specifically to investigate alternatives to dieldrin, the study — published in a respected international journal — says at least three synthetic pesticides belonging to the pyrethroid group are not only many times more toxic to tsetse flies than dieldrin, but are less harmful to other organisms in the environment and do not accumulate in the food chain

The research was conducted by a group working under a German scientist, Dr U Spielberger, in the Tsetse Fly and Trypanosomiasis (sleeping-sickness) Division of the Federal Livestock Department, Nigeria

More toxic

It compared various concentrations of the three synthetic pyrethroids, permethrin, cypermethrin and decamethrin — man-made improvements on a widely-used natural insecticide, pyrethrum — to the usual concentration of dieldrin used in ground-spraying of tsetse fly resting sites

The group found that all three pyrethroids eradicated tsetse flies with one application. All were far more toxic to the flies than dieldrin at concentrations far lower than the three percent concentration used in ground-spraying with dieldrin

Decamethrin, for example, at concentrations between 0,0375 and 0,075 percent was found to be 40 to 80 times more toxic to the flies. At 0,5 percent concentration, permethrin was six times more toxic and at 0,3 percent cypermethrin was 10 times more toxic

general agricultural uses, they are not adequate alternatives in the specific applications for which dieldrin is being employed in the Botswanan, Namibian and Zambian parts of the Caprivi Strip"

He said the Nigerian study's results could not have been positive, as the pyrethroid control programme designed for those trials were not developed further in Nigeria or elsewhere

'Not relevant'

"Also, we have been supplying the Botswanan authorities with cypermethrin, and a derivative of cypermethrin called alphamethrin or Fastac, at no cost for trials. So far these substances have not proved viable alternatives to ground-spraying with dieldrin because the pyrethroids have a repellent effect on the flies, undermining their value as residual pesticides on fly resting sites"

He pointed out that Nigeria and Botswana were environmentally different and therefore the study's results were not directly relevant to Botswana's conditions

However, the study's authors said their tests suggested the possibility of replacing both DDT and dieldrin with any of the three pyrethroids tested

Although the pyrethroids were more expensive than dieldrin on a weight-for-weight basis, their much-increased strength against tsetse flies meant the final costs of their use would probably not be prohibitive

They also said "comparatively little harm was done to non-target organisms in the environment" by the pyrethroids

One of the co-authors of the study, Mr H H Coutts, was at the time of its publication in 1979 in volume 69 of the Bulletin of Entomological Research, employed by Shell Research Limited at that corporation's Sittingbourne Research Centre in Kent, England

Mr Land said Mr Coutts was no longer employed by Shell but he was certain that if the study had produced useful results, these would have been taken up and the pyrethroids tested would have been employed eagerly by Shell as alternatives to dieldrin

The company was extremely conscious of the potential hazard to the environment associated with the use of dieldrin and was actively trying to find alternatives for it in the control of tsetse flies, he said

According to Dr John Ledger, former head of the department of medical entomology at the SA Institute for Medical Research in Johannesburg, who unearthed the study, statements that there was no alternative to dieldrin for ground-spraying against tsetse flies in Botswana and Namibia and against the black sugar cane beetle in Swaziland were unjustified

"There is just no research that has been done into dieldrin alternatives to combat the black sugar cane beetle, *Heteronychus lucas*. The beetle has, however, a very close relative, the black maize beetle *H. arator*, which is vulnerable to at least 12 chemicals more acceptable than dieldrin

"I would be very surprised if at least several of these would not also be effective against the black sugar cane beetle"

Dr Ledger, now director-designate of the Endangered Wildlife Trust, said the continued easy access to dieldrin was delaying the introduction of environmentally more-acceptable chemicals

Research

However, Mr Land said research had been done into alternative pesticides to combat the black sugar cane beetle, but again no adequate alternative had been found

Dr Ledger said the Endangered Wildlife Trust and the Wildlife Society of Southern Africa, together with other major conservation bodies, were unconditionally opposed to the use or sale of dieldrin in Southern Africa

He was prepared to offer copies of the study to all interested parties, he said

Mr John Comrey-Gregg, editor of African Wildlife, said conservationists reiterated their feeling that South Africa had a moral obligation not to allow dieldrin to be channelled through this country into neighbouring states where controls on its use were more lax than in South Africa

The managing director of Shell South Africa's chemical division, Mr Ron Land, said he had contacted Shell's London office in connection with the study

"Although pyrethroids — into which Shell has pioneered research — are effective alternatives to dieldrin for

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Dieldrin found on sugar cane farms — Minister

By BARRY STREEK
Political Staff

PARLIAMENT — About 200kg of the killer poison Dieldrin were found by Government inspectors on Natal sugar cane farms earlier this month, the Minister of Agricultural Economics, Mr Greyling Wentzel, said yesterday

And, in reply to a series of opposition questions in the House of Assembly, it was said Dieldrin was exported from South Africa to Swaziland, Zambia, South West Africa and Botswana

A team of 35 inspectors visited 400 sugar cane farms in Natal between February 5 and 7, Mr Wentzel said in reply to a question tabled by Mr Errol Moorcroft (PFP, Albany)

The inspections were held after "recent allegations in the media that Dieldrin is being used on sugar in Natal", Mr Wentzel said

But he said "no evidence could be found that Dieldrin is still being used"

He also said no instances of Dieldrin contamination had been reported in the past 12 months, nor had any contamination of food resources been reported

However, "approximately 200kg of Dieldrin which is more than six years old was found on farms"

The Deputy Minister of Trade and Industry, Mr Kent Durr, said in reply to a question by Mr Peter Soal (PFP, Johannesburg North) that Dieldrin was not manufactured in South Africa but "technical Dieldrin" was imported and formulated into a usable form

The use of Dieldrin was not permitted in

either South Africa or SWA but "import permits have been issued to Shell Chemicals (Pty) Ltd to import materials for the chemical industry, which may include technical Dieldrin"

Dieldrin was exported to Botswana, Zambia, Swaziland and SWA

Mr Durr said neither his department nor any agency falling under his department was involved in the export of the substance

The Rand Daily Mail Correspondent in Cape Town reports that Dieldrin was used on pineapple farms in the Border area of the Cape until early last year

This was confirmed yesterday by the registrar of agricultural and veterinary drugs, Mr Max Orban, who said a special dispensation was given to members of the Pineapple Growers' Association (PGA), despite the ban on the chemical

The dispensation was given in 1982 and renewed in 1983 specifically for the control of white grub. The concession was ended in March last year when an alternative insecticide was found

Mr Orban said the exemption to pineapple farmers in the Border area had only been made after discussions between experts from various departments

He said it was distributed under the strict control of the PGA and when the concession was ended the Shell company undertook to remove all stocks. The Department of Agriculture had checked that this had been done

● Although Mr Wentzel said Dieldrin is banned in SWA, it appears from his reply the poison is being used there to fight tsetse fly

3 die, 23 hurt as blast rips dynamite plant

By COLIN HOWELL
and KEVIN DAVIS

THREE workers were killed and 23 injured — seven seriously — when a massive explosion rocked the Modderfontein dynamite factory near Kempton Park late yesterday

Late last night firemen were still battling to contain a blaze which started after the 5 07pm explosion — the second major blast at the plant in three years

The shockwaves were felt as far away as Sandton

The factory's blasting explosives area was immediately evacuated "to prevent additional injuries in the event of further explosions", an AECI spokesman, Mr Murray Joubert, said last night

Police cordoned off the area while ambulance staff from Edenvale rushed the injured to hospital

Peak-hour traffic in the area was held up for more than 90 minutes

"It is impossible, at this stage, to assess the damage Sabotage is not suspected," Mr Joubert said.

"The company regrets to advise that three people died in the explosion and that 23 are being treated for injuries"

Of the injured, one work-

er was in a critical condition, six were seriously injured and 16 had minor injuries, Mr Joubert said They were taken to the company's hospital at Modderfontein

Most of the patients were believed to have sustained burns

"We believe, at this stage, that the explosion happened in the nitro-glycerine issue house and that a chemicals mixing plant was affected," he said

Mr Joubert added that a commission of inquiry would investigate the accident and that the supply of explosives would not be affected by the blast

An Edenvale woman said the impact of the explosion shook houses in her suburb

"I am used to the minor blasts that occur at the factory from time to time, but this blast and its impact was abnormal," she said.

A Kelvin, Sandton, resident said the shockwave shook windows in his home

In February 1982, three blasts ripped through the giant factory in the space of 24 hours

The third blast left eight workers dead and 21 injured, three seriously The initial blast killed one man and injured six

4 die in blast at AECI¹⁸³ factory

Own Correspondent

JOHANNESBURG — Four workers were killed and 27 injured — seven seriously — when a massive explosion rocked the Modderfontein dynamite factory near Kempton Park late yesterday

Late last night firemen were still battling to contain the blaze which started after the explosion at 5.07pm — the second major blast at the plant in three years

The factory's blasting explosives area was immediately evacuated "to prevent additional injuries in the event of further explosions", an AECI spokesman, Mr Murray Joubert, said last night

Police cordoned off the area while Edenvale ambulance staff rushed the injured to hospital

Peak-hour traffic in the area was held up for more than 90 minutes

Damage

"It is impossible, at this stage, to assess the damage. Sabotage is not suspected," Mr Joubert said

"The company regrets to advise that four people died in the explosion and that 27 are being treated for injuries"

Most of the patients were believed to have received burns

Late last night seven patients were still in Modderfontein Hospital. Two others had been transferred to Baragwanath Hospital. All the other workers had been discharged

"We believe, at this stage, that the explosion happened in the nitroglycerine issue house and that a chemicals-mixing plant was affected," Mr Joubert said

He added that a commission of inquiry would investigate the accident and that the supply of explosives would not be affected by the blast

An Edenvale woman said the explosion shook houses in her suburb

In February 1982, three blasts ripped through the giant factory in the space of 24 hours

The third blast left eight workers dead and 21 injured, three seriously. The initial blast killed one man and injured six

CAPL Tants 1 1/2 / 81

Blast toll rises to 9

Own Correspondent

JOHANNESBURG — The death toll from the explosion at the Modderfontein dynamite factory near Kempton Park rose to nine yesterday and a number of workers have still not been accounted for

As rescue teams moved cautiously into a devastated and still smouldering area of the factory, it was disclosed that four workers are missing

One and a half tons of explosives blew up at the world's biggest dynamite factory at 5 07pm on Wednesday, killing three men instantly

Security

"At this stage, we cannot make a definite statement as it is possible that some of the missing may have failed to report to security," Mr Murray Joubert, an AECI public relations official, said

Of the 27 men injured in the blast, only six were still in hospital

Two men who had been transferred to the Baragwanath Hospital were now off the critical list and four at the Modderfontein Hospital were "progressing well"

The names of the dead would be announced once next-of-kin had been notified, he said

Mr Joubert said earlier yesterday 1 1/2 tons of explosives had detonated but the exact cause of the blast was still not known

An investigation was under way, but sabotage had been ruled out

Fire

A fire that started after the explosion had been brought under control late on Wednesday night. A large cloud of black smoke could be seen rising shortly after the explosion

Three explosions apparently occurred — the first set off two almost simultaneous "sympathetic" blasts

The last major explosion at the Modderfontein plant occurred in February, 1982, when eight factory workers were killed and a number injured

● At least 39 workers have died and 170 have been injured in 17 accidents at the dynamite factory in the last 11 years

Ray 15/2/85 (183) ~~183~~

9 dead, 4 missing in blast

THE death toll in the blast at AECI's Modderfontein Dynamite Factory rose yesterday to nine, with four more workers still unaccounted for

A spokesman for AECI, Mr Murray Joubert, told Sapa last night that four more bodies had been found, and that a further four workers were still missing

"At this stage we cannot make a definite statement (on the missing men) as it is possible that some of them may have failed to report to security," Mr Joubert said

Rescue teams moved cautiously yesterday into a "devastated and still smouldering" area of the factory, near Kempton Park, reports COLIN HOWELL

One and a half tons of nitroglyc-

erin exploded at the world's biggest dynamite factory at 5 07pm on Wednesday, killing at least three men instantly

Another worker died in hospital on Wednesday night and the body of a fifth man was recovered early yesterday. The names of the victims have not yet been released.

Of the 27 men injured in the blast, only six were still in hospital, Mr Joubert said

Two men who had been transferred to the Baragwanath Hospital were now off the critical list and four at the Modderfontein Hospital were "progressing well"

The names of the dead would be announced once next-of-kin had been notified, he said

"The dead are all black people. It hasn't been easy finding their next-

of-kin"

Sabotage has been ruled out but the cause of the blast was still a mystery to experts yesterday

Mr Joubert said "The nitroglycerin issuing house, which is a fully automated section of Factory No 1, was blown up. A part of the same manufacturing unit, the Atlas mixing house, also went up, as did an ammonium nitrate store"

The final stages in the manufacture of dynamite took place in these buildings

Workers had reported hearing three explosions "almost simultaneously"

"A board of inquiry under the auspices of the Chief Inspector of Explosives will investigate the accident and the company itself will conduct its own inquiry - obvious-

ly in tremendous depth," Mr Joubert said

"But there is no way anybody will tell - perhaps ever - as to which of the units went up first. It is tremendously difficult at the moment to say what happened but we believe something like one and a half tons of explosives went off - the whole immediate area was devastated"

The blasts that claimed nine lives in February 1982 had taken place in a different part of the factory, he said

An inquiry had found that nitroglycerin had leaked into acid lines and a storage tank because of a "valve malfunction"

"Afterwards, all the acid lines in that area were detonated in case there were any traces of nitroglycerin in them," Mr Joubert said

World body to act against dieldrin use

Environment Reporter

ONE of the oldest international conservation organizations, the International Council for Bird Preservation (ICBP), is to take action in protest against the continued use of dieldrin in Southern Africa

Founded in 1922, the organization has national members in countries throughout the world

Confirmation that action would be taken was received this week by Mr John Cooper, chairman of the South African national section of the ICBP, who notified the organization's headquarters in Cambridge, England, about the issue last month

Mr Cooper said he had requested that the international council consider writing letters of protest to the Botswana and South African authorities and to Shell

He said the SA section of the ICBP fully supported the concern expressed on the issue and proposals made by the Wildlife Society of Southern Africa, the Endangered Wildlife Trust and the Southern African Ornithological Society

The three organizations are unconditionally opposed to the use or sale of dieldrin in Southern Africa and have called on Shell South Africa to stop supplying dieldrin to Africa

Modderfontein blast death toll now 14

JOHANNESBURG — The five people missing after Wednesday's explosion at the Modderfontein Dynamite Factory must be presumed dead, the deputy managing director Mr Ted Smale said yesterday.

This brought the total number of dead to 14, he said.

"It is with great regret that we must assume that the five missing people from Modderfontein factory did not survive the accidental explosion last Wednesday evening and that the total number of fatalities is now 14."

Mr Smale assured families of the dead of the company's concern for their future well-being.

The names of the dead are Mr Clarkson Mahlali, Mr Alpheus Phosele, Mr Jack Monyebodi, Mr William Latisani, Mr Lazarus Mello, Mr Obed Malanga, Mr Jacob Mokwatedi, Mr Setuso Sibobi, Mr Richard Sikasungana, Mr Frederick Rangaka, Mr Nelson Moetji, Mr Elias Rigale, Mr Fred Mokhudu and Mr Daniel Manamela — Sapa

1 000 at ~~183~~

AECI ¹⁸³

on strike ~~183~~

18/2/85
By Michael Chester

One thousand workers at the AECI dynamite factory at Modderfontein, the scene of the horror explosion which last week claimed 14 lives, went on strike today to demand more pay

Management was locked in negotiations with the Chemical Workers' Union over a round of new pay claims

First on strike were 1 000 workers on the day shift but there were fears the strike might spread to the night shifts that keep production running round the clock

The Chemical Workers' Union is demanding a new higher pay package beyond the round of wage increases of between 10,5 and 12,5 percent that was agreed less than a month ago between the management and all 12 unions representing the 11 000 AECI labour force

An AECI spokesman said it was "not yet clear — but the industrial action does not appear to be connected with last week's explosion"

SA leaders out of UK debate

Own Correspondent

LONDON — A member of the South African cabinet, the Rev Allan Hendrickse, and the Kwazulu leader, Chief Gatsha Buthelezi, have withdrawn from an Oxford University debate on the new constitution following a political storm on the campus

Organizers of the March 7 student debate confirmed yesterday that Mr Hendrickse, who was to have argued against the motion that the new constitution entrenches apartheid, had indicated his withdrawal in a telegram from Cape Town

Chief Buthelezi, who was to have argued in support of the motion with the Leader of the Opposition, Dr Van Zyl Slabbert, indicated his withdrawal during a visit to the United States, the organizers said

Their withdrawal follows a political storm on the campus about the wording of the motion and the choice of participants

Mr Hendrickse was to have been supported by the New Republic Party leader, Mr Bill Sutton

The Oxford Union, which is organizing the debate, and its vice-president, South African Rhodes scholar Gareth Penny, have been the target of vitriolic attacks in the campus newspaper

Mr Hendrickse said in a telegram that he had been motivated by the opportunity of debating against Dr Allan Boesak, who turned down an invitation to take part

Dr Boesak is due to take part in an alternative debate at Oxford organized by the Anti-Apartheid Movement for the same night as the union debate, and will deliver the Oxfam memorial lecture the night before the debate as part of a week of focus on South Africa

According to campus sources, it has now been decided to abandon the original motion and to substitute it with one which would be a debate between the government and the United Democratic Front or African National Congress rather than between opposing participants in the government system

SAMDC to hold Biko inquiry

Own Correspondent

PRETORIA — The executive committee of the South African Medical and Dental Council will meet on March 1 to appoint a disciplinary committee to establish whether the two "Biko doctors" are guilty of improper or scandalous conduct

The two doctors, Dr Benjamin Tucker and Dr Ivor Lang, treated black consciousness leader Mr Steve Biko shortly before he died in security police detention in 1977

The council decided at an extraordinary meeting at the weekend not to appeal against a ruling by Mr Justice W G Boshoff, Judge-President of the Transvaal, that an inquiry should be held into the doctors' conduct

The council had previously decided against such an inquiry

The registrar of the council, Mr NM Prinsloo, said yesterday that the disciplinary inquiry would be open to the public

Workers want danger money

Own Correspondent

JOHANNESBURG — More than 1 000 workers at the AECI dynamite and chemical plant at Modderfontein stopped work yesterday to voice their dissatisfaction with safety conditions at the factory, following the death of 14 people in a blast last week

And at the Rietspruit colliery near Witbank the strike by more than 1 000 workers entered its fourth day with management threatening to fire those who do not return to their jobs this morning

A spokesman for the Cusa-affiliated South African Chemical Workers' Union (Sacwu) said the AECI workers were striking because they questioned the safety of the plant

An AECI spokesman said the workers were striking over wages, but the Sacwu spokesman said the only wage issue was that they were demanding a danger allowance for working at the plant

At Rietspruit, the mine has been declared under

curfew, replacement labour is already being sought and Rand Mines has warned that its agreement with the National Union of Mineworkers (NUM) has been placed in jeopardy

This follows an incident at the mine late on Sunday night when mine security staff fired tear-smoke and rubber bullets on a group of about 150 workers who were marching on the white village

Mr Allen Cook, deputy head of Rand Mines' coal division, said 28 alleged "agitators" had been taken into custody by mine security and an internal inquiry was being held at the mine yesterday

He said 192 of the total day shift of 612 reported for work yesterday and that unless the others returned to work today, they would be dismissed "on the turn"

Gold Fields of South Africa has applied to the Rand Supreme Court for an urgent order to evict hundreds of workers fired from the East Driefontein goldmine at the weekend for striking

(183) Star 19/2/85

Striking for danger pay

By Langa Skosana,
Labour Reporter

An atmosphere of gloom and anxiety hung over the AECI dynamite factory at Modderfontein yesterday where about 1 000 workers are on strike after an explosion there last week resulted in the deaths of at least 14 people

They are demanding an extra R500 a month in their pay packets because of the risk of working with explosives. They say they get a minimum salary of R408 a month.

Yesterday, sorrow was

written on the faces of the men and women who sat near the recreational hall.

A few metres away, rescue teams battled to find five of their colleagues — unaccounted for since the blast.

As hope of rescue or the recovery of their bodies faded, the factory management issued a statement saying they had to be assumed dead.

"It's no child's play to work in a dynamite factory where you can be blasted to smithereens at any moment," said Mr

Mike Obose, who has been there for more than two years.

"We're risking our necks each day we come here, but we are getting peanuts," he said.

His comments were echoed by many others.

"For instance, families of our friends who have died, have been promised a year's salary multiplied by five. It means support for only five years," said a striker.

But the grief soon turned to anger.

"We are prepared to

pack our belongings and go home rather than stick around for this nonsense," said a Transkeian.

Most agreed, however, that stringent precautions were taken.

But one said supervisors had been careless and had caused last week's blast.

A company spokesman, Mr Murray Joubert, said they were investigating all claims by workers.

The union and management were discussing the demands, he said.

Battery firm to close for a week

By CATHY SCHNELL

1983 E. Port
20/2/87
THE drought has forced Eveready in Port Elizabeth to close down for one week over Easter to avoid retrenching staff

Mr Michael Sharp, works director of Eveready, South African, said today there had been a decline in sales because of the drought

Farmers and rural residents without electricity were among their biggest customers All had been hard hit by drought

Workers had decided they should close for a week from April 1 rather than retrench This would be regarded as leave

Mr Sharp said the firm's pre-Christmas sales forecast had not been met, but he hoped the break would correct stockpiles

Eveready manufactures dry cell batteries The market is mainly for torches, toys and other similar items

AECI'S EXPLOSION

Danger pay demand

Last week's explosion at AECI's Modderfontein plant has sparked a strike by 1 600 workers and a company-union confrontation over industrial safety. The union is now demanding "danger pay" of R500/month for workers exposed to explosive risks and to what it says are dangerous nitroglycerine (NG) fumes.

The SA Chemical Workers' Union (Sacwu) alleges that the working environment at the explosives plant contains NG fumes which, it suspects, caused the "unexplained" deaths of "more than 10" workers in the past year.

To compensate for this, and for explosions which have taken the lives of 23 workers since 1982, Sacwu demands that danger money be paid.

The *FM* spoke to Professor Tony Davies at the National Centre for Occupational Health, who says the dangers of working with NG have been known since the 1890s. Inhalation of fumes and skin absorption of both the fumes and the material was noted to have caused headaches, difficulty with breathing and a weak pulse.

Studies in the US in the Thirties showed that a far higher proportion of people working with NG died due to cardio-vascular problems than those who did not.

AECI director Chris von Solms says that AECI has strict and effective safety standards and has "for more than 10 years been monitoring vapour levels in work places, installing and upgrading ventilation and air-conditioning systems, automating plant to reduce worker contact with fumes and/or explosives, following a strict medical surveillance programme and educating workers with regard to the importance of personal hygiene during plant operations."

He says that despite its dangers, NG is used as an explosive base because it is especially suited to SA's mining conditions. Deep-level mining makes it necessary to have an explosive which can break hard, compact rock, and NG produces one of the most powerful.

AECI also argues that in its operations "there has been no positive proof of long-term deleterious effects of NG to workers." At the time of going to press, the company and the union were locked in negotiations

Financial Mail February 22 1985

over the strike, which began last Thursday. Von Solms declines to comment on AECI's response to the union demands or on the merits of the union's case. "We will continue monitoring and improving our standards. We are discussing problems with employee representatives and will work out solutions with them," he says.

Dispute ends as explosives workers return

~~182~~ (183) ~~183~~ Star 22/2/85
Employees at the blasting explosives department of AECI's Modderfontein factory returned to work today following the settlement of a dispute between the South African Chemical Workers' Union and the company. Trade union officials last night accepted the final offer of R60 a month made by the company.

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RD 22/2/85 183

'Police boss' strike: firm starts firings

By PHILLIP VAN NIEKERK

THE Fedmis plant at Phalaborwa yesterday began firing 870 workers who have been on strike since Monday in protest against a white foreman who was seen at the plant wearing a police uniform

A spokesman for Cusa's South African Chemical Workers' Union (Sacwu) alleged that the man had been armed and was guilty of intimidating workers

Mr A Terre Blanche, managing director of Fedmis, said the foreman was a police reservist and had been summoned to the plant at short notice while he was still on duty

He said negotiations with the union had failed

Strikers who did not turn up for two of yesterday's shifts were considered sacked, he said, and those who failed to show up for the 11pm shift would also be fired, he said

AN APPLICATION to prevent the Industrial Court from reinstating 27 workers retrenched last year from Consolidated Framé Cotton Corporation was dismissed with costs in the Maritzburg Supreme Court yesterday

Mr Justice P W Thirion found that the Supreme Court could not decide whether or not the industrial court was empowered to grant the reinstatement of a retrenched worker

RAM 23/2/85

Blast

company

workers

return

By PHILLIP VAN NIEKERK

ABOUT 1 600 workers at the AECI plant at Modderfontein — members of the SA Chemical Workers Union (Sacwu) — have ended their strike over safety conditions after management agreed to pay workers in certain areas a R60 a month danger allowance

The strike, which began on Monday, was sparked by the blast at the factory 10 days ago which killed 14 workers

(183)

Policeman with gun threatened leaders — union

A meeting of Sasol workers was disrupted on Tuesday night when a policeman threatened union leaders with a gun, the Chemical Workers' Industrial Union (CWIU) claimed yesterday

In a statement the union said the man, dressed in civilian clothing, was disarmed and asked to identify himself. Union leaders then took him to the local police station to lay charges. There security police confirmed that he was a policeman.

The unionists were then allegedly subjected to abusive language and one of them was detained.

A CWIU spokesman said police had told its lawyers that the unionist was being held under the Criminal Procedure Act.

"CWIU condemns police interference in workers' freedom of association in view of the delicate stage reached in the settlement negotiations between Sasol and CWIU. We demand the immediate release of our leader," said the union.

The police public relations division said "In the light of the present unrest in the country, members of the South African Police attend meetings where and when necessary.

"In this instance a member of the South African Police attended the meeting, where he was identified by persons present as a member of the South African Police. He was then allegedly assaulted and robbed of his firearm.

"A charge of assault and robbery is being investigated and to date one person has been arrested."

Shell: Dieldrin profit 'miniscule'

CAPE TIMES 28/2/85

By DI MEEK
Environment Reporter

PESTICIDES accounted for more than \$825-million (about R1 640m) of Shell's agrochemical group sales world-wide in 1981, of which at least five percent represented the sale of dieldrin and the closely related chemicals, aldrin and endrin

However, Shell South Africa have said that their profits from dieldrin are miniscule. A spokesman for the company said yesterday that they did not have figures for sales or profits for dieldrin worldwide. Even if they did they would not be at liberty to make them public.

The figure of \$825-million is given in a publication "Getting Tough, Public Policy and the Management of Pesticide Resistance", authored by two top American pesticide scientists and published late last year by the World Resources Institute in the United States.

Inflation

It is among information gathered from overseas sources including the World Health Organization, scientists and published scientific papers by Mr John Comrie-Greig, editor of African Wildlife Magazine.

Mr Comrie-Greig said that allowing for inflation and at the present exchange rate the 1985 figure for Shell's pesticide sales world-wide could well be in the order of R2 000-million.

"Although Shell has refused to disclose the quantities of dieldrin sold in Southern Africa their sales of dieldrin world-wide by no means contribute a miniscule

portion of the profit," he said.

Mr Comrie-Greig said the multinational oil company was listed as the fourth-biggest supplier of pesticides after Bayer, Ciba-Geigy and Monsanto.

"It seems to me that the real reason why Shell South Africa will not back down on the dieldrin issue is that it would create a precedent world-wide, and eventually lead to the cancellation of multi-million-dollar contracts," he said.

Dieldrin (along with aldrin and endrin) are banned or severely restricted in most Western countries.

Mr Comrie-Greig said the extent of the pesticide problem was clearly illustrated by figures supplied to him by Oxfam, the international famine-relief organization, and the United Nations.

Poisoned

Oxfam estimated that by 1981 there would be 750 000 cases of pesticide poisonings worldwide with pesticides accounting for 14 000 deaths.

But more recent figures from the United Nations suggested that about two million people are poisoned by pesticides each year, particularly in developing countries.

An American scientist had also written to the Wildlife Society and produced evidence which showed that dieldrin and endrin were listed among the pesticides most commonly responsible for poisoning cases in the Third World.

● When asked to comment, a spokesman for Shell said yesterday that Shell South Africa did not have information on

worldwide pesticide sales which involved numerous other companies and suppliers. Similarly they could not comment on the percentage breakdown of worldwide sales.

He said Shell South Africa had already stated that its profits from dieldrin were miniscule. As far as the group was concerned Shell South Africa did not have figures and in any event would not be at liberty to make public what constituted group proprietary information.

He said that in a recent television interview the chairman of Shell South Africa, Mr J R Wilson, was asked whether the continued sales of dieldrin were worth the "hassles" and whether it wasn't much easier to give in and cease supply.

Mr Wilson replied that he had agonized over the question for hours. "If one looks at commercial advantages only, then the answer to that question is clear — no, commercially it just wasn't the hassle."

"Already, in terms of man-hours spent on the issue, it has cost us a few years' profit from dieldrin sales. But then this is not a simple, commercial debate."

Supplied

"I sincerely believe that Shell's responsibility towards the people in Southern Africa outweighs any other consideration. As a company with a highly developed social awareness, our primary responsibility is to preserve the lives and livelihoods of people, and to maintain stable economies in those countries where need is greatest. There is no easy way out."

In reply to questions on how much dieldrin was produced by Shell, and how much was supplied to South Africa, Botswana, Swaziland and other countries elsewhere in the world, the spokesman said this was also proprietary information.

There existed a privity of contract between a company and its customers, and to disclose this information would be in breach of that relationship.

The super profits which copy-cat drugs could hit

Pharmaceutical firms opposed to copy-cat drugs are making large profits out of the sale of medicines, say copy-cat drug distributors.

They criticise the firms, who last week said they might apply to court to set aside an ethical rule allowing copy-cat drugs to be substituted by pharmacists for brand-name drugs.

A Johannesburg distributor of copy-cat drug substitutes said yesterday: "The pharmaceutical firms have a vested interest in brand-name drugs, from which they derive super profits."

Mr John Toerien, executive director of the Pharmaceutical and Chemical Manufacturers' Association, stated last week that allowing substitutes of prescribed medicines was contrary to the interest of the pharmaceutical industry.

He added that the saving in America and Canada where copy-cat

By Joe Openshaw, Medical Reporter

substitution was allowed was less than two percent.

The distributor said the cost to pharmacists of copy-cat substitutes was on average only 17,9 percent of what it cost for brand-name products.

He added that Valium, a popular tranquilliser prescribed by doctors, cost the pharmacist R257,44c for 1 000 tablets when sold under that name.

When sold under the copy-cat name of Diazepam it cost R6,95c for 1 000 tablets.

Another example involved an anti-inflammatory drug which sells under the brand-name of Indocid at R175 for 1 000 capsules.

The same drug in copy-cat form sells at R59,50 for 1 000 capsules.

Mr Toerien said there was an unacceptable risk factor involved in pharmacists supplying copy-cat drugs.

Although they contained the same active ingredients as brand-name drugs, he added, effectiveness depended on variables such as inactive ingredients, the manner in which ingredients were mixed and controls applied at each stage of manufacture.

"The procedures required in South Africa for making generic substitutes are very strictly monitored by the Medicine Control Board which is made up of 42 highly-qualified pharmacists," said the distributor.

He pointed out that copy-cat substitutes had been prescribed in

State and provincial hospitals for many years and that there had been no complaints from medical professionals about their efficacy.

"Another argument presented by Mr Toerien," he added, "was that doctors must retain the sole responsibility for the choice of treatment and that it should not be left to the pharmacist to decide on a generic substitute."

"The choice has not been taken out of the hands of doctors.

"They can still insist on no equivalent being used."

Of the large sums pharmaceutical firms claim they plough into research and development, the distributor said this was the investment risk taken by manufacturing companies of any commodity.

AECI

No big bang

(183)

FM 1/3/85

The rand's devaluation has proved a mixed blessing for AECI. Exports and explosives sales to the mining industry have benefited, but MD Denys Marvin takes pains to stress that these gains are being offset by higher finance charges, unrealised off-shore borrowings losses and longer-term imported cost pressures.

Marvin, citing his imminent retirement, was guarded on prospects this year. But high finance charges will clearly cut profits in 1985, as they did in 1984, and Marvin avoids suggesting an earnings rise this year — "1984 was a tale of high interest rates and large overseas debts," he says. "These factors had an enormous impact on the results."

Reflecting heavy interest charges, capex will be cut back this year some 30% to R200m, with outlays concentrated on the R100m programme to develop decentralised explosives factories in the next three years. Present penal interest rates have made investment unattractive to AECI, which traditionally earns about 15% on trading margins. These slipped last year to 11%. However, if longer-term growth is to be maintained, it seems unlikely that expansion can be indefinitely postponed.

Finance charges doubled to R78m compared with 1983, the funds being used to

finance the purchase of Sentrachem's minority holding in Coalplex, and the fertiliser factories at Chloorkop and Somerset West following the fall-out with Triomf. Unrealised forex losses on the \$100m loan taken out in 1983, when the rand stood at 0,90c, have ballooned to R76m, of which only R20m was charged to profit this year. The remainder of the loss will be amortised over the loan's life, and at present 60% of off-shore borrowings remain uncovered.

On the trading side, mining and exports contributed to an across-the-board improvement in demand. "We ran the plants flat out last year and what we could not sell at home, we exported," notes Marvin. Volume sales rose 8% and turnover was lifted 24% to R2 billion. But margins are coming under pressure as the low rand inflates imported raw material costs, and to support this point, Marvin quotes the price of Durban delivered sulphur, which has soared 460% from R55/t in 1979, to R308/t in 1985. On the other hand, exports at R173m were 54% ahead of 1983.

Projected higher mining output in 1985 should again boost explosives demand. Marvin also sees exports making further progress. Farmers are expecting a higher maize crop this year, so fertiliser demand should also improve. Marvin claims that

AECI SLIPS

Year to	Dec 31 '83	Dec 31 '84
Turnover (Rm)	1 621	2 017
Net trading income (Rm)	244	235
Profit after interest (Rm)	205	157
Taxed profit (Rm)	144	109
Attributable profit (Rm)	136	112
Earnings (c)	88	72
Dividends (c)	55	55

Kynoch has 23% of the fertiliser market against a 16% market share held by Chloorkop and Somerset West when these factories were owned with Triomf. Losses at Coalplex have been cut from about R25m in 1983 to R6m in 1984. But Marvin cautions against a good earnings performance this year. "I'm extremely apprehensive about the general economy," he says.

The maintained total dividend, however, suggests that the board retains some optimism on prospects for 1985. The share has fallen this year from 770c to around 715c and yields an historic 7,7%, compared with a 6,7% sector average. It could be worth holding.

Christopher Marchand



AECI's Marvin ... getting a lift from explosives

1/3/85 (183)
THE following two letters have been addressed to all employees of Shell South Africa on the dieldrin controversy by the chairman of the company, Mr John R Wilson.

AS EMPLOYEES of Shell, you may yourselves have been asked for facts and opinions. I believe that it is vitally important that each one of you, forming as you do an integral part of this company, be fully apprised of the facts to enable you to deal with these queries, and more importantly, to assess Shell's position in the debate.

WHAT IS DIELDRIN? Dieldrin is a well-established and effective pesticide. Its use in agriculture has diminished in recent years because of residue problems, but it has long played, and continues to play, an important role in the field of public health.

In 1981 the use of dieldrin was prohibited in South Africa, but it is currently registered for use in over 40 countries throughout the world, including parts of highly industrialized countries where some specific applications are retained.

Unlike many others, people in the Western world enjoy the fruits of abundance. In the developing world, however, hunger and sickness are all too common. In these countries, pesticides, properly applied, have a part to play in alleviating both.

Shell is fully aware of the life-saving role of certain of its agrochemical products and of the responsibilities of selling these products to developing countries.

There is clearly a need for these chemicals, and the danger to the environment must be weighted up against the indisputable and positive benefits which flow from their use.

Each specific case must be examined on its own merits and it must be decided whether the prime responsibility is one of protection of people and their livelihood or protection of the environment.

THE BOTSWANA QUESTION The use of dieldrin in Botswana is a matter which has received considerable consideration. The Southern African Regional Cooperation Conference (Sarccus) debated the matter in 1981, and it was agreed that dieldrin is without replacement for certain uses, one of which is the combatting of the tsetse fly in Botswana, Zambia and in parts of South West Africa (its use in South West Africa is approved by the South African government).

In humans, the bite of the tsetse fly leads to sleeping sickness, and can be fatal. In cattle, to which tsetse flies are particularly attracted, a debilitating "tryps" infection manifests itself.

Control of the tsetse fly was a major concern in Botswana, where whole areas have in the past had to be evacuated by both people and herds of cattle.

Tourism is a major industry in the north and north-east of Botswana, and both of these vital sources of income would be severely threatened by the uncontrolled movement of the tsetse fly.

Over the years the Botswana government has had advice and assistance from many sources. Epidemiologists, entomologists and other experts have been invited to contribute. The World Health Organization and the Food and Agricultural Organization of the United Nations were consulted. The conclusion has always been that dieldrin was the most effective method of stemming the movement of flies.

The application of dieldrin is supervised by officers of the Department of Veterinary Services in Botswana. The product is kept under lock and key at a central depot in Francistown until distribution by the Department to the designated point of use occurs.

Purchases follow public tender, in which a number of competitors bid for the contract. All of the product supplied is clearly labelled, carries comprehensive instructions regarding its proper application, and warnings as to the potential hazards of incorrect usage.

It is against this background that dieldrin was supplied to the Botswana government.

SHELL SAFEGUARDS Shell subject all their products to rigorous testing in order to ensure that risks associated with correct use are minimized.

It is convinced that these products do not present a health hazard when applied as directed and approved by the local authorities in the countries where they are sold.

Shell takes great care to ensure that proper instructions for use reach the consumer. Quite apart from very careful wording on labels and in sales literature, Shell companies world-wide contribute to education on sound pesticide use by providing technical information, training courses and seminars, and by maintaining close liaison with local government officers.

However, in spite of constant attention to the safe use of products, malpractices which are entirely outside the scope of Shell's control may occur.

While Shell regrets, and views with concern, such abuses, it remains committed to the belief that the ultimate benefits to society of supplying these products outweigh the hazards connected with these isolated incidents.

You will have read snippets of my press release to the

Shell states its c Shell using 'responsibility'

THE following statement was made recently on dieldrin by Mr G J Kotzé, Deputy Minister of Agricultural Economics and of Water Affairs:

In view of various reports in the news media in connection with alleged irregularities in the use of the agricultural remedy "dieldrin", I consider it expedient to inform the public in this regard.

All agricultural remedies which are offered for sale in the Republic of South Africa must be registered in terms of the requirements of the Fertilizer, Farm Feeds, Agricultural Remedies and Stock Remedies Act, 1947 (Act 36 of 1947). Strict control is exercised as to the safety, suitability and effectiveness of the commodities before registration is granted.

Should it be established at any time that a regis-

tered substance constitutes a danger for man and his environment, a prohibition is placed on the acquisition, disposal, sale and use of such an agricultural remedy by means of a notice in the Government Gazette.

The continued registration of dieldrin has been found to be contrary to the public interest and the acquisition, disposal, and sale of all agricultural remedies which contain dieldrin as an active ingredient was forbidden with effect from May 1, 1981. On the same date a prohibition was also announced on the use of dieldrin with effect from January 1, 1982.

In terms of the stipulation of Act 36 of 1947, non-compliance with such a prohibition constitutes an offence which is punishable with a fine of R1 000 or two years' imprisonment or both such fine and the



Mr G J Kotzé

imprisonment. Since this prohibition agricultural law inspectors have exercised strict control over traders who sell agricultural remedies in order to prevent the sale of dieldrin. Two transgressors of the prohibition have to date appeared in court which resulted in prosecutions. Any complaint regarding

media on Friday, 18 January 1985. I quote below the full text.

"The protection of the environment has always been, and will remain, a major concern of Shell South Africa. In promoting this philosophy the company sponsors and supports a number of environmental organizations. We are therefore greatly dismayed that it should be suggested that Shell South Africa was instrumental in dumping dieldrin in Botswana. We believe the following statement from the Botswana government puts this matter in its true perspective.

Dieldrin has been used for the creation of barrier zones to prevent the invasion of tsetse fly since 1966. In some areas to protect cattle, in other areas to protect people and their families, and in some areas such as the Chobe, to protect tourists.

No collapse of the ecology structure has taken place, nor is it imminent.

The product has been handled responsibly by Shell with the full knowledge of South African officials in the person of the registrar (Act 36 of 1947) the Botswana government and other members of Sarccus. The latter discussed and agreed its use since 1981.

Officers of the Department of Veterinary Services in Botswana decide on the tsetse control measures. Purchase of insecticides follow public tender in which a number of competitors also tender. There is no question that dieldrin was dumped unwittingly in Botswana, nor that veterinary department officials were unaware of the hazards associated with dieldrin.

"There has been a call from conservationists in South Africa to stop supplying dieldrin to any country in Africa. The company reiterates that it periodically tenders on a competitive basis for the supply of dieldrin to certain African countries which still permit its use. There are, therefore, various sources of the material open to the governments in these countries. If Shell South Africa was to cease meeting requests for dieldrin this would not mean that the substance would no longer find its way into Africa.

"There is clearly a need for this chemical and the danger to the environment must therefore be weighed up against the indisputable and positive benefits that flow from its use.

"The governments of African countries must therefore have a voice in the debate on the use of dieldrin because only they can assess the consequences of its use in relation to the needs of their people.

"Nevertheless, the company wishes to make it clear that as a result of the wide expressions of concern on the use of dieldrin it will closely examine its position in all future requests for supplies through its facilities in South Africa."

I reiterate Shell's commitment to the environment and stress again that sales of dieldrin are only periodical

ly as tenders are called for the profit Shell derives viewed against our total matter is certainly not operations.

All future requests for reviewed on each occasion dieldrin will continue to need for this chemical and while there are no application.

A second letter reads: MORE ON DIELDRIN

"Dieldrin debate" has been in the news and factually inaccurate radio broadcasts have concerned me as much as I.

Shell has tried to press, and its responses. Sometimes, however, quoted out of context.

As I said before, I have read of both sides of the debate, and of the other side from your own opinions.

I shall deal with some of which have been made.

I want at the outset to discuss this matter lightly. We have tried to put it in a positive light and to show that it could be of value to us.

Any decisions we have taken have been after careful thought. We have weighed up the pros and cons and where there were any doubts we have disregarded these.

Throughout, we have acted in a sensible manner which is in the best interests of Shell's standing.

Now, to some of the

DEATHS AND POISONING BY DIELDRIN

Over the past few years there have been a number of startling headlines about hundreds of poison deaths and deaths a year reported.

In a few instances, such as those which appeared in the Sunday Express, the content of the article

Use on dieldrin

'Caution', says minister

unlawful use of dieldrin is immediately followed up by the inspectors to date not a single case could be confirmed. Farmers and members of the public also voluntarily report the presence of dieldrin in products over which steps are taken to have it removed. About 100 kilograms have to date been re-processed. There are allegations that dieldrin enters the country from neighbouring states and the inspectors have consequently been at the border posts at intervals to search for dieldrin. The African Police and Customs officials render good co-operation in respect and control measures are being carried out on a continuous basis. The Department of Health and Welfare continuously monitors food for

dieldrin residues and where problems have been experienced in the past, the particulars were transmitted to my department for the necessary investigation. I can, however, state that the presence of dieldrin in products over the past 12 months was indeed very insignificant and of no danger to man or beast. Allegations have been made that our rivers are getting contaminated with dieldrin by rivers and streams originating in neighbouring states. Not a single case of such suspected contamination has, however, to date been reported to the Pollution Control Division of the Department of Water Affairs, but in the event of such a report the matter will be followed up and investigated immediately. With regard to the use of dieldrin in other African

states, I can mention that the department and I are aware of the tsetse fly problem in some of these states and that dieldrin is still being used as one of the most effective remedies for this problem by the governments of the countries concerned. It must be borne in mind that the control and fight against the tsetse fly outside our borders has distinct advantages for the livestock and population of the Republic. The government cannot prescribe to these states what remedies they may and may not use. Even less can the supply routes be served without causing political problems and affecting foreign relations. I am satisfied that the firm which is presently supplying dieldrin to these states does so with the necessary responsibility and precautions.

total volume of sales and turnover is minuscule when compared to our stance in this by commercial considerations. The product will be carefully inspected in principle sales of dieldrin - there remains a real responsibility to governments, to be gained from its proper use. In my last note to you the fact that a number of misleading newspaper articles and reports have been published, which have concerned you, have been covered through the limited coverage given to these issues. These have been ignored, given much prominence to you to be in possession of the facts, so that you can form your own opinion. The serious allegations against you Shell's responses to these allegations that we have not treated them fully weighed up pros and cons of the entire episode in those aspects which concern the handling of dieldrin and the actions we have taken and consideration given to each accusation, to be learnt, we did not intend to react in the response expected from a corporation.

any relationship to dieldrin, but contained a single paragraph stating blandly that hundreds of people had died in South Africa and neighbouring states as a result of the mishandling of registered pesticides. No statistics were given, no period of time referred to, and strictly speaking, yes, I'm sure hundreds have died. But since when? The turn of the century? and from suicides, murders, accidents? The facts are that not a single reported death has been associated with dieldrin. All cases of pesticide poisoning are notifiable by law. Figures furnished by the Department of Health indicate that for the period 1979 to 1984, 58 people died from all forms of pesticide poisonings. This is indeed a far cry from the 68 per year reported in the Cape Times. Many of you will have heard the Radio Today special report on Friday 25 January. In that programme, Dr John Ledger, director of the Endangered Wildlife Trust, claimed this figure (68) as South Africa's annual average, with a high point, if one might call it that, of 113 deaths in 1980. He quoted his source as Central Statistical Services, Pretoria. Regrettably, Dr Ledger misinterpreted his information. In 1980, there were 113 reported cases of poisonings, but of those, only six deaths. This is a good example of the sort of reporting with which Shell has had to contend. Although I personally spoke to a number of reporters, including Stephen Britten of Radio Today, correcting this misrepresentation, and although the Agricultural and Veterinary Chemicals Association put out a detailed statement on the subject, I have yet to see any disclaimers.

DIELDRIN ON YOUR TABLE The Cape Times initiated an article headlined "Capetonians may be bearing traces of dieldrin". This was syndicated to other major newspapers, and the term "living time-bombs" has since appeared a number of times. On that same night, the Argus published an article entitled "dieldrin poisoning City has clean bill of health," in which Dr Reg Coogan, the city's medical officer of health, refuted out of hand what he called "scare stories". He was supported in his views by medical specialists and scientists from other parts of the country in subsequent articles. Also denied categorically were claims that dieldrin accumulated in the body fat being released upon weight loss. In an official statement Dr Coogan said dieldrin did not store for any length of time in fat but was broken down and eliminated from the system. Dieldrin did not, he said, have a long tissue life as did certain other toxins like DDT. In spite of this the "living time bomb" theory is still

RESULTING FROM says we have seen some "hundreds", "Hundred licensed to poison", 68 first two articles which in the Sunday Tribune followed bore little if

being propounded, most recently in the Cape Times on Monday 4th and Tuesday 5th February, 1985. Further allegations, such as the presence of dieldrin in mothers' milk in Johannesburg, also have no foundation in fact.

ALTERNATIVES TO DIELDRIN Shell has been widely accused of being reluctant to spend money on quests for less harmful alternatives to dieldrin when they have such a ready profit from its supply. It has been claimed, too, that there are at least 30 other compounds which are equally effective, but with none of the side effects. There are alternatives to dieldrin for most of its previously generally accepted uses. As I said before, however, Shell only supplies dieldrin periodically to specific authorities for specific purposes, one of which is control of the tsetse fly in Botswana and Namibia. There remains, in the campaign to combat this pest, no effective alternative to dieldrin. In Swaziland, it is used for the control of a beetle which attacks the root system of sugar cane, Swaziland's national crop and major export, and the control of ants in citrus orchards. Here, it is applied every 6 to 8 years to the furrows in which cane is planted. Again, there is no suitable effective substitute. In Botswana, Shell has been actively involved in programmes to test a synthetic pyrethroid, "Fastac", a pesticide with a shorter residual effect as a control measure. The company has, in fact, supplied this chemical free of charge, and has diverted manpower resources to the testing programmes. To date, the tests have not been successful. Pyrethroids emit a pungent odour which repels the tsetse fly, defeating the purpose of its application. Research within the Shell group for effective alternatives is ongoing, and is seen as a priority. In fact, a large proportion of annual turnover is committed to research. Far, far more than the minuscule annual profit which the group derives from sales of dieldrin.

SHELL SAFEGUARDS In my previous note, I outlined the standard safeguards which Shell adhered to in all supplies of toxic chemicals. I told you that technological back-up was always available, and that training courses and seminars were as a matter of course offered to end-users. These same facilities were extended to the Botswana government. Where dieldrin is applied in the Caprivi Zipfel in Namibia, all applications are under the supervision of Shell. We have, however, given weight to facts which have come to light recently concerning the possible mishandling of the substance. In addition to continuing close liaison with government departments in the countries to which we supply, we have responded pro-actively by implementing further controls.

- Tenders for the supply of dieldrin to responsible authorities will in future be subject to the condition that all empty drums be returned to Shell. This will, we hope, eradicate many of the concerns of environmentalists.
- Reacting to reports that dieldrin was being "smuggled" into Natal, our representatives have visited farmers and agricultural associations in the province, stressing that the agricultural use of dieldrin is illegal, and requesting that all dieldrin be returned to Shell on a "no names - no questions" basis, for proper disposal.
- We have urged any member of the public who is still in possession of dieldrin to contact any Shell office or depot, whereupon we will arrange to collect the dieldrin and dispose of it.
- In Swaziland, where it transpired that dieldrin could be bought "over the counter" from certain suppliers of agricultural products, dieldrin will in future only be supplied to the Sugar Growers Association and the official body of the citrus farmers, and not to individuals.

CHECKS AND BALANCES In a recent television interview I was asked whether the continued sales of dieldrin were worth the "hassles", and whether it wasn't much easier to give in and to cease supply. I replied that this was a question over which I had agonized for hours. If one looks at commercial advantages only, then the answer to that question is clear - no, commercially it just isn't worth the hassle. Already, in terms of man-hours spent on the issue, it has cost us a few years profit from dieldrin sales. But then this is not a simple, commercial debate. I sincerely believe that Shell's responsibility towards the people in Southern Africa outweighs any other consideration. As a company with a highly developed social awareness, our primary responsibility is to preserve the lives and livelihoods of people, and to maintain stable economies in those countries where need is greatest. There is no easy way out. I want to thank each one of you who has expressed moral support and encouragement for the company viewpoint most sincerely, and to invite anyone who has a concern in this matter to discuss it with me personally. I will keep you informed on further developments.

Call for full dieldrin probe

By DI MEEK
Environment Reporter

PESTICIDAL poisoning has been seriously under-reported in South Africa, and registered pesticide deaths probably represent as little as 10 percent of the true total, four conservation organizations have claimed in a statement

The Wildlife Society, the Endangered Wildlife Trust, the Southern African Ornithological Society and the South African National Section of the International Council for Bird Preservation issued the statement in response to the letters sent to the staff of Shell South Africa by the chairman, Mr J R Wilson, and printed in the Cape Times yesterday.

Their full statement is as follows:

Dieldrin: We deplore Shell's decision to continue to supply dieldrin to Southern African states. The chemical is dangerous to the environment because of its longlasting properties and its accumulation in the tissues of animals.

It is particularly lethal to birds of prey and a danger to other animals including man, at the end of food-chains in which dieldrin is known to be concentrated.

The dieldrin being used in Botswana, SWA/Namibia and Swaziland is contaminating the marine ecosystem of the Indian Ocean. This is unacceptable and must be stopped at once

Unconvincing

Shell's statement that dieldrin is indispensable in combating tsetse fly is unconvincing. The continued availability of dieldrin is postponing the introduction of environmentally accepted insecticides, such as the synthetic pyrethroids of which three kinds were shown to be effective against tsetse fly in Nigeria six years ago.

Similarly, it is unlikely that dieldrin is the only remedy for the black sugar-cane beetle in Swaziland, when in South Africa (where dieldrin is banned) 12 insecticides are registered for control of the closely related black maize beetle.

Despite the fact that dieldrin is banned here for very good reasons, to

our shame the chemical continues to pass through this country to our neighbouring states

The possibility of accidental spillage in Durban (where it is imported, formulated and packaged) or damage to containers while in transit to end-users, poses an unacceptable threat to the SA environment

Shell's "concern": If it is no mere advertising catch phrase that Shell is "a company with a conscience", that "the protection of the environment has always been and will remain a major concern of Shell South Africa", that the company competes with others when tenders for the supply of dieldrin are called for, that Shell makes "a minuscule" profit from the sale of dieldrin and that there are no commercial advantages in continuing to supply it, then let Shell demonstrate its concern by not submitting any more tenders, and by closing down its dieldrin-formulating facility in Durban

If other chemical companies then supply dieldrin in Southern Africa, they in turn will have to contend with public condemnation both here and overseas.

Pesticidal poisoning in man: The numbers of deaths of humans caused by agricultural remedies was raised by us, not to imply that dieldrin alone was responsible (although we do have records of mortality caused by dieldrin), but to refute the claims by Shell that end-users of pesticides are fully aware of the properties of this chemical

In a radio broadcast of 25/1/1985 a spokesman for our organizations claimed that an annual average of 68 deaths caused by pesticidal poisoning occurred between 1966 and 1980, with 113 deaths in 1980

Shell SA has disputed this, claiming that only six people died in 1980 and that 113 notifications of pesticidal poisoning were recorded that year. Our statement was based partly on the figures supplied by the Central Statistical Services, RSA (1982), but we also took into consideration two other official documents.

Firstly, a publication from the SA Department of Agricultural Technical Services (Wiese Bot, 1973, Entomological Memoir No 30) stated that 6 000 cases of pesticidal poisoning among farm workers were reported to the Workmen's Compensation Commissioner for the five-year period 1962-1966, or an average of 1 200 a year.

Secondly, in a press release from the Department of Agriculture, Mr M V Orban, the registrar of the Fertilizers, Farm Feeds, Agricultural Remedies, and Stock Remedies Act (Act 36 of 1947) stated that 103 persons died in South Africa between 1 April 1982 and 31 March 1983 from ingesting agricultural remedies.

Investigation

We have conducted a limited investigation into the incidence of pesticidal poisoning in South Africa, in an attempt to resolve the anomalies in statistical reporting.

This has revealed some startling facts which indicate that pesticidal poisoning — a notifiable condition — has been seriously under-reported

For example, the official figures released for pesticidal deaths by the Department of Health and Welfare for the five-year period 1979 to 1983 total 52

229 deaths

However, according to our information, 229 cases of death from pesticidal poisoning were recorded by the Johannesburg chemical laboratory of the department in the same period

Therefore it appears that the Johannesburg laboratory alone registered 4½ times the alleged national total. When pesticide deaths from other areas of South Africa are added to this total, we maintain that reported pesticide deaths probably represent as little as 10 percent of the true total.

We regard this as a matter of national concern and request that an investigation of the situation be instituted by the appropriate medical authorities

By TONY KOENDERMAN
Financial Editor

VOLATILE foreign exchange markets present the South African economy with a paradox at the moment with the rand on the blink, you can make enormous gains by exporting, or make enormous losses by borrowing abroad

The chemical industry has managed to do both — as this week's results from AECI and Sentrachem demonstrate. While both companies' results (AECI's for the year to December 31, Sentrachem's for the half to December 31) showed a deterioration, and both are anticipating a continuation of tough conditions during 1985, they are taking the sharp edge off the recession by stepping up exports.

Another very significant, and so far unacknowledged, thing may also be happening. For the low value of the rand has provided the local chemical industry with a degree of protection against imports greater than that previously provided by a combination of tariffs and import control.

At these levels, the industry is internationally viable. If the rand stays low, the industry will be able to look at import replacement and exports as dual engines of growth — without the requirement of protective barriers.

Inflation

Will the rand stay low? The prime reason for its low value is the high rate of South African inflation relative to its major trading partners. Even if the government has the will to institute anti-inflation measures, they will take at least two years to have the required effect.

And on the strength of recent performance, not many people would bet on the government succeeding on the inflation front. So a high rate of inflation — and a cheap rand — may be with us for quite some time.

A cheap rand, however, is a two-edged sword. The problem is not so much the low value of the rand as the fact that it is fluctuating so wildly, making forward planning impossible.

Additionally, it raises the costs of imported raw materials.

"The bonus on exports of a weak rand is counteracted by the inflationary effects," said AECI's retiring MD, Mr Denys Marvin. "And floating exchange rates are very bad for industry. Great strides in efficiency and productivity can be wiped out simply by exchange rate fluctuations."

Added Sentrachem MD Mr Dave Marlow: "On the one hand the cost of competing imported products, like rubber, become more expensive. This gives us more flexibility on pricing. But to the extent that you are dependent on imported raw materials, you

Foreign loans dent industry's profit margins

THE declining rand has left AECI and Sentrachem heavily exposed to the cost of foreign loans, which they are handling in different ways.

"Overseas borrowings have had an enormous impact on our results," said Mr Marvin. "Higher interest charges and the decline in the rand cost us about R60-million at the trading level — equal to 20c per share of earnings." AECI has a \$100-million foreign loan, taken out in 1983 when the rand was worth 90 US cents. Unrealised forex losses on this now stand at R76-million, of which R20-million was taken into this year's accounts.

Sentrachem borrowed \$135-million for its expansion programme (which included Afprene) when the rand was worth about 88 US cents. "Last year we rode with the rand, hoping it would recover," said Mr Marlow. "But in October we covered at various rates from 60c down to 52c."

As a result of R56-million in financing costs, Sentrachem registered a pre-tax loss of R15,9-million for the half, as against a profit of R13,5-million for the same period of 1983. Turnover was up 10% to R487-million.

AECI's figures showed a pre-tax profit of R157-million for the year, down from R205-million, on a turnover which rose 24% to R2,02-billion.

lose some of your price advantage.

"Unfortunately, the trend in South Africa in the recent past has been away from local raw materials. The policy has been to open the doors to overseas competition, so this country is not benefiting as much as it would have five or 10 years ago."

Be that as it may, both groups are now putting major efforts into boosting exports.

AECI, with big plastics exports and 40% of its turnover (explosives) linked to the export-oriented mining industry, looks the better placed to exploit the new situation. Domestic sales rose 8% last year, while exports jumped from R112-million in 1983 to R173-million.

The group's entry into fertilizer marketing, since the split with Triomf, has been a success story. Kynoch's share of the fertilizer market, according to AECI managing director Mr Denys Marvin, is now 23%.

The fertilizer market grew by nearly 11%, although sales last year were still well below the 1981 peak.

Sentrachem, meanwhile, is pulling out the stops to export synthetic rubber from its still unprofitable Afprene plant in Newcastle.

Exports currently amount to 8% of total turnover, and while this is proportionately not much less than AECI's 8,5%, in absolute numbers it is smaller because Sentrachem's turnover is less than half that of AECI.

"But we now see, as a result of the decline in the rand, very significant potential for exports, specifically as regards Afprene," said MD Mr Dave Marlow. "We have a project based on local raw materials, and we have already concluded substantial export contracts for the surplus capacity."

A balancing act for SA chemicals

SUNDAY EXPRESS March 3, 1985

183 15

Sasol continues to sparkle



183 Star
By Duncan Collings

5/3/85

Not surprisingly Sasol continued its sparkling profit record in the first half of the current financial year and cash flow is so great that it anticipates being able to reduce its indebtedness to the government sector by R700 million by the end of the year

Attributable earnings rose 20 per cent in the half year to end-December at R245,5 million, representing earnings a share of 43,6c (36,6c). Turnover including excise duties and levies was R1,4 billion against R1,1 billion in the same period of the previous year

An interim dividend of 16,5c is declared against 14c last time

It is anticipated that Sasol Ltd will repay R400 million and Sasol Three R300 million to the State, but that for-

foreign exchange loans, which are fully covered, will proceed in terms of their agreements

It is anticipated that profit growth for the full year will not be less than the rate achieved in the past

At Sasol One and Two production was consistently good and Sasol Three has attained full normal production

In spite of the fall in world petroleum prices, substantial increases in local prices were obtained because of the fall in the value of the rand against the dollar

The chemical division also benefited in respect of exports from the strengthening of the dollar, but the results of the fertilizer division were unsatisfactory because of the state of this market

RAM 5.3/85
Gushing

Sasol

to repay

R700m

SASOL achieved a 20,1% earnings growth in the six months to December to maintain its excellent growth record

Cash flow was so great that Sasol Ltd and Sasol 3 will be repaying R700m of their Government loans

Sasol income attributable to shareholders for the six months was R245,5m (43,6c a share), compared with R204,4m (36,6c) for the same period in 1983

An interim dividend of 16,5c (14c) has been declared

The directors, in a report released today, say that, as forecast at the end of the preceding financial year, provision for tax has increased considerably. The provision rose by R153m compared with R1m in the corresponding period of 1983

"The financial results of our industry depend to a large extent on continuous and steady operations, control of production costs and on the market prices of crude oil and petroleum products

"At the Sasol 1 and Sasol 2 plants of the oil-from-coal production division and the related collieries production was consistently good

"At Sasol 2, production optimisation resulted in a material improvement in production

"Since the half-year ended in 1983, Sasol 3 has attained full normal production, which also positively influenced these results"

The chemical division also benefited in respect of exports from the strengthening of the dollar against the rand

Results of the fertiliser division, however, were unsatisfactory

In the interests of the group "a flexible dividend policy is applied in respect of Sasol 3 due to future uncertainty regarding crude-oil prices and exchange rates. It has been decided to maintain the previous interim dividend of R25m."

The profit attributable to Sasol for the half year therefore includes R12,5m being the company's share of the interim dividend declared by Sasol 3

Sasol 3's before- and after-tax profit for the half year was R225m (R73m). Apart from the strengthening of the dollar against the rand, it reflects the achievement of full production at Sasol 3

Of the future outlook, the directors say "The profit expectations in respect of the oil-from-coal production division for the remaining six months of the financial year will be influenced largely by the dollar market prices of crude oil and petroleum products and the international value of the rand

"If the present circumstances continue, it is expected that the profit growth for the current financial year will not be less favourable than the rate achieved in the past"

The directors add "The present favourable cash flow outlook permits the exercising of the contractual right to accelerate repayment of the loans. At this stage it is anticipated that Sasol Ltd will repay approximately R400m and Sasol 3 approximately R300m of these loans at the end of the financial year" — Sapa

Sasol and the Chemical Workers' Industrial Union (CWIU) yesterday announced that the dispute between the two had been settled

The dispute arose from the dismissal of more than 5 000 Sasol workers who participated in last year's two-day stayaway in November

A joint statement issued yesterday said Sasol had given an undertaking to guarantee to re-employ at least 70 percent of the ex-employees who had ap-

~~17/11~~ Sasol 7/3/87
stay.
and union
183
settle

plied for jobs
The statement added that Sasol would consider the further employment of ex-employees

The CWIU agreed to withdraw its application to the Minister of Manpower for the establishment of a conciliation board hearing

ROM 9/13/85 (183) (8/8)

Thalidomide used in SA

By GEOFFREY ALLEN

THE horror drug Thalidomide is being used in South Africa to treat leprosy and a chronic ulcer disease of the mouth and skin

Yesterday Professor Peter Folb of the Medicines Control Council confirmed that the drug was being used under strict control

In the 1960s, Thalidomide was used to stop nausea and other side effects of pregnancy

As a result, about 10 000 babies were born with dreadful deformities — some had no limbs

Prof Folb said the drug was strictly controlled and could only be used on women who could not fall pregnant, either because they were past child bearing age or because of effective contraception, or on men

In June last year the British Government ordered an inquiry after it was discovered that an immunology team at the University of Nottingham, headed by Dr Richard Powell, was using the drug to treat patients suffering from Behcet's Syndrome, a painful and debilitating disease which causes skin and mouth ulcers

The British investigation into the use of the drug is being conducted by the Committee on the Safety of Medicines, headed by Professor Sir Abraham Goldberg

The drug cannot be manufactured in Britain by law because of its effects on unborn children

Prof Folb said that the drug was only used in South Africa by a "small number of people"

He said that it was not readily

available and that the manufacturers were extremely wary about selling it

Thalidomide tablets cost R20 for 5 000 in Britain

Doctors using thalidomide in South Africa have to obtain special permission from the Medicines Control Council

"We require the patient's name, his full medical record and reasons from the doctor to motivate the use of Thalidomide

"I can certainly allay any qualms that it may be given to pregnant women

"Thalidomide is quite effective in curing skin and mouth ulcers and leprosy, but it has to be used very carefully," Prof Folb said

According to a recent edition of Lancet, the British medical jour-

nal, Thalidomide caused about 10 000 birth deformities in West Germany in the 1960s. Five thousand of the babies lived

In Britain 275 of 500 deformed children survived the effects of the drug

Dr Powell's team at Nottingham University has treated 20 patients, including women of child bearing age

After the effects of the drug on children became known, the British manufacturers of Thalidomide — Distillers — paid out over R40-million in compensation

According to Dr Powell the drug had been shown to be successful in treating chronic conditions so painful that they do not allow the sufferer to lead a normal life

Fertiliser sales up — for the first time since 1981

By **TONY KOENDERMAN**
Financial Editor

SALES of fertiliser increased last year — for the first time since 1981

They rose 9,8% last year to 706 000 plant food tons (the active ingredient which grosses up to 2,57-million physical tons)

But a savage price war cost the industry an estimated R150-million and manufacturers probably earned less last year than in 1983

The increase in physical sales is attributable to improved rains, notably in the Free State winter crop area and Natal, but comes off an extremely low base — fertiliser sales in 1983 were 27% below the 1981 peak

Demand from the main maize area remained depressed until the end of last year

Another disadvantage to the manufacturers has been the patchiness of the rains. As transport accounts for a high proportion of total costs, manufacturers locate their factories in the middle of the areas they serve. If rains are bad in its area, a factory is put at a cost disadvantage

Exports of granulated fertiliser (diammonium phosphate and phosphoric acid mixtures) also rose last year, to about 150 000 tons. This is in addition to Foskor's exports of phosphate rock, which amounted to 500 000 tons

Discounts

But with two new entrants to the market (Sasol and AECI's Kynoch), the industry is more fragmented than ever, and, thanks to the price war — with discounts of 20% to 30% — nobody is making any profit

"Sasol is having to buy market share," said one senior industry executive. However, Sasol managing director Mr Albie de Waal said it was necessary to see the discounts in context

"The fertiliser companies put their prices up by 20%," he said. "We saw no point in putting prices up by 20% and then discounting by 20%, so we did not raise our prices"

The changes in the industry have led to a marked redistribution of the market

In the days when AECI had 49% of Triomf it did not market fertiliser separately, and Dr Louis Luyt's company had a 45% share of the market. Fedmis had the lion's share of the rest

But last year AECI entered the market separately (through Kynoch) after its split with Triomf. AECI now claims a market share of 23%, which is above its original projections

"We were very pleasantly surprised with the acceptance of Kynoch in the marketplace," said Kynoch chairman Mr Chris von Solms

Now the market is split much more evenly between the five producers, with the estimated market breakdown as follows

Fedmis	27%
Triomf	23%
Kynoch	23%
Sasol	16%
Omnia	11%

"Five companies in the field is definitely too many," said Mr von Solms. "Each of them needs a certain throughput to keep their factories going, so there is a tendency to buy market share through discounting. But the competitors have to discount as well, so there is no benefit in the end"

The industry needs to operate at 80% of capacity to be viable, according to Mr Johan van der Walt, Sentrachem senior general manager in charge of Fedmis. But the total capacity of the industry is currently about 5,2-million tons, which means capacity utilisation is not much more than 50%

FERTILISER MARKET

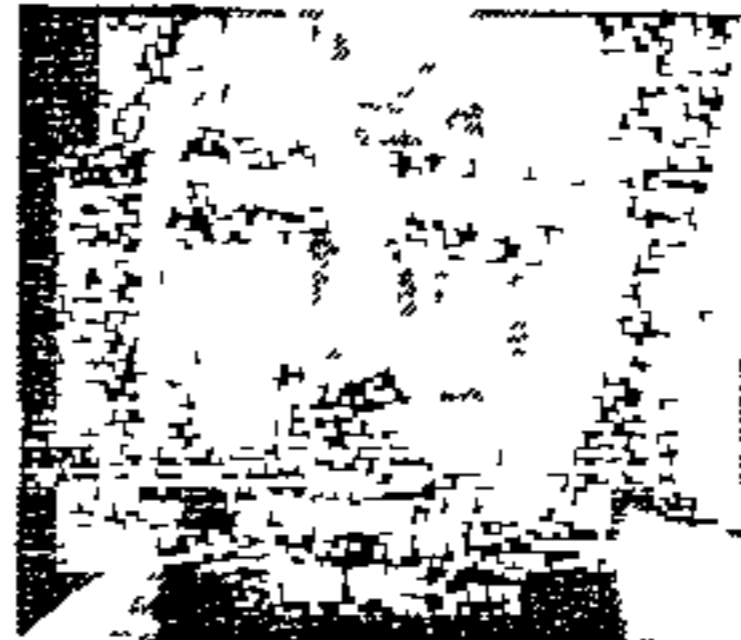
	Plant food tons	Physical tons
1981	897 850	3,35 million
1982	821 690	2,98 million
1983	642 850	2,30 million
1984	706 100	2,57 million

Retrenchments: Union may take bosses to court

By JOSHUA
RABOROKO

THE Black Health and Allied Workers Union has resolved to take a pharmaceutical company to court following the retrenchment of 17 workers accused of theft by their bosses.

At a meeting in Johannesburg at the weekend, the union's president, Mr Daniel Komaphe, said Bhawu demanded that the company, R M Salters, reinstate the workers unconditionally



**Mr DANIEL KOMAPHE
Wants workers reinstated.**

Mr Komaphe said that management "lied to workers" by telling them that they were retrenched because of the country's economic situation. Later they were accused of theft and paid-off.

The company's direc-

tor a Mr Lambert, was not available for comment when the SOWETAN telephoned him yesterday.

Mr Komaphe accused the company of not bargaining with the union in "good faith" during three meetings which they held to discuss the workers' grievances.

Management was against the union taking the matter to court, yet they did not want to reinstate the workers. Members resolved to brief their lawyers today about the possibility of going to court.

Legal strike hits AECI

Sowetan
26/3/85
182

THE African Explosives and Chemical Industries (AECI) plant in Newcastle, Natal, was hit by the first legal strike this year when about 600 members of the SA Chemical Workers' Union ~~downed tools~~ over wage demands.

A union spokesman told The SOWETAN yesterday that they held a strike ballot last Thursday and the workers took industrial action on Friday. The strike entered its second day yesterday.

The spokesman explained that the workers were demanding a R100 across the board increase and management was offering nine percent. However, no agreement was reached on the matter and the necessary procedures leading to a legal strike were followed.

The Sacwu, which is affiliated to the Council of Unions of South Africa (Cusa), has accepted the wage offer which was also accepted by the all conservative Mineworkers' Union of Mr Arne Paulos.

... bomb

Tragedy at Explosives Factory

183
A CONTRACT worker doing maintenance at the strike-torn African Explosives and Chemical Industries (AECI) plant in Newcastle was killed on Wednesday when a gasholder exploded in the factory.

The death of Mr Jan-ela Nkomo (32), no address given, was confirmed by an AECI spokesman, who added that no other workers were affected. Mr Nkomo's family

has been informed about the tragedy, which is being investigated by the authorities. He was not an employee of AECI, although the accident occurred on our plant, the spokesman said. No funeral arrangements have been made.

Meanwhile the legal strike by about 600 AECI employees continued yesterday while the SA Chemical Workers' Union (Sacwu) and management were locked in

negotiations aimed at resolving the dispute.

The workers downed tools last Friday after three conciliation board meetings aimed at averting the legal strike failed to settle the wage dispute that started last year.

The workers earlier held a strike ballot — one of the requirements for a legal strike — and most of them voted in favour of industrial action.

This is the second time that AECI has been hit by a legal strike over wages within two years. Last year several plants of the factory were hit by legal strikes.

The workers are demanding a R100 across-the-board increase in their wages which will give them a minimum wage of R480, while management is offering R370 — a 9,5 percent increase.

Company spokesman Mr Bokkie Botha said that the company's offer was reasonable, considering the country's economic climate.

"We are not prepared to change our offer. We hope the workers will realise our position and come back to work soon. We have not given the workers any ultimatum nor victimised anybody," Mr Botha said.

Sowetan 2/4/85

600 workers go back to jobs

183

By JOSHUA RABOROKO

ABOUT 600 employees of the African Explosives and Chemical Industries in Newcastle, who went on a legal strike over wages last week, have returned to work following a management ultimatum, union sources have disclosed.

The national organiser of the South African Chemical Workers Union (Sacwu) Mr Manene Samela told The SO-WETAN yesterday that although the workers have returned to work, the wage dispute still remained

He said "We are going to seek legal advice on the matter because we regard management's refusal to accept our demands as an unfair labour practice. The workers returned to work to protect their jobs"

Message

The workers downed tools after three conciliation board meetings aimed at averting the legal strike failed to set-

tle the wage dispute that started last year

AECI's spokesman Mr Bokkie Botha said the workers were given a message that if they did not return to work then the company would start to employ other workers. However, he added, the workers have returned and everything was back to normal

Mr Samela said management was not prepared to accept their demands and they will continue to negotiate in "good faith" although management was not willing to do so

"We feel our members deserve higher pay than they are getting at the moment. The management's offer is unreasonable," he said

In reply, Mr Botha said they were not prepared to change their offer

This is the second time AECI gave an ultimatum to workers who went on a legal strike within two years. Several plants of the factory in the country were hit by legal strikes and workers were given an ultimatum last year

Mr Botha said there were no incidents during the strikes, although he believed there was intimidation. However, management did not follow these incidents

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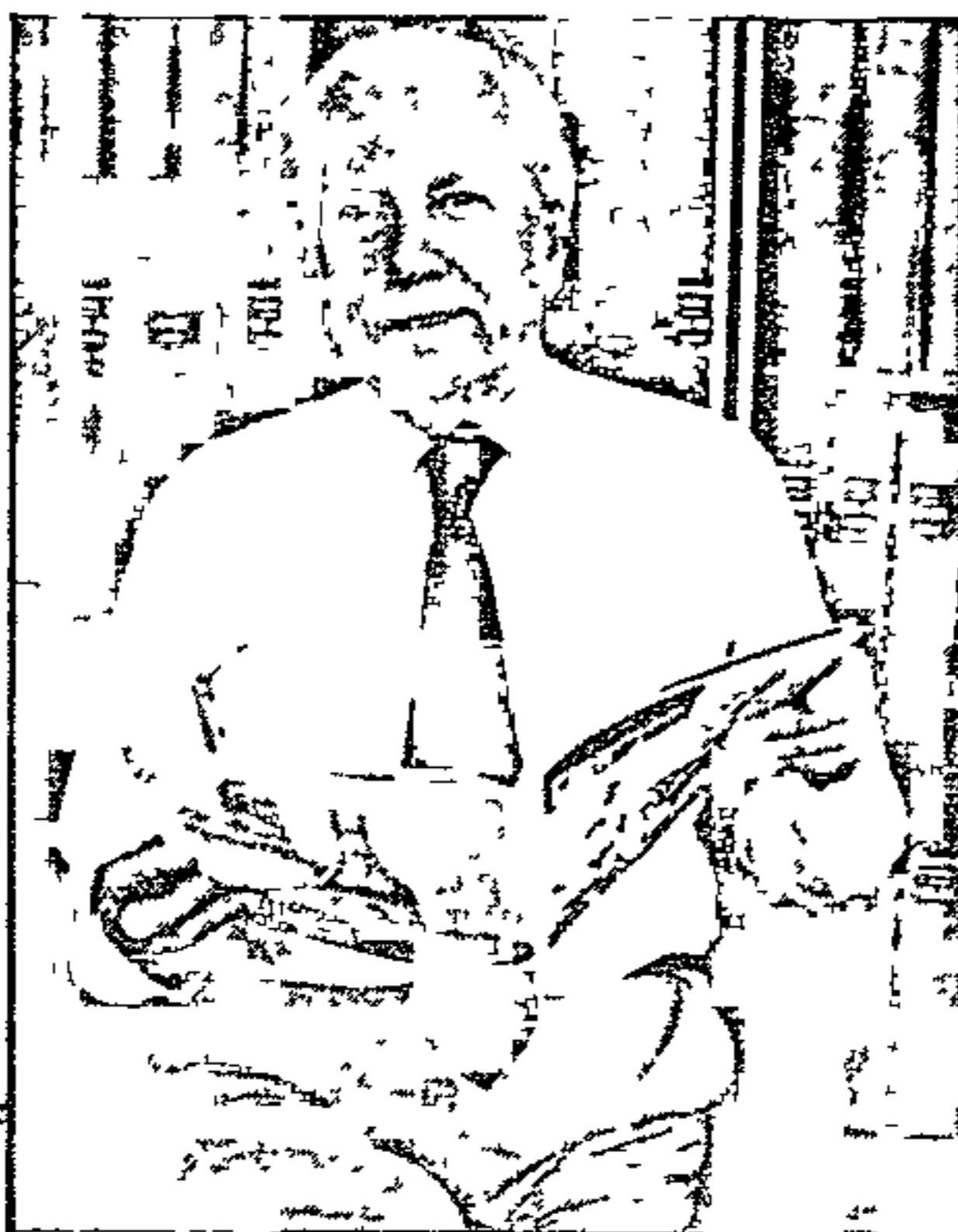
GOING OUT AND COMING IN

Dirk Carstens (74) (right), GM of the *FM* and the longest-serving member of our staff, has retired after 24 years of sterling service.

He joined the paper in January 1961 — barely 18 months after it had started.

The then MD of SAAN, Henri Kuiper, invited Carstens to become business manager of the *FM*, then a fortnightly selling at 2s. and making losses on its circulation of under 4 000. Advertising rates were £65 for a full page and the total ad revenue barely £125 000 a year.

Now, as Carstens “retires” but continues in harness as consultant for the major surveys on Japan and Taiwan to be published later this year, our advertising revenues are running at some R15m a year.



Fulvio Cassuto (55) (above), advertising manager of the *FM*, assumed full responsibility for all advertising matters from April 1.

Cassuto was born in Trieste, Italy, and schooled in the UK. After three years in banking, which he didn't much like, he joined the London weekly, *The Statist*, in 1951 as an advertising rep. He became

that magazine's advertisement manager in 1960 and in 1966 he came to SA to do a survey for it — and also to look at job opportunities.

He joined the *FM* as advertising manager “just in time, as *The Statist* folded a year later.” He now takes over full control of a department that is vital to the health and strength of the *FM*.

placements, the workers agreed to return to work on Monday morning.

But Phiroshaw Camay, general secretary of the Council of Unions of SA, to which Sacwu is affiliated, says the matter is not yet settled. And it appears that Sacwu is retaining its option to continue the legal strike as a tactic to bring management back to the negotiating table. Camay says the union has learnt the lesson from its last encounter with AECI at the beginning of last year — when members returned after a legal strike without gaining any pay concessions — and has adjusted its strategy.

Says Camay “Workers will not accept the pay offer. We are looking at alternative means of pressure. There are several possibilities. We decided that it would be best to go back at this stage as management threatened to take on permanently the scab labour it had employed, but we are keeping up the option of continuing the legal strike.”

Botha, however, says the plant is experiencing losses and is adamant that management will not increase its offer. “Workers have gone back at their original rates. We have said we are quite happy to implement the final offer and will do so from the date of acceptance,” he says. ■

any concessions from management. But they certainly do not regard the matter as settled. Management, however, is insisting that it will not increase the offer that Sacwu has already rejected.

Two unions are active at the chemical giant's Newcastle plant: the all-white Mineworkers' Union (MWU) and Sacwu. They negotiate separately with management, however, as the MWU refuses to sit round the table with the black union.

AECI group personnel manager “Bokkie” Botha tells the *FM* that the company de-

~~HEAVY~~
FM 5/4/85

clared a dispute with the unions at the end of last year. After the first joint conciliation board meeting, the MWU accepted the company's original proposal for an average 9.5% package increase. Sacwu, however, wanted to continue the dispute and about 600 workers downed tools in an illegal strike last Wednesday after the union rejected management's offer at a second conciliation board meeting. A ballot was held the next day in which the workers voted to go on a legal strike. Last Friday, in response to a management statement that it intended to hire re-

AECI STRIKE 183
Back but still out?
FM 5/4/85
Black members of the SA Chemical Workers' Union (Sacwu) at AECI's Newcastle plant have returned to work after their six-day legal strike over wages, without gaining

LION MATCH

Striking a dim light

183

When disposable lighters hit the SA market over 10 years ago, most financial commentators saw their entrance as bad news for the match business. In some respects, they were right. Match sales did take a dive.

But the business did not come off anything like some analysts were predicting. Which just goes to show that one can be embarrassingly premature in predicting the demise of a business as basic as matches.

Match-making might not be as exciting as, say, SA's leisure industry. But it is still a good, solid business to be in. And with the traditional market for match-users firmly rooted in SA's growing rural black population, it is likely to remain so.

The sole purveyor of matches in SA is Lion Match — 64%-owned by the Wilkinson Sword Group, UK. Mainly because of the rather dull nature of the business it is in, Lion Match has a reputation for being one of the more lacklustre performers on the JSE boards. But it weathered the arrival of the

While its ultimate lines of control lead to the US, Lion Match's returns have been solid enough for scant thought to have been paid to disinvestment. But even with a solid base in sales to rural blacks, there are headaches aplenty.

disposable lighter with surprising resilience.

Before disposables appeared on the scene, match sales were growing at an annual real rate of around 3%. Faced with competition, growth certainly flattened — to an annual real rate of around 1%. But sales kept on growing.

As the graph shows, the lights division, which includes interests in the disposable-lighter market, contributed the lion's share of earnings for the year to end-November. Management sees this division remaining the mainstay of the group, and recently has

concentrated heavily on improving its returns in this area.

Two years ago, the Cape Town match factory was closed and operations were consolidated at the Durban and Rosslyn plants, which are now the focus of a modernisation programme aimed at boosting production and trimming costs. Benefits of the rationalisation are already being felt. Prices have been held for two years, and no increases are planned this year. But shareholders shouldn't necessarily expect an immediate improvement in earnings. In a comment which typifies the mature, yet recession-prone business, MD Bob Harker admits "Growth is likely to be slow."

However, the other activities appear equally ponderous, with the possible exception of packaging, where profits are rising — which probably explains why brokers sometimes refer to the share as "solid but dull."

Earnings over the past four years have been consistent at 80c-90c a share. Unlike some other industrial companies, the share has not been particularly volatile. From a low of 400c in 1980, it touched 655c in 1982, only to fall to its present 550c.

Main criticism from analysts is that management has not been adventurous enough in using its more-than-ample cash resources to move into new markets. Some say that the uninspiring earnings record is symptomatic of the conflicts which arise from a mixed bag of interests, ranging from matches and disposable lighters to packaging, kitchen appliances, razor blades and garden shears.

But Harker argues that most of the interests are directly related to consumer markets. "Selling matches is much the same as selling high-technology appliances or razor blades," he asserts.

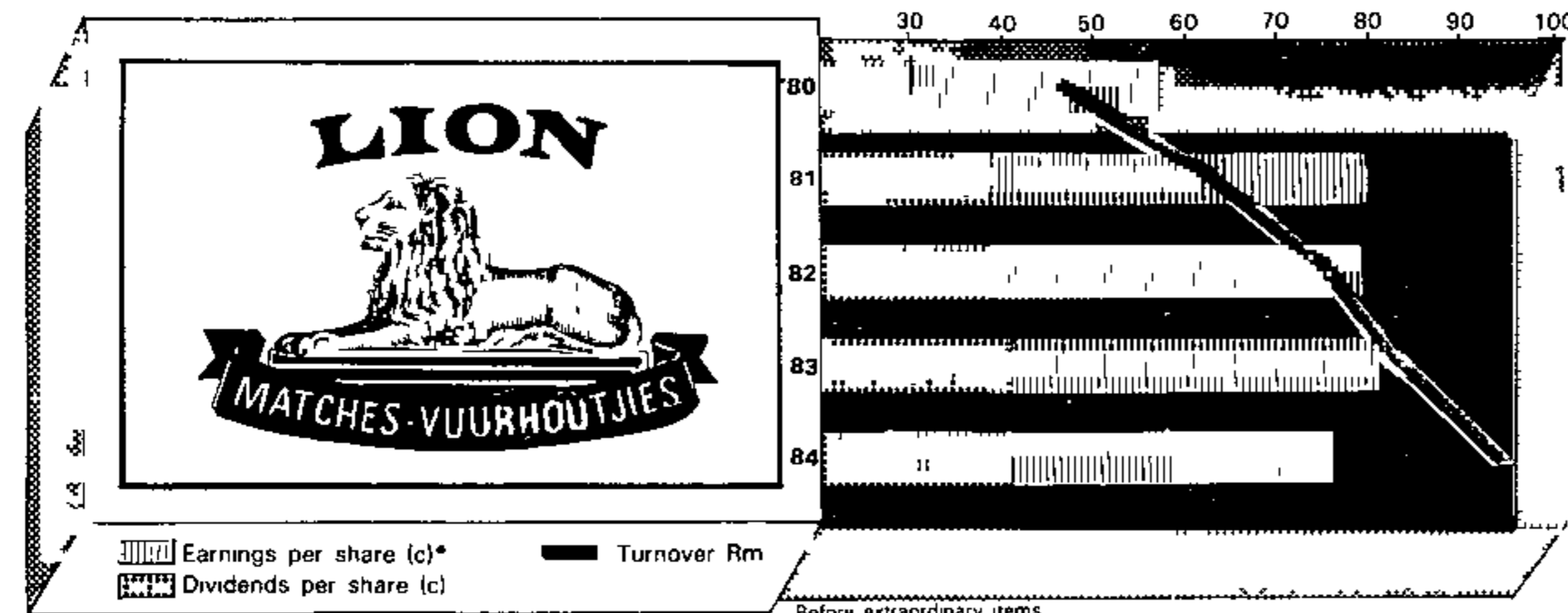
As far as diversification is concerned, he admits that having 64% of the equity in the hands of Wilkinson Sword UK has, at times, been a hindrance. The necessity to refer decisions back to the UK has sometimes had an ill-effect on timing, which is all-important in acquisitions.

Sensitive issue

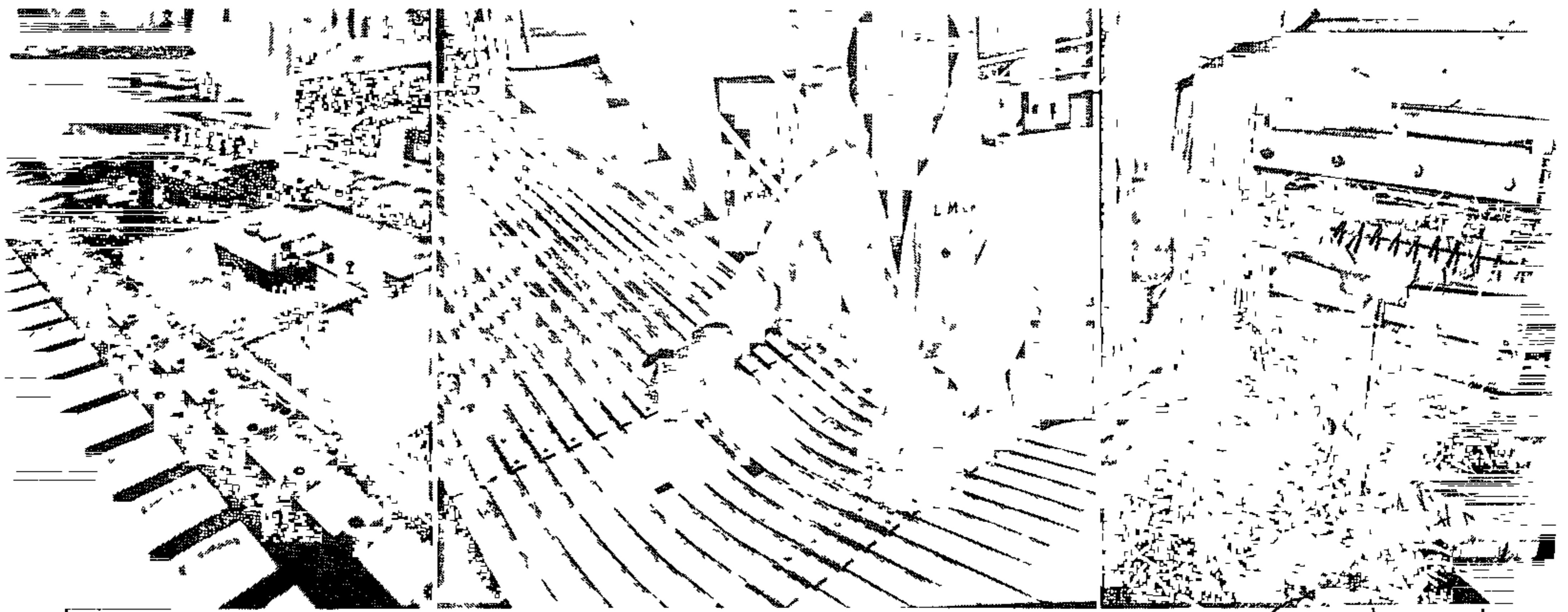
At the same time, Harker says, with disinvestment now a sensitive issue abroad, this is hardly the time to be actively acquisitive. What makes the position even more difficult is that ultimate lines of control are in the US — the centre of the disinvestment campaign. Pittsburg-based steel industries multinational Allegheny International owns 100% of Wilkinson's. The holding company's policy is usually to leave these judgments to Harker. But, he adds, "It has to be really good before they will go for it."

Harker, who has just returned from a trip to head office, says the parent company is "not at all interested" in divesting from SA. While its investments here might be embar-

LION: STRIKING OUT



MD Bob Harker ... growth will continue to be slow



Match making is good, solid business but growth is down from 3% to 1%

(183) 1

raising, clearly they are too good to relinquish. As Harker says "Before the dip in the exchange rate, our operating profit made up a significant proportion of the Wilkinson Sword Group's operating profit."

Year-end changes

Strict year-on-year comparisons of Lion Match's trading results can't be done accurately. There have been three year-end changes in as many years — mainly as a result of the succession of ownership reshuffles. But the profit record has been far from uneventful. In 1979, for example, earnings were chopped in half.

It's no real defence for a poor market rating, but Harker notes that, like other conglomerates, the group has been buffeted by several years of recession. Even so, Lion has suffered from other problems.

Allegheny's acquisition of Sunbeam appliances and Wilkinson's abortive venture into the sunglasses market caused it to write off R500 000 in start-up costs, bad debts and obsolete stocks. Happily, Lion Match is now shot of sunglasses, and the appliance division seems to have turned the corner. Sales last year were above budget. However, if the rand remains weak, prospects for the current year are not good. Margins will come under more pressure in an area where returns are already poor.

On the other hand, the lights division is prospering from the rand. Harker says some good export contracts have been won, and match earnings should increase. The problem here is that Wilkinson's worldwide presence in the match market precludes the local company from chasing some of the most lucrative export business.

More positively, no significant forex losses were incurred on its overseas transactions. Harker says he felt intuitively that the rand was going to slide and took the precaution of covering forward.

Longer-term, the main spur to bottom-line profits could come from the packaging division, Interpak. Recent rationalisations have consolidated manufacturing in Cape Town, Durban, Elandsfontein and Maritzburg. The

division dominates the folded printed carton and label markets and is moving rapidly into metallic coated printing. In three years, packaging is expected to contribute more than 50% of group profits.

There could also be better profits from the appliance division, which management hopes will be boosted by new technologies available through Sunbeam's world operations. Management has been changed recently at Sunbeam, both in SA and the US. Certainly, Lion has taken Sunbeam from a relative unknown entity three years ago to number three in the SA appliance business.

Razor blades and related products — as well as the range of Wilkinson knives, shears and garden tools — are likely to remain small beer. The size of the SA market cannot deliver the volumes that would make returns significant. Southern Africa, for example, has a population of 50m, but only about 2m

shave regularly — unlike those in countries like Australia and the UK.

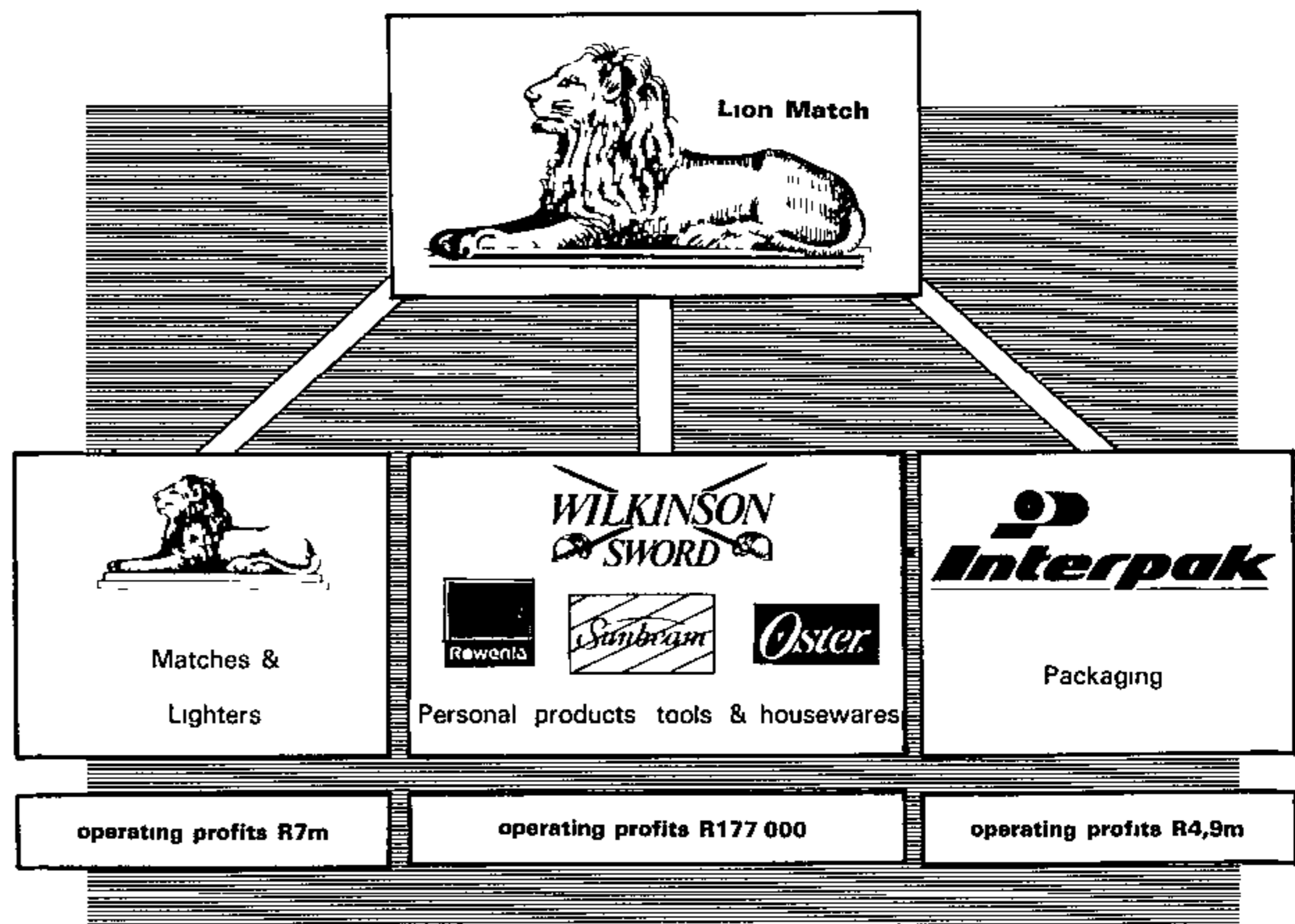
Overall, Harker is confident that the future holds promise. After internal restructurings, he says, Lion now has better management teams in place, and "the whole business has been tidied up."

Heavy dependence

Given the company's heavy dependence on consumer markets, no real recovery in earnings is likely before the economy moves into a sustained revival. Harker, however, feels the market's pedestrian view of the share — which yields 7,3% at the present 560c — is not deserved. This he bases largely on a view that the next upturn will be at a rate that will outstrip anything seen in the past. Even if he is proved right, it may be some time before this is reflected in the price.

Graham Fiford

LION'S STRUCTURE



1 200 on strike

Sowetan By JOSHUA RABOROKO

12/4/85 (183) ~~(183)~~
MORE than 1 200 workers at the National Chemical Products Company in Germiston yesterday went on strike after making wage and working conditions demands.

The workers said that they were demanding a R2,50 per hour increase in their salaries and that management should improve their working conditions, and define jobs.

"We sent our shop stewards to negotiate these issues with management and when they did not offer anything we decided to down tools," workers told The SOWETAN.

A representative of the South African Chemical Workers Union confirmed the work stoppage and said that their representatives were holding talks with management.

NCP's managing director Dr J L Jov yesterday confirmed the strike and said that they were hoping to resolve it when workers' representatives meet with the management today.

(S) (A) (183)

PRESS STATEMENTS



Pinetown's largest employer in the chemical industry, NCS Plastics (Pty) Ltd, is proposing to decimate its workforce by retrenching 212 of the 270 workers NCS are shutting down the packaging division and running away to the cheap labour of Gazankulu

It must surely be nonsensical for a country to follow a decentralisation policy where the taxpayer faces a double burden. Firstly the taxpayer is financing the luxurious incentives offered to industries which relocate (R500 million for 1985) and secondly the cost of providing new infrastructure and housing in the new decentralisation area.

At the same time the urban areas with established infrastructure and settled communities like Pinetown have their jobs ripped out of them leaving only the black scars of unsolvable unemployment.

At the end of the day the taxpayer (the majority of whom are disenfranchised workers) are left with exactly the same number of jobs only paying much lower wages - and a correspondingly eroded national tax base (Apartheid laws make it impossible for workers to follow their jobs).

The only ones who benefit are profiteers like NCS Plastics who exploit the apartheid system and who are not prepared to face their social responsibilities.

NCS must now be marked as one of apartheid backers and a full supporter of the Bantustanisation of our country.

Chemical Workers Industrial Union
18 April 1985

**212 affected
by closure**
NM 19/4/85
~~#10-A~~ 83
Labour Reporter

ABOUT 212 employees at a Pinetown plastics factory, NCS Plastics (Pty) Ltd, would be affected by the proposed closure of a packaging division, a spokesman for the Chemical Workers' Industrial Union said yesterday.

The union added the company, which was the largest employer in the chemical industry in Pinetown, was planning to reduce its present workforce of 270 by more than 90 percent. The company intended moving to Gazankulu where labour was 'cheap'.

NM 19/4/85

Farmers offered fertilizer discounts

183 Pietermaritzburg
Bureau

NATAL farmers have been offered special discounts on the price of fertilizer after negotiations between the Natal Agricultural Union, the chamber of Natal Co-operatives and fertilizer companies

This was revealed yesterday by Mr Alwyn Bisschoff, director of the NAU, who said two types of discount structures had been negotiated for Natal farmers

A 17 percent discount on listed price, payable on September 30 1985, would apply in the case of fertilizer purchases by farmers on a direct delivery basis through their co-ops

This would also apply to co-ops which buy in reserve or buffer stocks

The second discount structure would apply to consignment stocks to co-operatives for which the following would apply

Increase

Sales during April less 12 percent less R4 a ton, May less 11 percent; June less 10 percent, July less 10 percent, August less 8 percent, and September less 6 percent.

Mr Bisschoff said that during last December the chamber of Natal Co-ops had become aware that a substantial increase in fertilizer prices would occur this year

'All the Natal co-operatives were invited to a meeting on January 24 to discuss the possibility of single channel purchases of fertilizer for the whole of Natal'

Baby medicine kills, warns

24/4/88
NM
183

JOHANNESBURG—South African babies were at risk when given one of three common medicines used here to relieve colic, it was revealed yesterday.

The Medicines Control Council warned that the three preparations, Colix, Nomocramps and Merbentyl, commonly used by South African mothers for babies with colic, had proved fatal to two infants.

Although the control council had posted an urgent warning to medical personnel and pharmacists that the preparations be withdrawn for infants under six months, they were still available.

The dramatic decision was reached after review of case histories in which two babies died after being given the medicines.

The medicines were still on the shelves because many pharmacists awaited instructions in the post for them to be sent back.

Information from one of

Mercury Correspondent

three manufacturers confirmed a link between the deaths and an ingredient called dicyclomine in the three gripe medicines, Prof Peter Folb, chairman of the Medicines Control Council said yesterday.

'Links between the two deaths and the medicines were as good as can be,' he said.

The ingredient, which appeared to have been responsible for the two deaths, was thought by medical experts to encourage vomiting and lead to breathing problems.

Prof Folb warned that mothers should be very careful not to overdose their children with gripe mixtures.

All medicines prepared

tions for infantile colic were now undergoing urgent review, he said.

The control council said the three medicines would have to be re-packaged to contain a clear warning that they should not be given to young infants.

Dosage instructions would also be reviewed.

Mr Johan Schiebush, registrar of the Medicines Control Council, said the three preparations were common medicines.

An international drug marketing company, Mer-national, had advised the Medicines Control Council of adverse reactions to a dicyclomine-containing colic medicine.

Executives of the company could not be contacted yesterday.

Dosage

According to advice received from paediatricians, Prof Folb said babies over six months rarely suffered colic problems and the drug was therefore unlikely to be administered to them.

But the council was also reviewing the dosage instructions of the same medicines for older children, he said.

Apart from the danger factor, Prof Folb said the council was not convinced the medicines were effective in easing colic.

'We looked at both safety aspects and effectiveness and are not convinced the medicines are effective in controlling colic,' he said.

Petrol substitute project

Parliamentary
Correspondent

CAPE TOWN—A pilot project to produce synthetic fuel from coal as a substitute for petrol is already underway, Minister of Mineral and Energy Affairs Danie Steyn announced yesterday.

Speaking on the Miner-

al and Energy Affairs Budget vote in the House of Representatives, Mr Steyn said his department was keen to see progress being made converting non-conventional fuel such as methanol to petrol and diesel.

In this respect the multinational AECI is under-

taking a productivity study to be released at the end of the year.

The new process required less refining and was economically lucrative, Mr Steyn said.

AECI was considering entering the pilot project with a consortium of firms.

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NM 25/4/85

NM 22

'No hope'
NM 25/4/65
of June

24
fuel price
183 ~~183~~
decrease

CAPE TOWN—South Africans were stunned yesterday when the Government made it clear there was no hope of a petrol price cut in June

The best Minister for Mineral and Energy Affairs Danie Steyn could offer was a promise the price of petrol and petroleum products would not be going up then

He dropped his bombshell during the committee stage of his vote in the House of Representatives

At the time of the last increase, the minister pointed out, the Government decided to subsidise petrol by 0,4 c/l at the rand-dollar value of 46,5 c

Had the rand not improved a further 4 c/l would have had to be put on to the price

Improved rand

Other products, which were more heavily subsidised, such as paraffin, agricultural and marine diesel and passenger road transport, would have had to absorb increased costs as well

However, as the rand had improved to 52,5 c and the dollar price of crude had remained constant, an increase was not necessary

The oil companies had recouped losses accumulated before the price hike

'The future ratio of the exchange rate and naturally the price of crude oil, will be the determining factors whether a price increase for all consumers will be averted, or if a general price reduction is possible,' Mr Steyn said

He said the Cabinet reiterated its support for the principle of market related prices and that he would make an announcement about that in due course — (Sapa)

SA DRUGS FIRMS IN COURT WAR

w/c ARGUS
27/4/85

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92
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By IRVING STEYN
Weekend Argus News Editor
DRUGS manufacturers are to take the Pharmacy Board to court for ruling that pharmacists may substitute cheaper alternatives to medicines prescribed by doctors.

The ruling has brought a major split in the industry's Pharmaceutical and Chemical Manufacturers' Association (PCMA) — one of its largest members is siding with the Pharmacy Board

The association has voted financial support to a number of members who are to take the board to court over an ethical rule which allows pharmacists to substitute cheaper brands of the same medicines on doctors' prescriptions

The row, which has been simmering for some time, erupted at a meeting of the association yesterday at which money was voted for the court action

Copied

This led one of the country's largest pharmaceutical manufacturers, SA Druggists, and its subsidiary, Lennon, the largest manufacturer of generic medicines, to withdraw from the association

Generic drugs are those on which the original manufacturer's patent has expired and

which may therefore be copied and sold under other names by other companies — generally at prices about 25 percent lower.

The deputy managing director of SA Druggists, Mr Tony Karis, said it was "absolutely nonsensical" for the industry to try to prevent what was happening all over the Western world

Of the 62 members of the PCMA (out of about 80 drug manufacturers), only five major companies, all South African-owned, make generic medicines

It is estimated that generic medicines account for only 10 percent of the R400-million total wholesale turnover in pharmaceuticals.

Statement

If generally implemented, replacement of other medicines with generics will give the local pharmaceutical industry an opportunity to expand considerably.

The Pharmacy Board's ruling, in November last year, came after a statement by the late Minister of Health, Dr "Nak" van der Merwe, in February last year that the pharmacy profession should help the nation by adopting generic substitution

Opposition to the step has come primarily from the multinational drug companies, which say lower sales of their brand name drugs will reduce finance available for research

The Pharmacy Board rule permitting substitution was, the PCMA decided, not necessarily in the public interest nor in the interest of the pharmaceutical industry

Those in the industry say it is a "non-starter" and the minimal saving does not warrant the risk of cheaper drugs being pushed on the market. And more important, they say, doctors could lose control of their patients' medication

Company moves to 'homeland'

By STEVEN FRIEDMAN
Labour Correspondent

YET another company which recognises an emerging trade union is to close down a plant in a city and move to a black "homeland"

The company is Pinetown's biggest chemical employer, NCS Plastics, which is closing down its packaging division and reopening it in Gazankulu. Its move has been sharply attacked by the Chemical Workers Industrial Union, which is recognised at the Pinetown plant.

Last year, NCS and the CWIU negotiated the first agreement between an employer and an emerging union granting women workers paid maternity leave.

The union says 212 of NCS's 270 Pinetown workers will lose their jobs and charges that the company "must now be marked as one of apartheid's backers and a full supporter of the bantustanisation of our country".

The company says the move is part of "an overall re-organisation programme". It says it and CWIU have reached agreement on all aspects of the programme except severance pay for retrenched workers. The NCS says it has made a "generous" severance pay offer, but that

CWIU members have rejected it.

Unions fear a growing number of companies are moving from cities to homelands, where unions have no official bargaining rights and often face tough anti-union measures.

They charge that companies are moving to "escape unionisation", but the firms say they are taking advantage of the incentives which the Government offers if they move to "decentralisation areas".

In its statement, the union slams these incentives, saying that taxpayers, most of whom are black, are forced to finance measures which cost them jobs.

"At the same time the urban areas with established infrastructure and settled communities like Pinetown have their jobs ripped out of them, leaving only the black scars of unsolvable unemployment," it charges.

A company statement said it had a subsidiary which operated in Mkhulu, Gazankulu, and had decided to transfer its packaging operations to that area from the end of May. The Pinetown plant would be used immediately after the closure by the company's Resins Division.

It said it told the CWIU of its decision in January and has been negotiating with it since then.

CAPG TRAIL 29/4/85 (23) (98) (183)

Pharmaceutical industry turmoil

By CHRIS ERASMUS
Medical Reporter

SOUTH AFRICA'S pharmaceutical industry is in turmoil over a decision taken at a special meeting of the Pharmaceutical and Chemical Manufacturers' Association (PCMA) on Friday to fight in court against the generic substitution of brand-name drugs

Friday's meeting ratified an earlier recommendation by the PCMA executive to fight against an amendment to one of the association's ethical rules which allows generic medicines to be used instead of patented medicines, where appropriate

The amended ethical rule of the SA Pharmacy Board, published on November 16, 1984, permits substitution of one brand of medicine with another, provided it contains the same ingredients and is cheaper

Withdrawals

According to a statement issued by Mr John Toerien, executive director of PCMA, the amended rule was "not necessarily in the public interest nor in the interest of the pharmaceuti-

cal industry in South Africa"

Mr Toerien said individual members of the association would be applying to court to have the rule set aside

But immediately after the meeting, South African Druggists and its subsidiary Lennon, the country's largest producer of generic medicines, announced that they had voted against the move to fight the generic substitution rule and would withdraw from the association. Two other companies also voted against the PCMA move

Generic drugs are those on which the original manufacturer's patent has expired, allowing exact copies to be made and sold under other names by other companies. In South Africa patents on drugs expire after 20 years

An example of such a drug is aspirin, which has been copied by numerous manufacturers and is sold under many different names

These drugs, because their marketing has not involved substantial research and development expenses, are generally

cheaper, costing about 25 percent less on average

Most of the opposition to the amended rule has come from the multinational drug companies, which say lower sales of their brand-name drugs will reduce finance available for research. They also suggest that if profitability is reduced, some of them may withdraw from the South African market

Only five of the PCMA's 62 members make generic medicines and all are South African-owned. They are Lennon Limited, Adcock Ingram, Propan, Rolab and Noristan. In all there are about 80 drug manufacturers in South Africa

Generic medicines account for an estimated 10 percent of the country's R400-million total wholesale turnover in pharmaceuticals

The Pharmacy Board's ruling in November last year followed a statement by the late Minister of Health, Dr "Nak" van der Merwe, in February, 1984, that the pharmaceutical profession should help the nation by adopting generic substitution

1000 3/9/85

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**S A to
supply
diesel to
Zambia**

JOHANNESBURG—
South Africa is to supply
Zambia with 10 million
litres of diesel fuel to off-
set a critical shortage in
the country following a
breakdown of the pipe-
line between Lusaka and
Dar-es-Salaam.

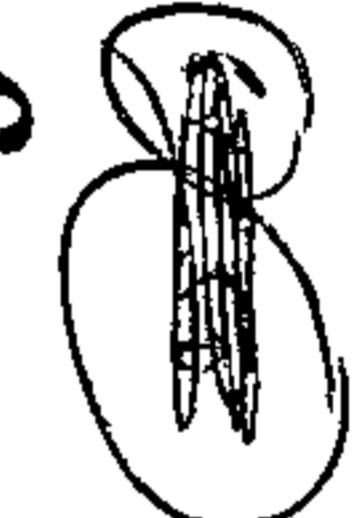
A spokesman for the
South African Transport
Services said the SATS
would transport 2 500 000
litres immediately and
the remaining 7 500 000
litres would be sent 'as
soon as possible'. She
said they had started
loading the fuel yester-
day.

Zambia had urgently
requested the fuel after a
fault developed on the
pipeline to Lusaka from a
marine oil terminal at the
Tanzanian port of Dar-es-
Salaam.

The fuel is to be trans-
ported through Botswana
and Zimbabwe — (Sapa)

APR 1965 3/15/85

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Staff Reporter

THE chairman and chief executive of Shell South Africa, Mr John Wilson, yesterday said he did not believe his company was neglecting its social responsibility in supplying the pesticide dieldrin to African countries.

Mr Wilson said this in an interview after he had delivered a paper to a two-day conference on the importance of corporate social responsibility held in the City by the Public Relations Institute of South Africa (PRISA).

Mr Wilson said the publicity provoked by

Shell chief defends dieldrin

the distribution of dieldrin — a pesticide used against tsetse fly and considered by environmentalists to be dangerous because it accumulates in the food chain — had led Shell to tighten up the control of distribution, by for example insisting that supply drums were returned to Shell, and to search for alternative pesticides.

"It would have been easy to bow to pressure and simply stop the sup-

ply but we have had to weigh the costs

"Tsetse fly is dangerous to humans and to domestic animals and must be controlled," he said.

In his speech, he told 150 businessmen, academics and public relations experts from all over the country that corporate social responsibility was essential to the long-term growth, profitability and survival of business and that al-

though business was not a philanthropy it should redress the social evils it generated and assist in improving the quality of life.

"Business must take positive steps to reduce the ecological disturbance it causes. Air pollution, water pollution, dangerous drugs, unfair advertising practises are just as much the immediate responsibility of business as are corporate profits," he said

Business could and should interest itself in the education and training of the country's workforce, the creation of labour opportunities for blacks and the provision of suitable housing and transport facilities, Mr Wilson said.

Mr Pat O'Malley, public affairs manager for Mobil Oil in South Africa, addressing the same conference yesterday, said that the social responsibility of business in edu-

cation should not be aimed at sustaining economic growth and thereby maintaining the status quo, but at changing the structure of South African society for the benefit of all.

Mr O'Malley noted that in Africa, democratic institutions had been replaced by one-party states and free-enterprise systems had given way to forms of African socialism

South Africa do not make this sort of scenario impossible here, particularly when so large a section of the population believes that the private sector is in collusion with the State to maintain the status quo and that a free-enterprise system is not the means to redistribute wealth and political power"

On black education, Mr O'Malley said an analysis showed that blacks rejected the system because they saw it as based on ideological separatism, which entrenched isolation, discrimination and inferiority

(183) S-Times 5/3/85

Fertiliser plan to cut huge losses

By Don Robertson

PRODUCT rationalisation in the fertiliser industry is being considered as a way to beat overcapacity and falling profits.

The possibility of individual fertiliser companies producing a reduced range of products was suggested by at least two delegates at the annual meeting of the Fertilizer Society of South Africa (FSSA) in Bloemfontein.

Rhynie Greef, production manager of Triomf, and Johan van der Walt, general manager at Sentrachem, back a system of specialisation by major producers. They believe it will result in larger production runs and reduced running costs

Survival

Dr Greef says rationalisation is vitally important for the industry's survival which can be best achieved by product specialisation

"Specialisation means that

all companies should not try to produce all products because all that happens is that production costs rise and price wars, from time to time, destroy the industry"

Mr van der Walt agrees, saying that product selectivity and effectiveness of production will be important role in the industry

Problems

It will, in its own restructuring, have to take cognisance of changing needs in agriculture and reach the highest degree of cost efficiency and independence.

The suggestion has been welcomed by the FSSA, which recognises that if such a development were to take place, it would probably be negotiated through the society.

Hilmar Venter, head of the FSSA says "It is certainly a possibility that the manufacturers should look into There are several practical problems, such as how to slot in each company's marketing

with its production run

"But if conditions remain as depressed as they are, it could be a valid alternative"

Last year, production was below 50% of capacity and with prices continually under pressure, considerable losses were incurred

Mr van der Walt says manufacturers cannot continue to incur losses and under present conditions competition could be eroded by the elimination of some producers

Mixtures

Dr Greef says. "Everybody agrees that this is the best alternative to the current problem

"For a solution, we will have to look at rationalisation"

Some manufacturers have specialised in their production runs, AECI being the only producer of urea and Triomf specialising in the production of TAP AECI, Sasol and Omnia are the only producers of LAN

Doctors warned not to overstock with medicines

By Joe Openshaw,
Medical Reporter

Trading doctors were cautioned today not to make large investments in medicines for dispensing purposes because their activities would be controlled by new regulations

This warning was made by Mr Gavin Bamber, president of the Pharmaceutical Society of South Africa (PSSA) in a statement issued at the conference of the society in Pretoria

He said he strongly supported a joint declaration as a result of a meeting between the

South African Medical and Dental Council and the Pharmacy Board and welcomed the participation of the Medical and Dental Council in formulating new regulations to control the activities of the trading doctor

"Our profession is suffering severely as a result of doctors supplying medicines directly to their patients

"If the number of trading doctors increases any further, a number of pharmacies will have to close," said Mr Bamber

He said one profession should not encroach upon the territory of another

and he believed it was wrong that some doctors were usurping the role of pharmacies

Dispensing doctors were able to purchase their medicines directly from many manufacturers at prices much lower than those offered to pharmacists

There had been cases of doctors making exceptional profits from the sale of these medicines

"It is wrong that doctors make such profits from medicines to form the major source of their income," he said

According to Mr Bamber, there were im-

portant benefits for the patient in keeping the dispensing of medicines in the hands of pharmacists

"A doctor could not hope to stock the range of medicines which are routinely kept by a retail pharmacist

"If the doctor dispenses, the choice is extremely limited whereas he might write a prescription for one of about 10 000 medicines, a pharmacy could supply

"I am also concerned that in a trading doctor's practice, the dispensing is often done by totally unqualified personnel," said Mr Bamber

Star 7/5/85

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Medical Reports

~~24/4~~ Star 8/18/65
The enormously high prices for medicines charged by private hospitals is being investigated by the Pharmaceutical Board of South Africa on the instructions of the Minister of Health (183)

This was said yesterday by Dr Kosie van Zyl, president of the Board, when addressing its annual meeting in Pretoria.

"The Minister has repeatedly expressed his concern about the high costs of medicines provided in private hospitals.

"It had also come to the board's attention that unusually large quantities of medicine are prescribed in some of these hospitals.

"There have been complaints by patients or surviving members of the family of being confronted with accounts for medicines running into thousands of rands," Dr van Zyl told the meeting.

Pharmacists' leader raps manufacturers

(183) Star 8/5/85

By Joe Openshaw, Medical Reporter

Pharmaceutical manufacturers were condemned today by the president of the Pharmacy Board, Dr Kosie van Zyl, for supplying dispensing doctors with medicines at much lower cost than they charge wholesale and retail chemists

Speaking at the annual general meeting of the Pharmaceutical Society of South Africa, Dr van Zyl said this type of trading could not be strongly enough condemned because it created suspicion, especially against the retail pharmacist

He wondered whether the practice was not perhaps a calculated attempt to destroy retail pharmacy in favour of dispensing doctors

PRICE UNIFORMITY

He welcomed the formation of a committee by the executives of the South African Medical and Dental Council and the Pharmacy Board to give urgent attention to the dispensing doctors and to what extent dispensing by them is affecting retail pharmacies

Dr van Zyl said that the Pharmaceutical and Chemical Manufacturers Association (PCMA) has levied R3 000 from members in order to test in court the validity of the rule relating to generic substitutes

He announced the formation of a permanent committee consisting of three members each of the Medical Council and the Pharmacy Board which will meet for the first time on May 20 to consider the question of dispensing doctors

The Medical Council will be represented by Colonel N J Niewoudt, Dr John van der Rit and Dr A le Roux Board representatives are Mr Graham Clarke, Mr Carl Schnell and Mr André Sonnekus

Pharmacists: Let us supply the Pill

Star 10/5/85
183
Pretoria Correspondent

Pharmacists yesterday called for the right to distribute oral birth control without prescription.

A motion to this effect was passed unanimously at the 40th annual general meeting of the Pharmaceutical Society of South Africa.

The Family Planning Association estimated that 200 000 illegal abortions were performed in South Africa each year, said Boland pharmacist Mrs Karen Hirsch who proposed the motion.

Furthermore 500 000 unwanted babies were born in South Africa each year and the Government

had expressed concern about the population explosion.

The South African population, now 28,4 million, increased annually by 2,3 percent; by the year 2040 it was estimated there would be a population of 180 million.

Water resources could accommodate 80 million

Said Mrs Hirsch "The pharmacist is well placed to provide an efficient and professional service in the supply of oral contraceptives to the public."

At the moment a patient had to go to a doctor, clinic or family planning centre which was not always convenient

Sowetan 10/5/85

400 sacked: Cusas make plea to Luyt

THE Council of Unions of South Africa has expressed solidarity and called on local trade unions to support the struggle of more than 400 workers sacked by a fertiliser company, Triomf, owned by millionaire Mr Louis Luyt.

In a new development Cusa-affiliate the South African Chemical Workers Union (Sacwu) representing the workers, yesterday sent an urgent telex message demanding to meet Mr Luyt in an attempt to resolve the matter

Triomf's public relations officer yesterday confirmed that they had received the message

The parties will meet on May 20

The federation was considering exploring various means, including calling for international support, to pressurise the company to reinstate the workers who have been unemployed for almost a year now, according to Cusa's general secretary Mr Phiroshaw Camay

He said the federation and its affiliates have agreed to continue to support the workers and call on especially the Fosatu-affiliate Chemical Industrial Workers Union (CIWU) to obtain support of the Triomf workers at Richards Bay

The workers were dismissed after they had refused to respond to an ultimatum that they should return to work following a gathering at the plant in Potchefstroom on April 12 last year.

Colleagues arrested

Some of their colleagues were arrested by police who arrived at the scene the following day and charged with intimidation, but the charges were later withdrawn by a magistrate, the federation said.

Efforts made by the union and its lawyers to resolve the dispute were not fruitful when the company said it could only take back 300 of the 463 workers. The offer was refused by the union representing them — South African Chemical Workers Union — on grounds that they wanted all to be reinstated

Various other meetings between the parties took place in an attempt to have the workers reinstated, but the company has since employed new workers on contract basis. Most of the dismissed workers were also contract workers

He said support has already been obtained from the Commercial Catering and Allied Workers Union and the Railway and Harbours Workers Union to explore ways to "boycott" Triomf products.

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Pratley expects export earnings from new glue

Star 13/5/85
183
Finance Reporter

EXPORT earnings both from sales abroad and probable licences are expected from a new glue devised by Pratley Manufacturing and Engineering.

Managing director, Mr K G M Pratley, said that the new glue — reactively accelerated blocked diisocyanate alloy (Rabda) — was the sixth adhesive and was totally different from all others

It has high strength and flexibility, a combination of qualities that other adhesives do not possess. Recently, its qualities were demonstrated when Mr Pratley stood under a bulldozer which was being lifted over him

The adhesive is geared for the domestic market and differs from industrial products which can be made with specific uses in mind

Test run

Pratley's give their products a test run among their workers who are asked to see what the practical uses are. The new glue — Wondafix — was used for two years by Pratley workers

Mr Pratley said the list of uses was considerable. He had used it to repair running shoes, the inside linings of refrigerators and the underwater parts of swimming-pool cleaning equipment

The adhesive could be moulded to provide 'feet' for ornaments, and would stick plastic objects like beach balls which previously had to be discarded because they could not be fixed

Plastics

One practical use was for book spines. Plastics were something of a problem, which could be overcome by cleaning the surface or roughing it with sandpaper

Mr Pratley said that they had worked to provide an adhesive which would give the user 'the minimum probability of failure'

Exemption

NIM 15/5/83

rejected

PRETORIA — The Government has rejected a proposal by doctors to exempt prescribed medicine from GST, a spokesman for the Medical Association of South Africa said yesterday.

Masa chairman, Dr R D le Roex, here for the body's annual meeting, said the rejection came from Deputy Minister of Finance Kent Durr.

Dr le Roex said Masa approached the Government last year with a request to eliminate GST on prescribed medicines.

'We regret to say the State does not see its way clear to accede to our proposals,' he said —
(Sapa)

NM 16/5/85

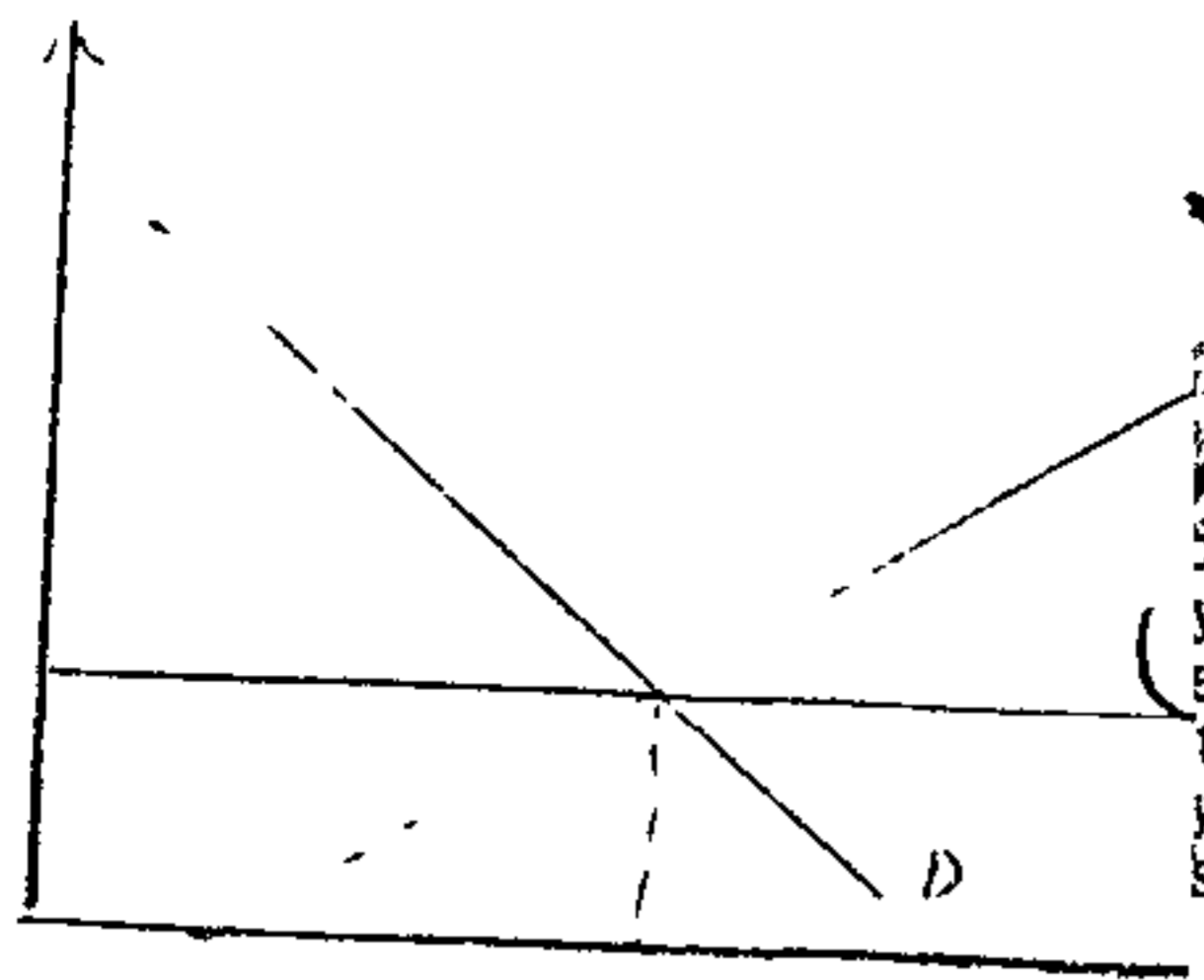
Triomf ~~183~~ expects 50pc staff cut 183

JOHANNESBURG
Triomf Fertilizer said yesterday that a 50 percent reduction of personnel is expected following a decision that the Richards Bay factory will in the 'foreseeable future' be operating at only 50 percent capacity

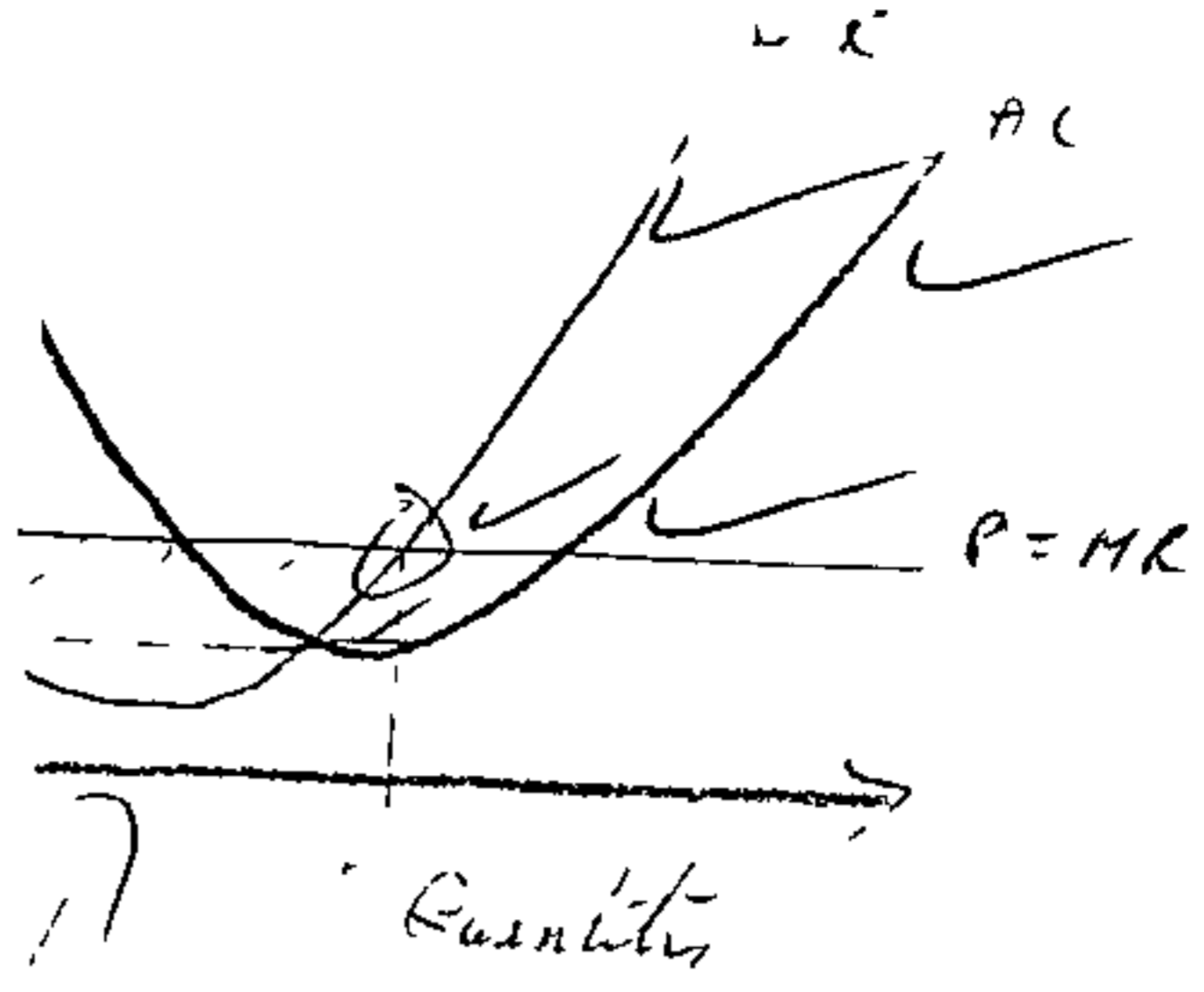
In a statement, Triomf said the step 'was necessitated due to the present economic climate as well as reduced demand for and price of export products'

However, supplies of fertiliser to the South African farmer would not be affected and all supply contracts, both local and overseas, would be executed

The statement said 'These actions will result in considerable savings to the advantage of the company' — (Sapa)



Output



[Handwritten notes and scribbles]

[Handwritten notes and scribbles]

[Handwritten notes and scribbles]

AECI

183
 FM 17/5/85
Light blue chip

Activities: Manufactures chemicals, explosives, fertilisers, paints, plastics and synthetic fibres

Control: Afex Holdings has 55,4% and is jointly controlled by Amic and ICI (UK)

Chairman: G W H Relly

Managing Director: D N Marvin

Capital structure: 154,7m ords of R1,3m 55% cum prefs of R2

Market capitalisation: R1,24 billion

Financial: December 31

	'81	'82	'83	'84
Debt				
Short-term (Rm)	43,1	41,3	64,9	124,0
Long-term (Rm)	153,8	366,0	350,1	422,0
Debt equity ratio	0,30	0,57	0,55	0,66
Shareholders interest	0,54	0,49	0,49	0,46
Int & leasing cover	19,3	11,0	5,0	3,3
Debt cover	1,2	0,65	0,58	0,45
Performance				
Return on cap (%)	20,8	16,2	15,0	12,3
Turnover (Rbln)	1,47	1,55	1,62	2,02
Pre-int profit (Rm)	257,8	236,7	228,5	222,1
Pre-int margin (%)	17,6	15,3	13,9	11,0
Taxed profit (Rm)	157	137	128	112
Earnings (c)	102,4	89,2	82,6	72,4
Dividends (c)	55	55	55	55
Net worth (c)	416	450	526	517

Down at the stock market, the latest definition of a blue chip company is one which has managed to maintain dividends for the past four years. In this vein, AECI still falls under the category — though it has taken on a distinctly paler tinge as returns on capital have slipped below the inflation rate, net worth has declined over the past year, and dividend cover has fallen to a slim 1,3 times. Results for the past two years are not strictly comparable because of acquisitions, and because of the breakup of the arrangements with Triomf in the fertiliser market. Likewise, the real damage to the bottom-line and to the balance sheet arose not out of trading, but out of one of those huge foreign exchange losses which plagued smokestack South Africa last year.

Net worth declines

The loss arose on the company's \$100m facility, which has been subsequently rescheduled. The total book loss on the loan last year was R77m, of which R20m has been knocked off the income statement, and the remainder, net of tax, has been deducted from non-distributable reserves. As a result, net worth declined from 526c to 517c a share.

The past year's trading performance saw the explosives and agricultural chemicals division pick up ground as a proportionate contributor to trading income — reflecting both the reorganisation of the fertiliser in-

dustry and relatively powerful demand from the mining sector for explosives and other chemicals.

The Other Trading division also became more important to the group, again reflecting the retail arm of AECI's revitalised Kynoch fertiliser operations. Margins in all divisions, except explosives, were squeezed, as was return on assets.

From an overall trading point of view, local volume sales rose 8% — suggesting an improvement of around 20% in sales of existing operations — that is, the original AECI components before the acquisition of the outstanding stake in Coalplex and the rearrangement with Triomf. The acquisition and restructuring added a net R158m to turnover and exports chipped in a further R173m.

Balance sheet

The other side of the foreign exchange coin, of course, is the direct damage which it causes to the balance sheet ratios. Borrowings increased by R84m solely because of the depreciation of the rand and the debt equity ratio rose from 0,55 to 0,66. The impact over the longer-term will be on interest payments at restated rand levels, and the annual report reflects that there will be a peak in rand-terms interest repayments in 1986 and 1987.

Capital expenditure for the current year is quite understandably limited by the poorer

financial condition of the company and will be concentrated essentially on the development of decentralised explosives manufacturing plants near the mining areas — a move designed to counter, at least in part, the entry of Sasol into the explosives market.

Looking ahead, quite clearly the group's return on assets will remain under severe pressure as long as volumes from the major plants remain at low levels. Consequently, the income statements at the end of 1985 are unlikely to reflect any significant change at the trading profit level.

The explosives division, though still benefiting from good conditions in the mining industry, faces increasing competition from Sasol and market talk has it that AECI is already feeling the cold wind of competition. Sasol's presence in fertilisers is not perceived as being as damaging to AECI as its pending entry into explosives, but it will nevertheless take up valuable capacity at a time when Kynoch is trying to establish itself in a very quiet market. Here, the market says, it is Kynoch which is buying its way aggressively into the market.

The Polymer Convertor Holdings division is comprised largely of plastics convertors with an end market in consumer products, including cars and footwear. Certainly, no major boost may be expected from this operation until next year, and, in the face of imported competition for a number of its products, it will be hard pushed to maintain its proportionate contribution to group profits.

In Other Trading, SA Nylon Spinners (Sans) saw a sharp fall-off in profits last year and faces further pressure this year arising out of the high cost of imported inputs. The division generally sells its product on a seasonal basis to the textile manufacturers, and is largely unable to adjust selling prices to cope with rising cost structures. However, it's possible that Sans could make a relatively early come-back.

From a longer-term point of view, chairman Gavin Relly refers to investigations into the feasibility of a new oil-from-coal plant, which are currently under way. It appears that the project, if it comes to fruition, would be aimed at supplying around 10% of SA's annual fuel requirements, compared with Sasol's apparent intended output of around 40%. Such a project could clearly not be funded by AECI alone, and would probably be set up as a joint venture with an oil company and with a coal mine operator — presumably Amcoal.

Relly says AECI remains well placed to benefit from an economic upturn. "Many plants have surplus capacity and the efforts

DATES TO REMEMBER

Last day to register for dividends:

Friday May 24: Afcol 12,5c; Amrel 4c, Falcon §89,74c, J Orr Hld 9c, Malbak 11c; Metair 30c; Ocfish 25c; OK 27c, PP Cement 14c; Protea 4c, Rentbel 6c, Reunert 10c; RM Prop 17c, Score 5,5c; Seaswa *23,01c; Suthsun 18c; TC Lands 85c; Utico 18c, Walhold 28,2c; Waltons 14c.

Meetings:

Monday May 20: Tarry

Tuesday May 21: Prosure (Ord & S) (Cape Town).

Wednesday May 22: Frebank.

Thursday May 23: Sappi; Simmers (Germiston).

Friday May 24: Aurochs, Autolec; Cap-Auto; De Beers (Kimberley); Kanhym, Wm Hunt.

All meetings are in Johannesburg unless otherwise stated.

§ = Dividend paid into blocked account.

* = Net after non-resident tax.

S = Special meeting.

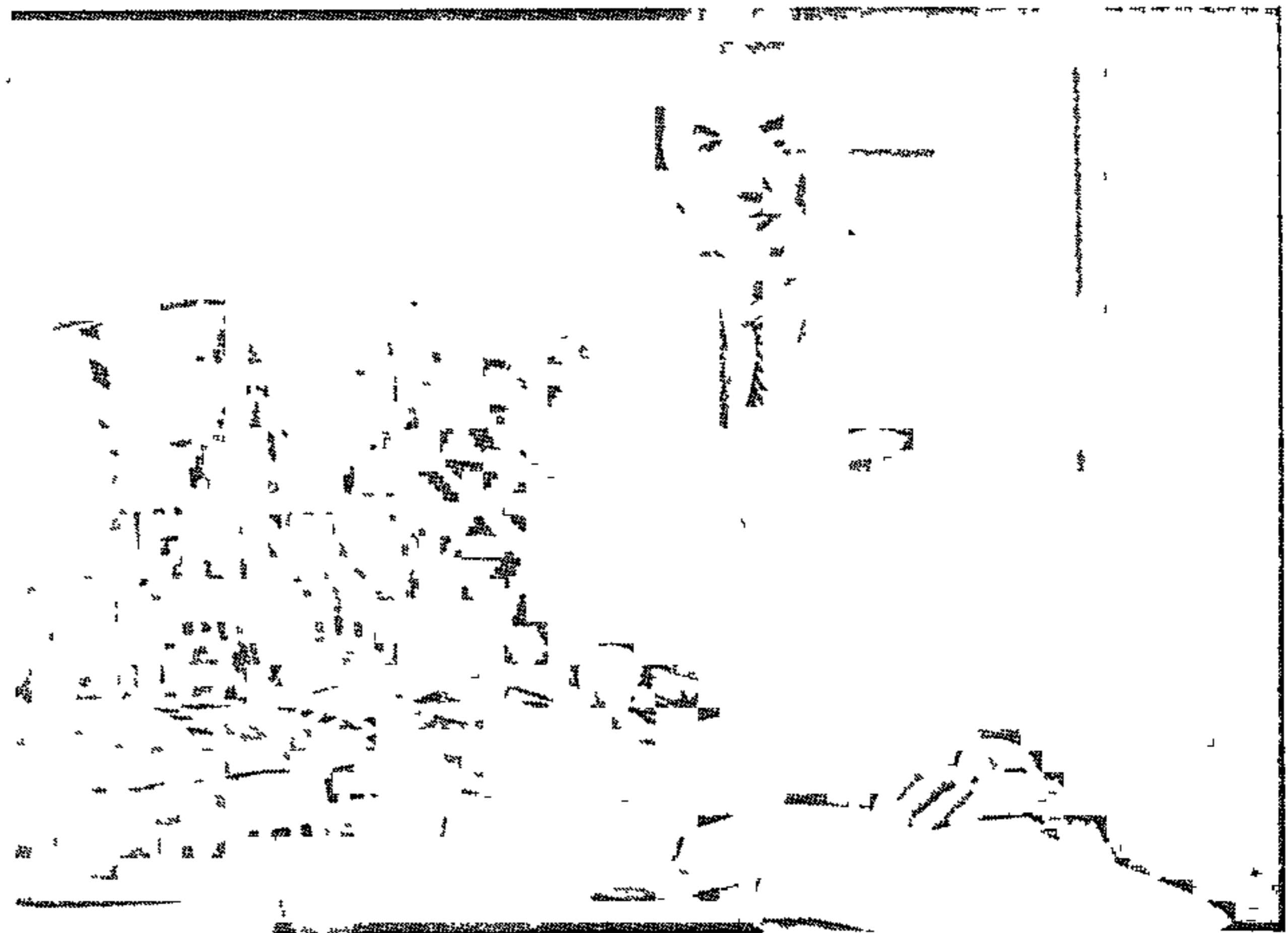
(183) (188) FM 17/5/85

over the past few years to streamline operations and improve efficiencies should all bear fruit once the business cycle turns" This prompted the maintained dividend, despite the lower cover and uncertain short-term outlook

In cyclical terms, AECl's bottom line looks best when high volumes are going through its highly capital-intensive plants. On the other hand, the punishment of foreign exchange losses may be slightly alleviated this year. As a result, though trading activity will be looking fairly awful for the best part of the year, it is probable that the company will improve earnings slightly. There is no chance of an improved dividend.

At 800c, the share offers a prospective yield of 6.9% which is reasonably attractive for the sector. Under current bullish stock market conditions, the share may be expected to move slowly ahead. However, there is a powerful technical lid on the price at around 1 000c which should provide plenty of resistance until the bottom line really justifies a firm move ahead — probably during the course of next year.

Andrew McNulty



AECl's Rolly ... still investigating oil-from-coal

RESULTS AND DIVIDENDS

		Pre-tax profit Rm		Percentage change	Earned cents per share		Paid cents per share		Sector	Dividends		
		1983	1984		1983	1984	1983	1984		Amount cents	Register by	Payable about
AT Coll	I	2,6	2,6	—	151	151	152	##	Coal	—	—	—
CNAGALLO	P	23,9	24,0	+0,4	38	40	16	16	Stores	†12,00	14 6 85	10 7 85
Com Fund	D	—	—	—	—	—	40	42	Inv Trust	†26,00	21 6 85	24 7 85
Edgars	P	32,9	37,4	+14	890	940	500	515	Stores	†350,00	7 6 85	5 7 85
Falcon	D	—	—	—	—	—	110,52	▲126,73	Rand & Other	▲†89,74	24 5 85	8 7 85
Malbak	I	▼	*18,4	—	▼	*44	▼	*11	Ind Hold	*11,00	24 5 85	7 6 85
Metair	D	—	—	—	—	—	30	25	Motor	‡30,00	24 5 85	7 6 85
Porthold	I	\$2,0	\$0,5	-75	\$6	L	‡1,34	#	Building	—	—	—
Protea	I	▼	*7,3	—	▼	*13	▼	*4	Ind Hold	*4,00	24 5 85	7 6 85
Reunert	I	15,5	7,9	+96	37	19	17	10	Electronics	*10,00	24 5 85	6 7 85
Sable	I	2,1	L	—	17	L	—	—	Property	—	—	—
SA Brews	P	289,3	222,2	-23	79	80	36	36	Beverages	†26,00	30 5 85	5 7 85
Suthsun	P	16,0	15,5	-3	56	56	40	32	Beverages	†18,00	24 5 85	5 7 85
Utico	D	—	—	—	—	—	30	28	Tobacco	†18,00	24 5 85	21 6 85
Walhold	D	0,7	1,3	+143	103	115	22	40	Stores	†28,20	24 5 85	21 6 85
Waltons	P	8,6	12,7	+4,8	52	58	16,37	20	Stores	†14,00	24 5 85	21 6 85
Zaarplats	D	—	—	—	—	—	27,5	#	Tin	—	—	—

I = Interim ## = Dividend not yet declared P = Preliminary † = Final D = Dividend ▼ = No comparison ▲ = Dividend paid into blocked account
 * = 11 months ‡ = Annual * = Interim dividend \$ = Zimbabwean Dollar L = Loss † = Final # = Dividend passed ‡ = Non-resident tax

ISSUES

COMPANY AND TERMS	Last day to register	NIL PAID LETTERS				FULLY PAID LETTERS OF ALLOTMENT				PRICES OF LETTERS					
		Listing begins	Issued	Listing closes	Last day for splits	Date offer closes	Listing begins	Issued	Listing closes	Last day for splits	Shares listed	Shares issued	Take up price	Price May 6	Price May 13
STANBIC — Rights issue 20 preferred ord shares for every 100 ord or fixed rate dividend (78c per share) Conv Red Cum Pref shares held at 1 200c per preferred ord share	10 5 85	13 5 85	17 5 85	5 6 85	6 6 85	7 6 85					19 6 85	6 6 85			

FOREIGN BOURSES

	May 15 1984	May 6 1985	May 13 1985		May 15 1984	May 6 1985	May 13 1985
Commerzbank (Frankfurt)	1004	1236	1251	UK Industrials (FT)	878,0	989,9	1016,9
Dow Jones Index (New York)	1151	1248	1278	UK Government Securities	79,7	81,1	80,6
New Stock Exchange Index (Tokyo)	831	973	981	UK Actuaries 750 shares	515,4	630,9	639,8
Swiss Bank Corp Index (Zurich)	337	426	433				

(183) S. Times
**Brazil dumps Triomf
in the cart** 19/5/85

Business Times Reporter
AS Brazil has run out of foreign currency and cannot pay for its fertiliser imports from South Africa, Triomf has reduced its Richards Bay production to 50% of capacity

It will fire 500 employees, half the Richards Bay work force

A Triomf spokesman says world demand for phosphoric acid has dried up, and the company has no alternative but to reduce production

World prices are weak, and Triomf has been unable to find new export markets

Brazil is using low-grade fertiliser which it manufactures

The managing director of Fedmis, Andre Terreblanche, says his company is also suffering from the collapse of demand from Brazil

Fedmis laid off about 700 people two years ago and since then there has been normal erosion of the work force Mr Terreblanche has no immediate plans to lay off workers

He expects the world market to remain flat for some time

Triomf's Richards Bay plant is geared for exports It is profitable when running at 50% of capacity

Triomf's Potchefstroom plant is not affected

Sasol victims discharged

Sowela
23/5/85

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TWO of the victims who sustained injuries when Sasol fuel storage depot in Pretoria West was gutted by fire leaving three people dead, have been discharged from the Kalafong Hospital.

Mr Ismael Lephuting and Mr Paulos Ketsise, both from Thokoza in Alberton and security guards at the depot were treated and discharged late on Tuesday afternoon, a spokesman for the Kalafong Hospital near Attendgeville said yesterday. Both men suffered 10 percent burns in the head, neck and hands, the spokesman said.

Another victim, Mr David Nkete from Denilton who sustained 50 percent burns, is still in a critical condition in the hospital's intensive care.

Lt H J Beck of the Police Public Relations Directorate in Pretoria ruled out sabotage and said the fire was started by fuel overflowing from the petrol tank and ignited by fire from the adjacent property.

Damage caused by the raging fire has been estimated at R1,5-million. Petrol deliveries however had not been affected by the fire, a spokesman for Sasol said.

Sorry plight of sacked workers

By JOSHUA RABOROKO

FOR almost a year now the prospects for over 900 sacked workers previously employed by Illman Plastics in Johannesburg of regaining their jobs have been bleak

The workers have been gathering at their trade union offices, praying to get their jobs, consoling each other by chanting songs and even playing games. But luck has never struck.

The workers joined the Fosatu-affiliate Metal and Allied Workers Union with the hope that their rights — a demand for higher pay and better working conditions — would be met by management.

Problems started in May last year when they demanded that management should deduct money from their pay in order to pay subscription fees to the union. It refused and started victimising workers.

Several attempts by The SOWETAN to get a response from the company's personnel manager, a Mr Surshud, have drawn a blank. He was either said to be in meetings or not answering his phone. Messages were never returned.

However, a spokesman for Mawu said they experienced a lot of difficulties in the case because they were not recognised by the company which was "always stubborn".

A spokesman said the issue was in the hands of their lawyers who would take legal action soon.

Chief shop steward Mr Billy Makgobutlana, says five colleagues were dismissed because of their involvement in union matters.

"We approached management, voiced our dissatisfaction about the dismissal of the workers. Management was stubborn and insisted that the workers sacking was justified.

"The workers became angry and downed tools in protest over the firing of their colleagues. Management did not want to listen, but fired the entire workforce.

"We have tried several avenues in a bid to get our jobs back and the union even threatened to take legal action, but in vain. The union has also left us in the cold," he charged.



PART of the sacked workers of Illman Plastics . . They pray, sing

When the Metal and Allied Workers Union failed in its attempts to fight for the reinstatement of the workers, they left it quite disgruntled, and sought help from the Council of Unions of South Africa (Cusa).

Since then, Mr Makgobutlana adds, the workers, who have been left unemployed for several months, have been gathering at the union offices waiting for the outcome of a battle for reinstatement.

Some of the workers have gone back and were re-employed selectively, but the majority are still out depressed, frustrated and without money to keep their home fires burning, Mr Makgobutlana said.

"They are elderly people who have children, families, rent to pay and other things to look after. We are desperate for jobs or to be reinstated," he says.

Another worker, Mr Mphenduli Dumakude, says "I have not been able to pay my house rent. I have been threatened with eviction by the authorities. What is worse I have children who go to school. They are miserable and we live desperately in need of food daily.

However, he continued "I managed to get a part-time job with a company in the city, but the money is not enough."

Most employers have indicated that there are reeling under rising inflation recession and GST, and as such cannot employ more people in their workplaces, another worker, Mr Thulani Dladla said.

Ms Cleopas Zamisa says it has almost become impossible for her to support her aged parents. She has not had wages for close to a year now, and "I have also not been lucky to strike a job since I was dismissed.

"We feel the union still has to battle hard to secure us our jobs, although we are told the company has already employed other people. They informed us they will advise us if there are vacancies.

She asserted that the management was still anti-union because workers have been asked if they still belonged to the Mawu.

Ingham said

Petrol price

'could be cut by 5 c' 1983
NM 25/5/85

THE Government could afford to cut the fuel price by at least 5 c a litre with immediate effect, Mr Roger Hulley (PFP Constantia) said in the mineral and energy affairs budget vote

He said the massive increase in the price of petrol announced in January this year had been because of the poor dollar/rand exchange rate

The exchange rate and the landed price per barrel of fuel had improved since then and if South Africa had taken advantage of these factors a saving of about 5 c a litre must have been effected

Mr Hulley said the Minister of Mineral and Energy Affairs, Mr Danie Steyn, had said in a statement in April that in spite of reduced costs, the Government was not prepared to pass on any saving to the public

'What the minister's statement did not refer to is that the Government's receipts from GST on fuel sales have increased dramatically in terms of the new price

'Under the new price and as a result of the increase in GST to 12 percent, I estimate that the Government's total annual receipts will rocket to more than R500 million a year from GST on fuel'

Mr Hulley said this massive increase was accruing to the Government at the expense of the consumer. The extra GST revenue and the lower landed cost of crude oil should be applied towards reducing the fuel price

'I believe the Government could afford to reduce the fuel price by at least 5 c a litre with immediate effect,' he said — (Sapa)

Surprising arrest

Anthony Eden months before the Suez crisis day
of state at the his resignation had been horrible
Prime Minister he was dining had shouted 'you have sent

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2 000 down tools

MORE than 2 000 workers were yesterday reported to have downed tools at seven factories in the Transvaal, Natal and Cape over wages, dismissal of colleagues and working conditions.

Trade unions, industrial relations consultants and labour lawyers have predicted more labour unrest in the country as the metal and mine industries have deadlocked with management for the same reasons.

About 300 workers at Tedelex Electrical Company in Booysens, Johannesburg, went on strike yesterday after making pay demands and other working conditions.

Tedelex's spokesman Mr Sydney Cowen confirmed the strike was over pay. The company could not, because of the current economic climate, meet the workers' demands. "We had a disastrous year last year and we cannot cope," he said. The company was negotiating with the workers' representatives.

The workforce at Bret company in Benoni, recently sold to Dorbyl by Barlow Rand, yesterday downed tools and travelled in three buses to Barlow's headquarters in Sandton, where they presented their grievances.

The workers' — members of the Metal and Allied Workers' Union (Mawu) — grievances include severance pay, pension fund, working conditions and other benefits. The workers claim since the company was bought by Dorbyl, the situation has changed and they were not happy.

Barlow's public affairs manager Mr R Chambers confirmed the incident. He said the workers had presented their grievances and they were prepared to discuss them with the new management. There were no "bad incidents" and the workers later left the scene in three buses.

More than 1 500 workers have stayed on strike at five plants of Corobrck in the Western Cape and Natal. There have been several incidents of victimisation and intimidation reported at the plants, according to union sources.

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28/5/85

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Industry faces row with unions

SOUTH Africa's metal industries are faced with industrial action following a deadlock between employers and trade unions over pay increases covering over 370 000 employees.

The unions representing the workers are to meet today to decide what steps to take after their dispute with the

Steel Engineering Industries' Federation of South Africa (Serfsa) — the metal industries industrial council (IC)

The four International Metalworkers Federation unions in South Africa — the SA Boilermakers' Society, the Metal and Allied Workers' Union, the Engineering Industrial

Workers' Union and the Steel Engineering and Allied Workers' Union — have rejected Serfsa's wage offer

Serfsa offered a 17c or 8 percent increase on the minimum rates, a guaranteed 24c for arti-

sans and 14c for unskilled workers
IMF's spokesman Mr Brian Fredericks has charged that there was no way in which the IMF could accept Serfsa's offer which fell well below the standard of living

Petrol war could mean loss of 40 000 jobs

NM 29/5/85
PORT ELIZABETH— Petrol companies did not want a price war as it would ultimately lead to monopolies and the possible loss of 40 000 petrol attendants' jobs, the Director-General of Mineral and Energy Affairs, Dr Louw Alberts, said yesterday

He was delivering the keynote address at the Sectoral Motor Congress and said oil companies had put it to him directly that they did not want market-related price competition in South Africa

'Refineries are operating at approximately 60 percent of capacity and a price war can easily be triggered which will leave only one or two strong survivors,' he said

'In addition, such competition will lead to cost-cutting efforts such as automatic self-service which, in turn, will threaten 40 000 petrol attendants with unemployment — something this country can least afford'

A further development would be the elimination of small garagemen faced with the competition between filling stations coupled to other large undertakings such as chain stores. This would create further undesirable results

Petrol would also become particularly expensive in remote areas

The Motor Industries Federation's report on

conditions in Europe also recommended that the status quo be maintained. 'The problems in certain European countries where petrol is sold without any controls, are legion,' he said

The reasons he had given could be rejected but he hoped they were convincing enough to indicate that before one spoke too readily of State interference in the petrol industry, the well-meant reasons for such interference needed to be considered

'The Department of Mineral and Energy Affairs derives no pleasure from unnecessary control and officialdom

'Should certainty be achieved that the private sector's profit motive is coupled to a social conscience so as to serve the entire South African society — which after all, ranges from third to first world culture — fairly and efficiently, then control can be removed with pleasure, Dr Alberts said

He believed this was the ideal to strive for — (Sapa)

No hope of early petrol price cuts

(Gill) Mercury Reporter *(183)*

THERE were no immediate prospects of a reduction in the price of petrol, according to a Government spokesman

NM 6/6/85-
This was in spite of speculation at the time of the huge 44 percent hike in February that the price might be reduced towards the middle of the year if the rand-dollar exchange rate improved

The Minister of Mineral and Energy Affairs, Mr Danie Steyn, had undertaken to adjust the price of petrol regularly — but there was 'no new factor' which could lead to a price drop soon, said the department's Press spokesman, Mr Theuns Burger

'Some people say the exchange rate has improved 10 percent since February, so why can't the price go down 10 percent? But it's not as simple as that,' he said

Although the landed cost of petrol, thanks to falling world prices, was 'quite favourable', the poor rand-dollar exchange rate had negated this, he said

Mr Burger said even after the February increase, there was still a substantial 'under-recovery — call it a subsidy if you will' — on all petroleum products. The Government was losing 4 c a litre on petrol

VB ~~183~~ (183) B. Day
AECI seeks strike interdict

SOUTH AFRICA's major manufacturer of explosives — African Explosives and Chemicals Industries — is seeking an interdict in the Rand Supreme Court to prevent nationwide "sympathy" strikes, allegedly organised by the South African Chemical Workers' Industrial Union, at four of its plants

The application by AECI and its subsidiary, AECI Chlor Alkali Plastics, which was brought against the SACWU and its national organiser, D M Samela, was postponed late yesterday afternoon until today

Strikes have allegedly been organised at Chlor's plants in Sasolburg (OFS) and Umbogintwini (Natal) and at AECI's factories at Modderfontein (East Rand) and Somerset West in sympathy with a strike which began at Chlor's Ballengeich factory in Newcastle on Monday

By LINDA ENSOR

6/6/85
An estimated 10 000 workers are potentially involved

AECI and Chlor are asking that the union's alleged organisation of the strikes be declared unlawful and that it be interdicted and restrained from organising the "sympathy" strikes at the four plants

On Monday about 600 workers at the Ballengeich factory went on strike for higher wages following stalemated Industrial Conciliation Board meetings

The union, according to a press statement issued by Chlor, had rejected Chlor's final offer, made at the last meeting on March 18, of a 9,5% increase on basic wages

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Dieldrin levels in Natal 'highest'

DURBAN — Fish in Durban Bay have such high levels of the deadly chemical dieldrin that they would not be deemed edible in the United States

Mussels and dolphins off Natal's coastline have some of the highest levels of the outlawed pesticide in the world

According to Dr John Mendelsohn, the curator of Durban's Natural History Museum, the dieldrin levels in the sea off the city are the highest in the province

Some of the highest levels in the world were in mussels found near the mouth of the Reunion Canal, where Shell had a factory manufacturing dieldrin

Natal, Dr Mendelsohn said, has by far the highest recorded dieldrin levels in the country — and some are among the world's highest. Charts on display at the museum showed that the dieldrin levels in Natal were consistently higher than elsewhere in South Africa

He said fish in Durban Bay had dieldrin levels so high they would not be regarded as edible in terms of the US Food and Drug Administration laws

Levels in dolphins caught off the Natal coast were among the highest in the world for the spe-

cies — and levels found in eagles were so high that they were several times the fatal dose

Dr Mendelsohn said dieldrin was still constantly entering the environment — even though the chemical had been banned since 1981

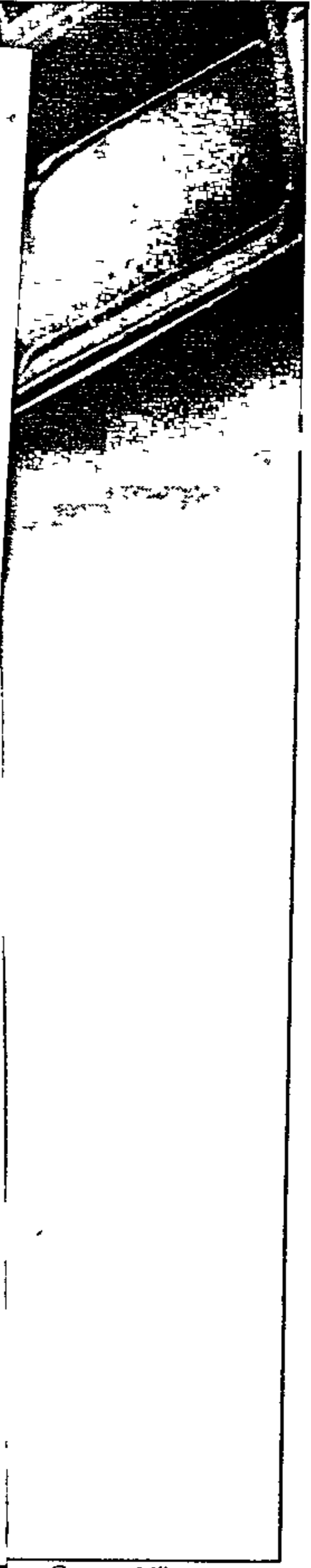
Mullet with levels of 400 parts per billion and grunter with levels of 600 parts per billion had been caught in Durban Bay Dr Mendelsohn said fish with levels of 400 parts per billion and above were regarded as inedible in the US

Mullet with 100 and 200 parts per billion had been recorded at the Umgeni and Umdloti river mouths

Significant dieldrin levels among mussels off the South African coast had been found only off Reunion, along the Bluff, and at Umgeni and Umdloti The levels found at Reunion were among the highest in the world

Probably the highest dieldrin levels ever found in a bird had been recorded in a black eagle found dead in Underberg in 1982, which had levels of 67 000 parts per billion

"It is staggeringly high," Dr Mendelsohn said "It is several times the fatal dose, which is about 4 000 to 10 000 parts per billion" — Sapa



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Strike hearing is postponed to today



By **JOSHUA RABOROKO**

AN urgent Supreme Court application yesterday by African Explosives and Chemical Industries to restrain the South African Chemical Workers' Union and its organiser from calling on a strike affecting over 10 000 workers at the company's four plants was postponed to today.

In papers before the court the com-

pany is asking for an order interdicting the union and its national organiser Mr D Samela from organising strikes at plants in the Orange Free State, Natal, Transvaal and the Cape Province

The plants are Midland near Sasolburg, Umbongintwini, Natal, Somerset West, Cape Prov-

ince and Modderfontein in the Transvaal. The total work-force at these plants is over 10 000.

The court action follows an "illegal strike" by some 600 workers employed by AECI at Ballengeich near Newcastle Natal where the workers have been on strike since Monday this week.

In the papers the company contends that the workers at the four plants were organising to take strike action following the "illegal strike" at Newcastle.

The matter before Mr Justice B O'Donovan was postponed to today. No evidence was led. The union has indicated it will "defend the" action.

Strikes loom at AECI plants

7/6/85
Labour Reporter

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STRIKES at three Cape factories in the AECI group appear imminent as the South African Chemical Workers' Union holds crucial ballots for sympathy strikes in support of wage demands at a Natal factory

The ballots follow a Rand Supreme Court ruling yesterday in favour of the union and against AECI

The union went to court to oppose an urgent application by AECI to have a strike of 600 workers at their Ballengeich plant near Newcastle declared illegal AECI also asked the court to issue an interdict on proposed

sympathy strikes at four other AECI plants

About 15 000 workers are expected to be involved nationally with about 1 000 at the three Cape plants — AECI Explosives and Chemicals, Kynoch and Vynide at Somerset West

The dispute between the union and AECI started in December last year during negotiations for 1985 wage increases, according to papers before the court

If the mass strike comes off it will cause extensive disruption at AECI's continuous plants Supplies of AECI products, including dynamite, will be affected

Supreme Court rules sympathy strikes OK

7/6/85 183

By LINDA ENSOR

A RAND Supreme Court judge established two precedents in labour law yesterday when he ruled sympathy strikes and the continuation of a legal strike following a conditional return to work were both lawful.

Mr Justice B O'Donovan dismissed with costs the urgent application which African Explosives and Chemicals Industries (AECI) brought against the SA Chemical Workers' Union (SACWU) and its national organiser, Daniel Samela.

He said — "not without hesitation" — that no illegal action, actual or threatening, had been disclosed. The reasons for his finding will be handed down at a later stage.

AECI and its wholly-owned subsidiary, AECI Chlor-Alkali Plastics, were granted leave to appeal.

They had applied for the strike at Chlor's Ballengeich factory in Newcastle to be declared unlawful, as well as the sympathy strikes being organised at Chlor's plants in Sasolburg (OFS) and Umbogintwini (Natal) and at AECI's factories in Modderfontein (East Rand) and Somerset West.

SACWU has been holding ballots at these factories to test worker opinion about a sympathy strike.

The strike of 500 workers at Ballengeich over wages for 1985 started on June 3. Negotiations broke down at a meeting of the Industrial Conciliation Board on March 18.

Chlor's offer of a R9,55 wage increase, which would have brought the minimum monthly wage to R373, was rejected by SACWU, which demanded a monthly, across-the-board increase of R100 as well as a leave bonus and standby allowance.

Chlor said it could not meet this demand because it had forecast a loss of R800 000 for 1984 for Ballengeich, and a R2,2m loss for 1985. The plant was threatened with closure, it said.

SACWU held a ballot and a legal strike took place from March 21 to 28, ending when Chlor issued an ultimatum that the strikers who did not return to work the next day faced dismissal.

SACWU claimed this constituted an unfair labour practice, adding that although the basic dispute remained unresolved, the workers, to protect their jobs, would return to work "pending legal advice on the matter."

The union, keeping its options open, refused to give an undertaking that there would be no further strikes and on June 3 the second strike began.

Roland Sutherland, representing AECI, argued that the second strike was unlawful as the Labour Relations Act did not provide for a strike to be suspended in order to be resumed at a later stage.

Tim Trollip, appearing for SACWU, argued that the second strike was legal.

The requirements for a legal strike, namely the establishment of a conciliation board and the holding of a ballot, had been satisfied.

Judge O'Donovan in effect ratified this unprecedented union tactic.

Regarding the sympathy strikes, Trollip argued that were lawful both because workers at other AECI plants shared the interests of the Ballengeich workers, and because the conciliation board already had jurisdiction over the wage dispute.

Sutherland was instructed by Weber Wentzel & Co and Trollip by Cheadle, Thompson and Haysom.

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SAMANCOR

Back to health

Activities: Chrome and manganese mining and production of ferro-alloys

Control: The largest shareholder is Gencor, with an effective interest of 50%

Chairman: S P Ellis

Managing Director: N C Officer

Capital structure. 146,6m ords of 40c each fully paid, and 268 000 ords of 4c each, 0,4c paid

Market Capitalisation: R102,7m

Financial: Year to February 20

	'82	'83	'84	'85
Debt				
Short-term (Rm)	58,7	55,4	87,8	108,5
Long-term (Rm)	30,9	43,8	46,8	54,1
Debt equity ratio	0,32	0,37	0,43	0,45
Shareholders interest	0,59	0,64	0,60	0,52
Int & leasing cover	4,5	2,6	0,97	7,0
Debt cover	0,53	0,30	0,36	0,83
Performance				
Return on cap (%)	12,6	8,1	2,3	19,8
Turnover (Rm)	318	293	351	533
Pre-int profit (Rm)	58,6	37,1	11,9	136,8
Pre-int margin (%)	17,3	11,5	3,4	25,7
Earnings (c)	28,7	9,9	7,8	66,4
Dividends (c)	10	5	5	37
Net worth (c)	202	195	187	277

After several torrid years, with earnings dipping perilously close to a loss in 1984, Samancor this year presented the best set of results in its 66-year history. Given the present profitability ratios — return on equity leaping from less than 1% to 29,2% and return on capital from 2,3% to 19,8%, and the dividend up from 5c to 37c — some shareholders may feel the recovery was worth waiting for.

That pace of growth cannot be repeated this year, however. Management has carried out a rationalisation programme at the mines and has generally tried to improve efficiencies where possible (FM April 26). No doubt this was a factor behind last year's earnings surge. But far and away the main reason was the higher level of activity in world steel plants and the rand.

The group, SA's largest integrated producer of ferro-metals, exports about 70% of its production and is highly geared both to the international steel business and the rand/dollar exchange rate. Both have swung sharply in Samancor's favour and profits should remain strong as long as production of carbon and stainless steel is reasonably robust and the rand is below, say, 65c.

In fact, chairman Steve Ellis says that the main income generating facilities should maintain their high rate of activity throughout this year and "income should continue to be generated at a rate generally higher than the average over the previous year." After allowing for escalating costs and higher taxes, profits should rise further this year.

At this stage, though, there is little in sight that will smooth out the severely cyclical pattern of earnings. The main profit determinants — demand, prices and exchange rates — are out of management's control.

Sales of manganese ore, moving off the floor, increased by 35% last year, but the business continues to be difficult because of worldwide overcapacity. A further, marginal increase in Western world crude steel pro-

duction is forecast for 1985, but Ellis says there is strong resistance to price increases. Stainless steel production is expected to fall slightly this year, militating against further increases in prices of ferrochrome.

There have been recent moves to expand the asset base, particularly through the acquisition of Gencor's chrome mines, and now there is the prospect that Union Carbide could be persuaded to sell its 49% stake in

DATES TO REMEMBER

Last day to register for dividends:

Friday Jun 14: CNA-Gallo 12c, Elcentre 1c, Hortors 5,5c, Hortrio 7c; ICS 10c, Peppro 21,5c, Pepkor 45,5c; Vierfontein 7c

Meetings:

Monday Jun 10: Messina (Ord & S)

Wednesday Jun 12: Amaprop, Un Steel (2 S) (Bedfordview), Wankie (Harare)

All meetings are in Johannesburg unless otherwise stated.

S = Special meeting

Tubatse ferrochrome plant. Gencor has 51% of this plant, which has been managed by Samancor since April.

However, none of this amounts to a move into new businesses and new markets. For this, something more adventurous will be needed, such as, say, the acquisition of the State-owned Foskor, which must be a candidate for privatisation sooner or later.

Since publication of the year-end results, the share has climbed from 595c to 685c, where it yields a still attractive 5,4%. Those investors who prefer not to take a view on longer-term prospects may do well to watch for selling opportunities later this year.

Andrew McNulty



Samancor's Ellis ... profits should rise further

MESSINA

Messy situation

Activities: Operates automotive pressing and castings and other automotive parts manufacturers. Owns and operates copper, coal and diamond mines. Sanlam intends purchasing its passenger car (Nissan) and heavy duty vehicle (Magnis) operations during the current year.

Control: Sanlam is the ultimate controlling shareholder.

Chairman: I Mackenzie

Managing Director: R P Whitfield

Capital structure: 11,4m ords of 50c, 740 000 conv, red, non-cum part prefs of 50c

SOWETAN, Friday, Uluhe 7, 1985

Workers Win Strike Hearing

A RAND Supreme Court judge yesterday dismissed an application by the African Explosives and Chemical Industries to restrain the workers and their union from going on strike.

Mr Justice B O'Donovan said he would have reasons later why he ruled that the company could not stop the South African chemical

Workers' Union and its national organiser, Mr D Samela, from continuing with the strike.

The company has been granted leave to appeal and Mr Ronald Sutherland, for the plaintiff, indicated that they will appeal against

the ruling.

The judgment, which will set a precedent to most emerging black unions, is a sequel to a strike by some 6 000 workers at Ballegeich, near Newcastle, Natal, since Monday this week. The workers are still on strike at the moment.

By JOSHUA RABOROKO

Following the Newcastle strike four other AECI plants in the Transvaal, Eastern Cape, Orange Free State and Durban, held strike ballots this week with the aim to go on a "sympathy strike" with their colleagues. It was on these grounds that the company applied for the order.

In papers before the

court the company contended that the strike at Newcastle was unlawful by reason of the failure of the employees or the union to observe provisions of the Labour Regulations Act. They argued that the sympathy strike at other plants was also going to be unlawful.

The union also maintained that its members

at Midland (Sasolburg), Modderfontein (Transvaal), Somerset West (Cape) and Ubongwini (Durban) were in the process of taking strike ballots to determine whether they too should go on strike in support of the Newcastle's employees.

In an interview with The SOWETAN a jubilant Mr Michael Tso-

tetsi, the union's general secretary, said the workers demanded that the wages of their colleagues at Newcastle be brought in line with those of the associated companies. He said "I hope this case will set a precedent to other unions who intend taking collective industrial action against the bosses".

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June 1985

HASHING HARMONY

For decades, South Africa's Industrial Councils were cosy clubs where managers and white trade unionists made the rules for their industries. Then along came Fanie Botha and Nic Wiehahn and the next thing anyone knew there were real black unions there too and the dust was flying so fast you could hardly see the leather armchairs anymore. How have the Councils coped with the new demands? Not especially well, says personnel consultant MIKE ALFRED, who sets out a case history of the failure of one typical Council to grasp the opportunity for constructive co-operation.



THE Industrial Council for the Transvaal Chemical Industry is in danger of coming apart at the seams. Under the combined onslaught of employers and unions, this body, offering so much potential for mature industrial relations, may not be operating twelve months from now. Cessation would be a triumph for some, a tragedy for others.

Who are the players in this drama? On the one side, an employers' association rent with dissension, on the other, two trade unions, one stating flatly that it will use the Council just so long as it can continue to wring concessions from employers. The other is more moderate but carries little weight.

Many employers cry that the Council concept contradicts the ethos of free enterprise. Because the employers association covers the chemical industry so broadly, several sub groups (paints, pharmaceuticals) believe they can handle their affairs more effectively with smaller and more parochial organisations.

Among the eighty-odd employer members, the small, owner-run companies accuse the large companies like AECI and Sentrachem of affecting competitiveness in

the industry by paying high wages. These wages then become a "benchmark" for bargaining in the Council. Whilst undoubtedly factual, this argument could well be questioned, as small companies are often more productive than large, and few businesses fail to budget for and pass the costs of a higher wage bargain to the customers as a price increase. Of course, if a company maintains its competitive edge in the market by wage exploitation that's another issue. If that is the case, it's only a matter of time before that company's employees invite a union to represent them.

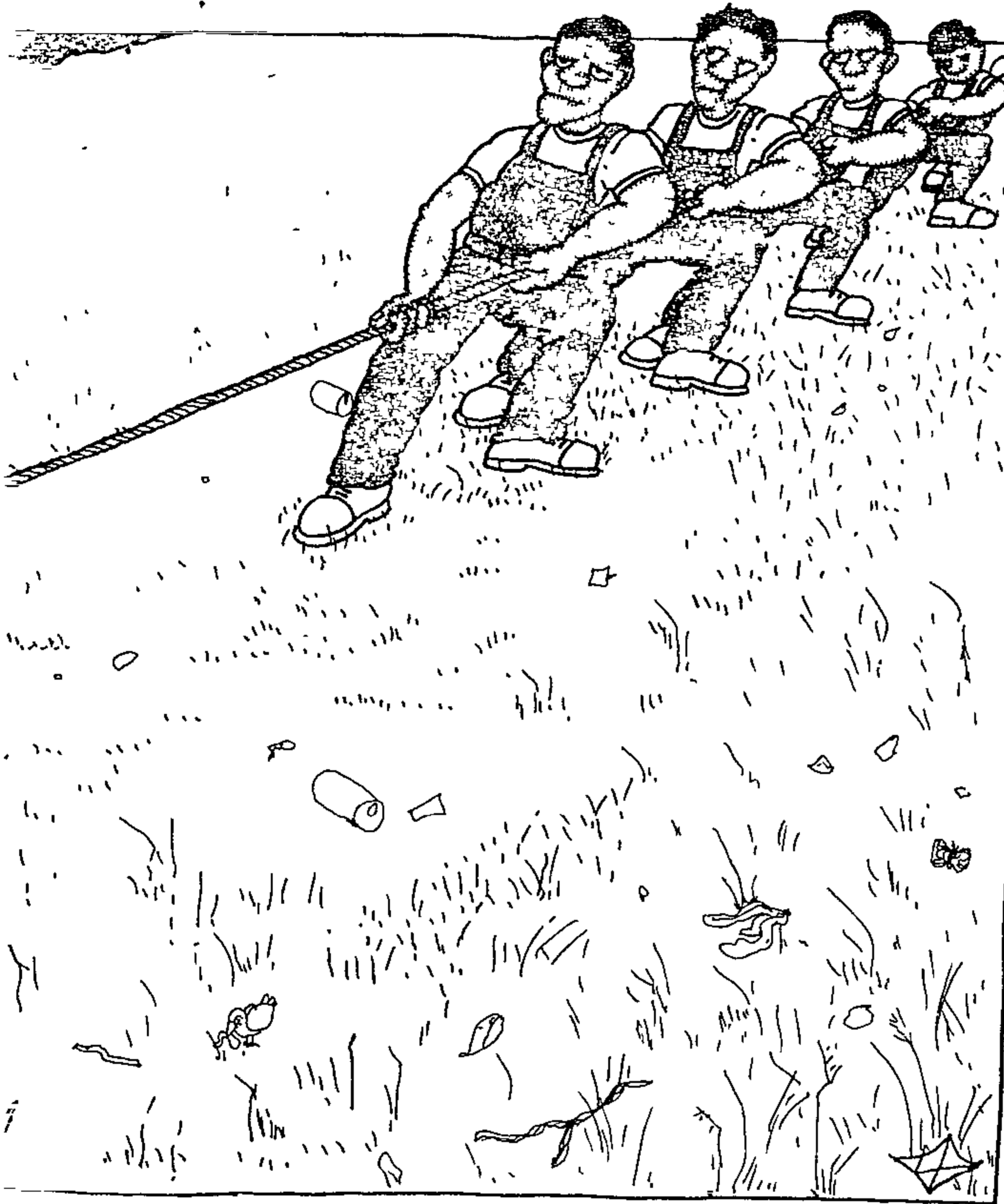
Loss of control probably lies behind the revolt of the small companies in the association. It's a well-known phenomenon that IR conflict is greatest in small owner-led entrepreneurial businesses. The "Mr Bootstraps" of this world understandably abhor sharing decisions with anyone. After all they built it, it's their business. God forbid they should share business decisions with the labour force.

On the other hand, the power gap in large companies is so great and also so impersonal as applied by employee managers, that they can afford to be more magnanimous towards labour. Bargaining,

compromise, participation are more easily facilitated in the larger corporations.

In the good old days before the 12 000 member South African Chemical Workers Union (SACWU) joined the Council, employers exercised total control. The small members had no complaint. The Council, exceedingly docile, was dominated by a group of paternalistic employers who unilaterally determined industry wages which were then offered to the union reps. Any negotiation was token at best, at worst non-existent. However, the old-style Council was responsible for providing very good sick benefit and provident fund schemes for the industry's many thousands of employees. Such benefits would fall away if the Council crumbled.

Wiehahn's reforms changed the bargaining picture in the Council. Twice now wages and conditions have been well and truly negotiated. The familiar cosiness, the years of bland, avuncular dispensations, were swept away by SACWU intent on righting black worker exploitation. Suddenly, the Council was no longer a cosy managerial club which of necessity included a band of friendly retainers. Suddenly the Council and its business erupted in conflict.



The first casualties were the small-business members who envisaged losing their grip on events. An internal revolt started. At association executive meetings, at meetings of the IR sub-committee, on every conceivable public occasion a vociferous minority courageously protested their diminishing power. In political parlance they are the conservatives, the reactionaries, clinging vainly to the past, fearing the inexorable march of change.

How then will the employer battle resolve? What support does the small-business minority enjoy, what is its true influence? Probably small, so maybe they'll form a lobby with the paint and pharmaceutical manufacturers. At this point it's difficult to predict an outcome, although there is increasing clamour for a vote within the employer group. A vote to determine which companies stand for and which against the Council. A small employer's group with narrower representivity might well be a result. Another possibility is that the Council will break apart.

The men of the middle, the management negotiators for the larger companies, men thankfully with social as well as purely economic protectionist motives, are weary

and demotivated. They are tired of fighting a war on two fronts. Unfortunately the minority cries of "Let's disband the Council" might prove attractive to these men worn down by a union enemy that "doesn't fight fair".

Now whether the unions don't fight fair by design or default is an important issue. Let's look at the last wages and conditions negotiation it continued for over a year, finally reaching a declared dispute which was then solved by mediation. As seen through employer negotiator eyes the process was extremely frustrating.

Not only was the negotiation unduly protracted but at almost every formal meeting the unions mounted a different team. The new teams were procedurally ignorant, lacked bargaining skill, had no sense of the continuity of the negotiation and no decision-making authority. On one occasion the unions took more than two months to reply to an employer letter. A possible hint of inter-union communication problems? No meetings took place during the period.

One may query. Is this union behaviour evidence of a grand strategy or incompetence? There's a lot to be said for the

view of ineptitude, guessing at the union's manpower and organisational problems. No manager could live with such ineffectiveness but the union seems to have turned it to advantage. They shrug off any accusations of dragging their heels by suggesting that employers were not to be trusted — of course they had a mandate to pay more! Unfortunately above and beyond the inevitable gamesmanship of negotiation neither side appeared able to communicate the reality to one another. The employers' mandate limit on the one side, the unions' inability to co-ordinate and organise on the other. Such a pity there are no informal communication channels between the parties.

The management negotiators need to become more proficient. Even now with such a pointed lesson to draw upon, there is no talk of imposing procedural limits on future negotiations: time limits, total period limits, limits on the composition of negotiation teams to suggest a few.

The present atmosphere at Council is pervaded with a brittle tension. The employers grow more polite, colder, more reserved and withdrawn in public, spend more time venting their frustration and anger in private. Who knows what the unionists do in private? They possibly explain the breakdown in relations in time-worn black consciousness and Marxist slogans. One publicly observes a perturbing indifference, unmannerliness, unhelpfulness.

Here are the constituents of tragedy: internecine warfare amongst the capitalists, strife between employers and unions. Add the inevitable veneer of racialism and present day South Africa stands in sharp relief.

What a pity! A pity because an industrial council allows, nay encourages self-governance. No Caspirs or rubber bullets await. The parties alone are responsible for success. It appears the present parties cannot manage their own problems to the point where they can conceive the operation of a council as an effective joint responsibility. Despite the fact that a council comprises members representing distinct and parochial interests, other councils have shown capable of operating for the welfare of all when necessary. I have seen responsible council officials turn win-lose into win-win when the heat was on.

Unfortunately, it seems that the opportunity for common good that is provided by a council, stands seriously in jeopardy. An aura of helplessness and acrimony pervades the relationship.

Any smart aleck who hides behind the view that councils are a part of the government's System is naive. Councils ultimately are what the members make of them. The parties to this Council are making a hash. Neither side has yet been able to initiate a process of peace-making and trust-building.

Perhaps the Council as a body is too young, perhaps the leaders are inept, perhaps the capital/worker conflict added to the poison of race politics run too deep to allow this conception of democracy, with its dependence on maturity and basic goodwill, ever to succeed.

June 1985

Nampo to acquire Triomf Fertiliser

THE maize farmers organisation, Nampo, is to take over Mr Louis Luyt's Triomf Fertiliser, which has assets approaching R90-million

Both parties have agreed to keep the price a secret and Nampo has not disclosed how it will finance the deal

Nampo chairman Mr Hennie de Jager said it would acquire a 50 percent stake in Maizechem (Pty) which in turn acquired the shareholding of the Louis Luyt Group Investments (Pty) in Lanchem Ltd

The decision was taken by Nampo because it believed conditions in the fertiliser industry may soon result in only two suppliers surviving

And this in Nampo's view will not be conducive to free enterprise

● Caxton's net profit soared by 47 percent in the year to February to R27-million after turnover of rose to R43-million from R32,3-million

Earnings a share were 457c (415c) and a 45c final dividend brings the year's total to 90c up from 80c

● The Morkels furniture chain opened eight new stores in the past 12 months and plans to raise the number from the current 63 to 100

In the new financial year, stores in Pretoria North and Somerset West have come on stream and others are scheduled for Outdshoorn, Bloemfontein (making three), Parow (making two), Ladysmith, Empangeni and Table View

With 10 extra stores operating by March 1986 the chain is looking to increase market penetration by a further 17,3 percent, says the managing director, Mr Carl Jansen

● Pepkor forecasts an earnings rise of 10 percent for 1985

The chairman Mr Christo Wiese, says in his review retail trading results for the first two months of the new year have been satisfactory, indicating that Pepkor is better placed than many other retailers to ride out the recession

Pep Stores achieved a profit growth unmatched by results of other retailing groups published this year. The Shoprite chain's growth both in sales and profit was also unmatched by other food retailers, he says

Tom Hood

Firms, doctors keep costs high

10/6/85 NM

150

150

150

Mercury Correspondent

CAPE TOWN—Drug manufacturers were sabotaging efforts to contain escalating health-care costs in their hunt for profits, the head of the Pharmaceutical Society of South Africa has charged, and inquiries last night suggested that many doctors were helping them.

Mr P.R. van der Merwe, executive director of the society, alleged that the companies, in a massive bid to beat recent legislation that cuts health-care costs dramatically, had instructed representatives to campaign among doctors to back their more expensive products.

Mr van der Merwe pointed out, in a letter published in the latest South African Medical Journal, that legislation had been enacted last year permitting pharmacists to substitute lower-priced, but 'generically equivalent', medicines unless the prescriber specifically said they should not.

Now medical representatives were being told by big drug makers to ask doctors to write 'no alternative' on every prescription.

One Durban doctor said he had been approached by a few medical representatives on this subject.

'Most doctors are not in favour of generically equivalent medicines. Although they have much the same ingredients as the original medicines the reactions are not always the same.'

He said he felt that the firms which did the hard work in detailed research of medicines should be entitled to have preference over other, cheaper medicines.

Another doctor said 'Some of the medicines have very slight variations but the decision should be left to doctors, who can take into account the financial means of their patients.'

He cited an example of a 'generic equivalent' which cost only 10 percent of the price of an original drug.

Mr van der Merwe wrote 'The effort is being sabotaged by some sections of the pharmaceutical manufacturing industry, who apparently see it as a threat to the profitability of their companies.'

This group within the industry had exposed itself as being primarily interested in profit instead of the interests of patients he added.

It had also been issuing statements to the profession and to the Press on what it had called 'the dire consequences' of substitution.

The manufacturers had even impugned the competence of trained pharmacists to supply alternatives, and had made veiled threats of legal action against the South African Pharmacy Board for amending the ethical rule, Mr van der Merwe added.

No comment

The Deputy Minister of Health, Dr de Villiers Morrison, said in Cape Town last night he did not want to comment on the allegations.

'All I can say is that I hope the two groups find a way to resolve their differences. This sort of thing is not good for retail pharmacy or the producers.'

Most doctors contacted last night were not prepared to comment on the subject which they said was a 'very complicated and sensitive' area in the medical profession.

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10/6/83
Sympathy strike
threatens AECI

By CLAIRE PICKARD-CAMBRIDGE

THE threat of sympathy strikes by 14 000 workers is looming at African Explosives and Chemicals Industries' factories where the outcome of strike balloting will be known this week.

The ballots are being issued by the SA Chemical Workers Union (Sacwu) after an unprecedented Supreme Court ruling against AECI's application for an interdict to prevent Sacwu organising the strikes

The strikes — in support of 600 workers who struck at the AECI Chlor-alkali and Plastics factory in Ballengeich, Natal, over wage demands last week — could take place at four AECI plants and four subsidiaries

Murray Joubert, AECI public relations manager, said the company would hold urgent talks with the union this week although AECI might appeal against the court's decision

AECI could not increase its wage offer of 9,5%, Joubert said, because production had been hit by five strikes last year.

Bid to break deadlock in wage dispute

Labour Reporter

FURTHER talks between representatives of the management of AECI and the 600 striking workers at the Ballengeich factory at Newcastle are set for today in a new attempt to break the deadlock over a wage dispute

Workers at the AECI's Chlor-Alkali and Plastics Limited in Newcastle downed tools on Monday last week in support of their demand for higher wages after rejecting a company offer of a 9,5 percent wage increase

Mr Manene Samela, national organiser of the South African Chemical Workers' Union, speaking from Johannesburg last night, said 'A crucial meeting between shop

stewards and representatives of the company are to take place today'

He declined to say whether the strikers would compromise on their demands. He, however, hinted that there was great potential for sympathy strike action at other AECI plants following strike ballots at the factories last week

Ballots were held after a Rand Supreme Court judge, in an historic ruling, declared the Ballengeich strike and other proposed sympathy strikes legal

Mr Murray Joubert, a spokesman for AECI in Johannesburg, said yesterday that workers at the Ballengeich factory were still out on strike

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Drugs man hits at pharmacists

Mercury Reporter
DRUG companies, chemists and doctors were embroiled in a growing row yesterday over rocketing health-care costs

The companies have been accused of pushing their own expensive brand drugs at the expense of cheaper 'generic equivalents', but a

spokesman for them yesterday underlined the cut the pharmacist was taking

The companies had a right to advise doctors to veto generic equivalent drugs, the vice-president of the Pharmaceutical and Chemical Manufacturers' Association of South Africa, Mr Sean Lance, claimed

He denied charges by Mr PR van der Merwe, executive director of the Pharmaceutical Society of South Africa, representing retail pharmacists, that major companies were sabotaging efforts to contain health-care costs

'No alternative'

Mr van der Merwe had written to the South African Medical Journal accusing companies of launching a bid to beat recent legislation allowing pharmacists to substitute cheaper generic equivalents for prescribed medicines by instructing medical representatives to ask doctors to write 'no alternative' on every prescription

Mr Lance claimed 'Representatives have a duty to inform doctors that they may write "no alternative" on the prescription if they want the patient to receive an original product

'We are out there to defend the integrity of our trademarks. That is what a free market is all about and it is not sabotaging

attempts to keep prices down'

Mr Lance said he did not believe generic substitution would lead to big savings, even if it was widely practised

But a doctor told the Mercury of one generic equivalent which cost only 10 percent of the original drug's cost and others had indicated that savings of up to 50 percent could be achieved

Mr Lance felt that the cost of drugs could be eased if the Government reviewed the amount of sales tax on medicines

'If the Government is sincere in wanting to bring prices down they should look at sales tax and at ways of bringing about parity between the private and public sectors'

While the Government bought about 60 percent of the volume of drugs sold in South Africa, it accounted for only about 35 percent of the money paid for them

The private sector was subsidising free medical care for thousands who could afford to pay their own way, Mr Lance said

Wholesalers, he said, marked up medicines by an average of 21,2 percent, and these prices were then marked up by about 50 percent by retail pharmacists, who also received a dispensing fee of R1,30 an item and a 'bro-

ot traps way soon

of 'speed prosecutions by camera' were erected on the freeway recently

Sub-surface sensors have been laid at only two points so far, both on the southern freeway, one in each direction

Mr Taylor said 'It is our intention to create numerous other camera points on the city's freeway network. We will begin trapping in the very near future'

The new device will have to be manned, but the use of a camera would drastically reduce the danger in stopping motorists on busy, multi-lane highways after they had been trapped

The sophisticated camera link will be restricted to the city's freeways

Mr Taylor said the device was 'actually an extension to the existing equipment'

Medicines row rages

ken bull, see of 30c an item

Mr Sean Bamber a Durban pharmacist and past president of the Pharmaceutical Society of Southern Africa said the society was busy with negotiations with the medical profession and drug manufacturers in an attempt to bring about agreement on the issue

'Generic substitution is a part of a much larger whole. We are looking at massive changes in the way medicine is supplied in this country'

The main thrust of this would be to shift the burden of supplying health care from the public to the private sectors and would ultimately benefit the taxpayer

■ TURN TO PAGE 2

500 down tools

Sowetan

11/6/85

MORE than 500 workers yesterday downed tools over dismissals of colleagues at two companies, one a multi-national company, on the East Rand.

About 250 employees of John Deere, a multi-national company in Nigel, went on strike after a shop steward was dismissed by the company for allegedly being absent from work.

The United Mining and Metal and Allied Workers Union claims that the shop steward was detained under the Internal Security Act. When released last week, he went back to work and was sacked.

However, the com-

pany's managing director, Mr Bill Hubbard, confirmed the strike over the dismissal. He did not give reasons for the action.

Over 200 workers at Fedbisco near Isando yesterday downed tools over the dismissal of a colleague who was earlier reinstated by the company following negotiations between two trade unions organising on the plant.

Meanwhile, the threat of sympathy strikes by over 15 000 workers at AECI companies in the country is looming. Workers have voted in favour of strikes, according to the general secretary of the South

African Chemical Workers' Union. Mr Michael Tsotozi, yesterday

He said following their Supreme Court hearing last week management tried to call them to the negotiation table but talks deadlocked again. The company had applied for a court order restraining the union from organising or calling on strikes at the four plants. The application was dismissed.

The union had initially called a strike at AECI's plant in Newcastle after two conciliation board meetings had failed to resolve the wage issue.

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AECI work
force
expected
to strike
2/8/81

By CLAIRE PICKARD-CAMBRIDGE

ROUGHLY 14 000 workers at eight African Explosives and Chemical Industries' (AECI) factories are expected to come out on strike today in what could be the most widespread to date.

This follows the outcome yesterday of a ballot by the Chemical Workers' Union (Sacwu) to assess support for 600 strikers at AECI's chlor-alkali and plastics factory in Ballengeich, Natal.

The "sympathy" strikes are planned at AECI factories in Modderfontein, Somerset West, Alberton, Umbogintwini and Sasolburg, as well as Sterkolite in Wynberg and Kynoch Fertilizers at Chloorkop and Somerset West, according to Sacwu general secretary, Michael Tsotetsi.

The company, which signed its first recognition agreement with Sacwu at AECI Paints in Alberton in 1980, said it had met with the union twice yesterday to discuss the wage strike at Ballengeich but the union had not told the company it intended staging "sympathy" strikes today.

Planning of the strikes has gone ahead since AECI lost its Supreme Court application last week for an interdict to prevent Sacwu organising them.

And the judgment, which effectively declared the strikes legal, has cleared the way for the union's plans, according to Halton Cheadle, Sacwu's legal advisor.

"Sympathy" strikes are rare in SA and industrial relations experts cite the Commercial Catering and Allied Workers' Union (CCAWUSA) and the National Allied and Automobile Workers' Union (Naawu) as among the few unions to have used this strategy.

Labour consultant Andrew Levy believes that while sympathy strikes are not common at present, they are likely to increase in future.

Govt urged to back ethanol production

Finance Reporter

A STRONG appeal for Government support in the viable production of ethanol was made by the chairman of the South African Cane Growers' Association in his annual meeting address in Durban yesterday.

challenging times, 'all is not gloom and despair and the positive attitude of cane farmers indicated the industry was equal to the challenges that lay ahead'

Mr A J Ardington said ethanol produced from sugar cane would be in the interests of the national economy, environment strategic fuel sources and the sugar industry

He said the major domestic potential of ethanol could restore the sugar industry, 'which through its one product dependence (sucrose), had become seriously vulnerable, to a position of profitability and international competitiveness'

He said that South Africa's quickening interest in ethanol had been mirrored by many other sugar-producing countries, which could transform the international sugar picture, 'now at its lowest level in real terms

If approximately 20 percent of all export production was converted to ethanol this would generate much greater revenue than is produced as a result of that 20 percent of sugar being sold at present world market prices

Revenue

'The current price is less than three US cents per pound and the revenue created by ethanol into which it would be converted would be something like three times this figure

'More important, is that for the balance of 80 percent of their sugar exports, the countries concerned would realise prices of 10 or 15 cents per pound because three to four million tons of sugar supplies would have been effectively removed from this limited market,' he said

Mr Ardington said this represented a most constructive development within the sugar market and presented an opportunity to improve many Third World economies

He said ethanol represented the only contribution to the country's fuel pool from a renewable resource and offered the other advantages of being independent of foreign sources, low heavy cap-

ital investment and labour intensive

He said some farmers were still facing the new year in fragile financial positions following the droughts of 1980 and 1983 through having to re-establish their farms on both occasions before recovering their capital costs

'Over the last six years the cost of servicing private debt had risen from 4,6 percent to 11,7 percent of the cane price and today there are farms which can be bought simply by taking over the farmer's debts

'The industry is faced with considerable individual and industrial liabilities and we have had to restructure to meet these circumstances. Even so, some cane farms are no longer viable and it is certain that many growers will have to give up cane production'

Transport

It is important that this contraction takes place in the highest cost areas and it was for this reason that the industry implemented the Rorich Committee proposals on cane transport'

Mr L Gordon-Hughes, vice-chairman of the association, said in his address that the industry was under increasing pressure world-wide from artificial sweeteners and alternative sweeteners such as high fructose corn syrup and glucose

'We are continually fighting against a barrage of largely uninformed criticism of sugar, in which it is incorrectly blamed for everything from tooth decay to inducing criminal activity, but many of these attacks originate from vested interests in the competitive sweeteners or fad diet books

'But I would like to emphasise that published medical research findings have given sugar a unanimous clean bill of health'

He said that although the industry faced extremely difficult and

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A Business Day review

The Pharmaceutical Industry

THURSDAY, JUNE 13, 1985

Researched and written by EVA PERLOFF and DAVID SPIRO

Drug firms may have to look for a new prescription as cash cuts take their toll

THE world's pharmaceutical industry is under increasing pressure.

Price controls, restrictions on capital return, expiry of patents and generic substitution are all taking their toll

In South Africa, the issue of generic drugs has recently become a hot topic, following intervention by a late Minister of Health and the Pharmaceutical Society of South Africa (PSSA) which is now openly advocating generic substitution

The action is by no means confined to the South African arena. In Europe, Japan, Canada and elsewhere, similar or even more severe measures have been imposed

Many governments who attempted to socialise medicine after the Second World War, are now unable to maintain this exercise as they have to foot the bill for massive military spending and increasing unemployment. It is the health bills which have been singled out for cuts

A curious fact about all this is that, although medicines account for a modest percentage of expenditure on health, it is those products which have been subjected to the most savage cuts

It appears a lot easier to slash the drugs bill than to overhaul hospital and public health services, which are often inefficient and wasteful

There are more than 150 pharmaceutical companies operating in South Africa and these have a combined turnover of hundreds of millions of rands

The industry employs about 14 000 people, most of whom are highly skilled. Using pharmacy purchase prices, the total private market in medicines, both ethical and proprietary, is around R483m and the market for the hospital sector exceeds R200m

The South African pharmaceutical industry has a large manufacturing base. Very few medicines are imported and local manufacture provides for over 90% of all products on the market.

By EVA PERLOFF

Trials and triumphs

Capital investment most probably already exceeds R300m and is increasing rapidly, in spite of the recession and talk of disinvestment

It is common practice in the industry for high technology raw materials to be imported. This is not unique to South Africa

The parent company, usually located in Western Europe or the USA, manufactures these active ingredients for its subsidiaries around the world. This affords advantages in terms of standards and consistency, and bulk manufacture helps to keep costs down.

Some of the larger companies, such as Ciba-Geigy and Wellcome already manufacture some high technology substances here

Others, such as South African Druggists, are active exporters of biochemicals. This trend will, no doubt continue if the industry is to remain profitable

The recession has taken its toll, especially on sales of proprietary medicines and other specialist products. The weakened rand has increased the costs of raw materials by as much as 42%, but much of this has been absorbed by the industry and not passed on to the consumer.

Critics of the industry feel that modern marketing practices are inconsistent with a role in health care. This is hardly a realistic view.

Unless the industry sells its products and makes good profits, research into new drugs will dry up and standards of manufacture will fall.

Virtually no research into new drugs is done outside the industry and the costs of discovery are

The SA pharmaceutical industry is currently going through one of its hardest times. The recession and increasing government controls are threatening its viability. We look at current conditions and some of the major issues in the industry.

enormous.

As much as R200m may be spent investigating one substance with therapeutic potential, and for each drug which finally gets onto the market, several thousand others will have been investigated and rejected during research

Very little basic research into new drugs is done in South Africa. The high costs, together with the relatively small size of the market make this impractical. On the other hand, clinical trial research does take place on a fairly wide scale

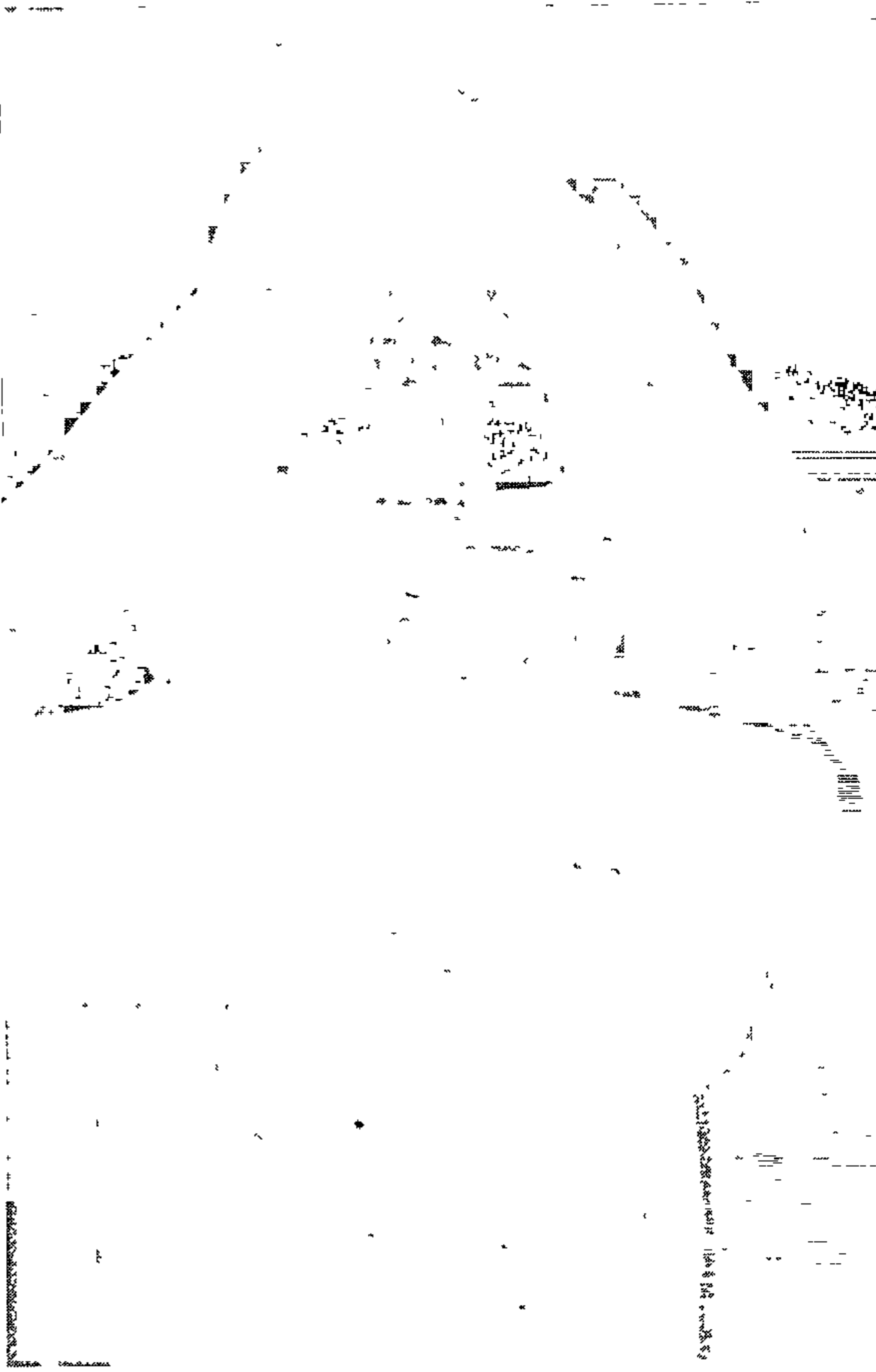
A further criticism of the pharmaceutical industry is that there are too many drugs available and that many of these are of the 'me too' variety. To some extent this may seem wasteful, but the industry will argue that it allows the doctor privilege of choice and selectivity

There are numerous drugs for the treatment of arthritis on the South African market but one may suit some patients and not others. If only two or three of these drugs were available, as is the case in the Eastern Bloc, possibilities for the patient would be limited

It must be remembered that treatments for chronic conditions such as arthritis are more profitable than most and, therefore, the number of drugs available can be more easily justified in marketing terms

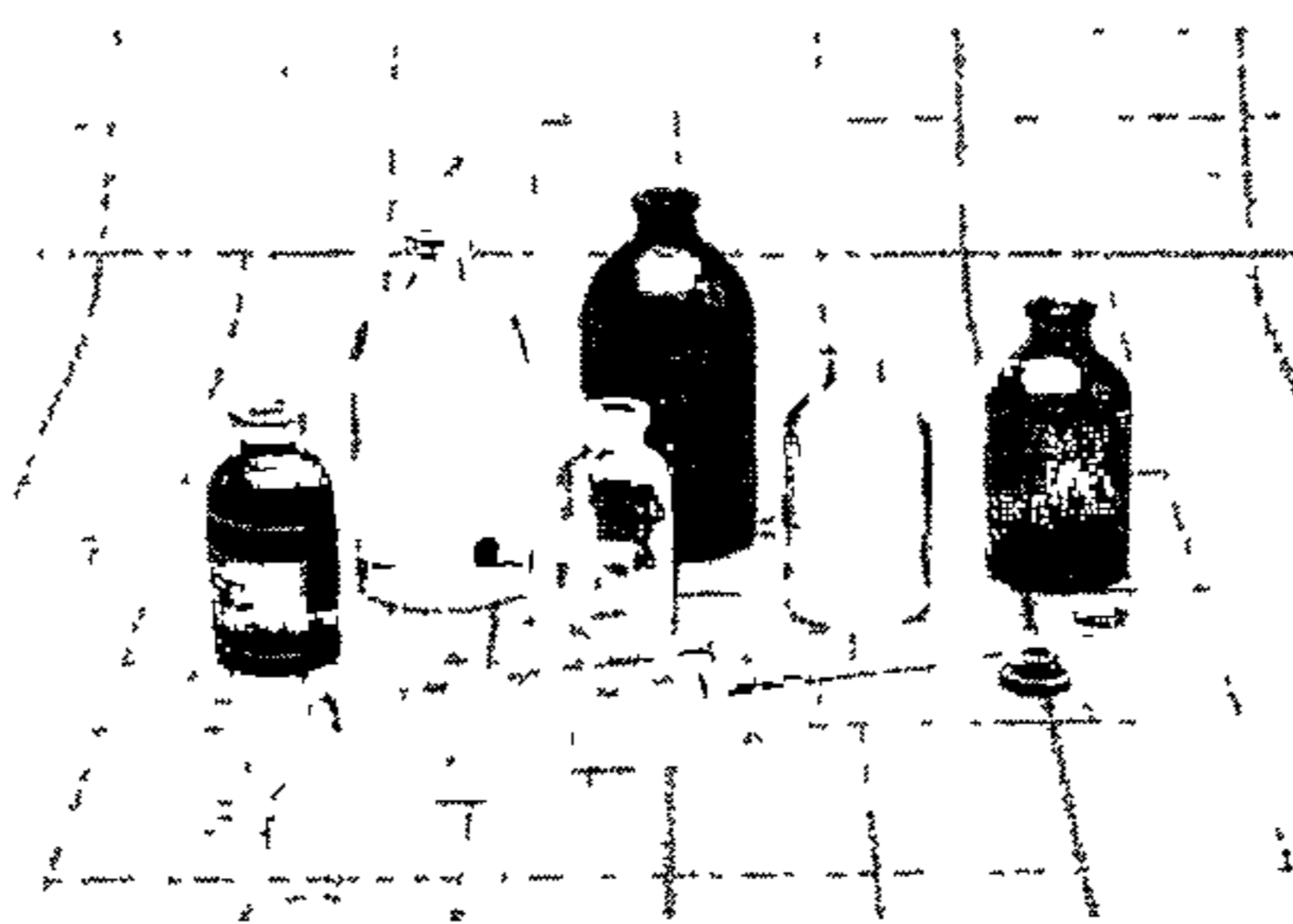
Right now, generic substitution is the largest bugbear facing the industry in South Africa. With

TO PAGE 15

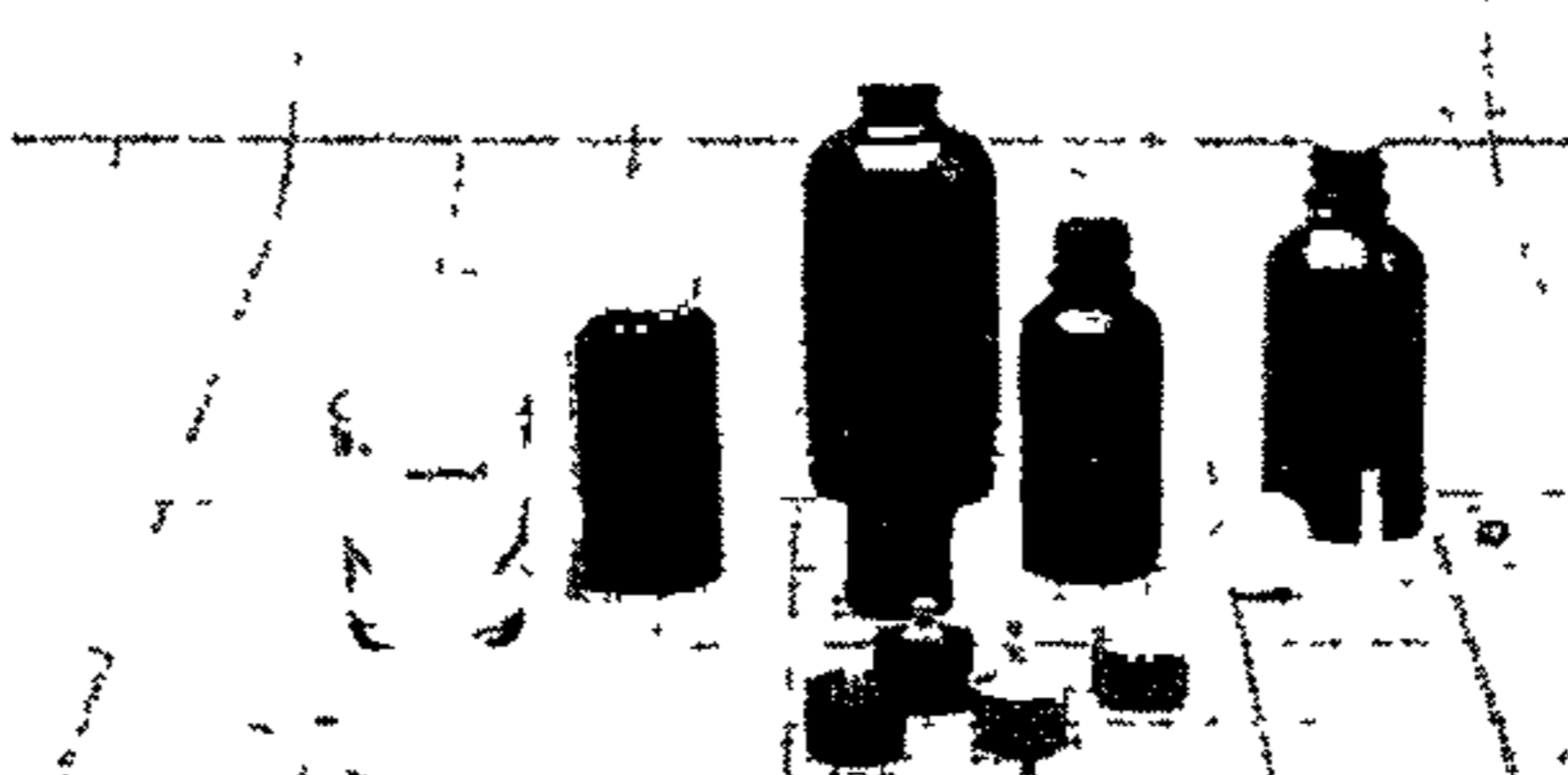


Pharmaceutical research scientists hold the key to all of our futures. ... scream loud and long if we do not get high-tech medicines and remedies, ... only complain when the bills come in. The pharmaceutical industry could ... millions of rands and cut drug prices drastically if it abandoned costly ... — but then maybe many of us would not have a future

Having problems finding GLASS BOTTLES - JARS, INJECTION VIALS and DROPPERS



Injection roll-on Neck Finish Class I, II and III



Round Bottles and Jars with various Closure Applications

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THE PHARMACEUTICAL INDUSTRY/FAST GROWING COMPANIES

ADCOCK-INGRAM (A-I), a subsidiary of Barlow-Rand, was founded in 1890 at the E J Adcock pharmacy in Krugersdorp. Since then, the A-I group has come a long way from that somewhat humble beginning in 1984 group turnover was R145,6m.

South Africa's pharmaceutical industry is regarded as one of the most competitive in the world, yet A-I's 1984 annual report indicates the group has captured a 4,8% share of the private sec-

A-I means to stay an A1 group

By DAVID SPIRO

tor market

A-I is structured in two divisions, consumer and pharmaceutical. Within these divisions there are various sub-areas, which include

□ The Sabax subsidiary, which is responsible for medical care and hospital products and in 1984 increased turnover from R36,4m to R42,2m

□ A-I Laboratories, which manufactures pharmaceutical and consumer products and last year reported a turnover of R50,7m, 21% up on the previous year

□ E J Adcock, which is a wholesaler of pharmaceutical products and also provides marketing, financial management, asset management and other specialised services to retail pharmacies. The most recent re-

port shows that this company increased turnover from R46,2m in 1983 to R52,8m last year

Although it is not a pure research company, A-I undertakes an extensive research programme. The company does not do any primary research, but concentrates on the further development of existing products

The company is contin-

ually looking for new drug dosage forms which in the long run may help with the registration of new drugs

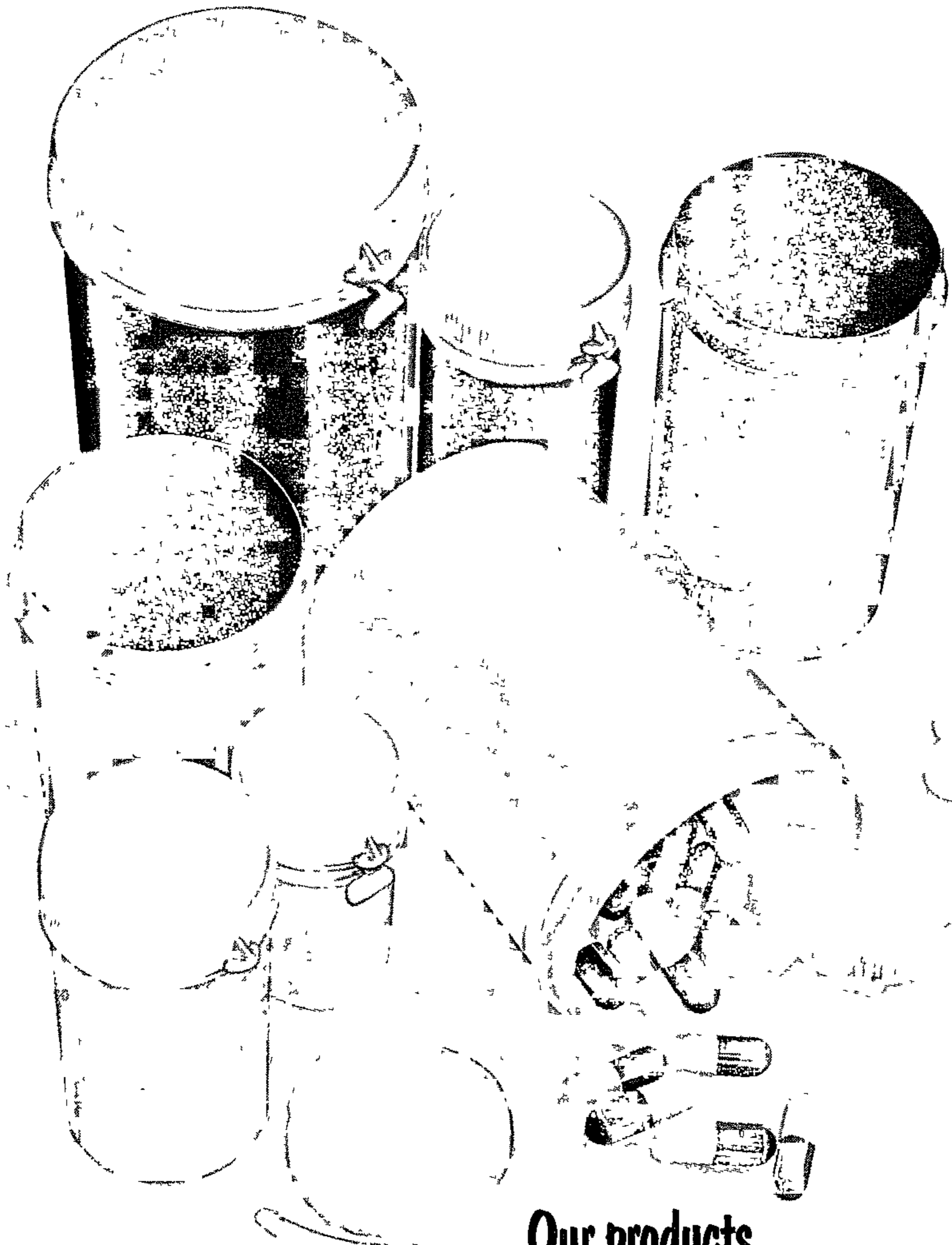
Primary research is, in the main, too expensive to be undertaken by South African companies and A-I has licensing agreements with three overseas companies, all of which are research based

These companies man-

ufacture a range of sophisticated products, most of which are produced locally at the A-I plant. The three international affiliates spend around R1 200m/year on research, which is about 18% of their turnover

A-I undertakes some pharmaceutical research and also research into the consumer market, where local research activity is on a par with any in the world

The group laid down its basic objectives some years ago. These are to meet, as far as possible, the health-care requirements of South Africa, both in the present and the future, to sustain growth in its major markets, improve its market position and meet its responsibility to its employees and society through the maintenance of high quality products and service



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Warner-Lambert shoots to fifth place on the sales ladder

CAPE TOWN company Warner-Lambert is part of the US-based Warner-Lambert group which produces ethical pharmaceuticals, health care and consumer products

In 1984, ethical pharmaceuticals accounted for 45% of the group's total sales of R3 200m. Over-the-counter health and personal care products contributed a further 28%

At present the company operates in 130 countries world-wide and employs 42 000 people. It is to spend R2 400m on research during the current five-year period.

From 1872 until 1971, Warner-Lambert operated in South Africa under name of Chamberlains. The company is now known as Warner Lambert SA

Manufacturing operations now controlled by the company were started in Cape Town in 1925 by the Sunset Drug company, which became a part of Chamberlains in 1931

Company activities include

□ Sales of over-the-counter health care products handled by the Warner/Parke Davis division

□ Specialised services to pharmacies, offered by the marketing division.

□ Sales by the consumer products division

□ Exports

□ Operations of the general diagnostics division

The company is one of the fastest growing in South Africa and moved from eighth place on the turnover ladder to fifth position during last year

It attributes this spectacular performance to the introduction of new products which have resulted from original Warner-Lambert research

The group's research programme concentrates on the exploration of cancer and diseases of the cardiovascular and central nervous system.

THE PHARMACEUTICAL INDUSTRY/NEW APPROACH TO ORAL CONTRACEPTION

SA test results prominent in international planning Research and clinical tests top Wyeth concern

COMPANY archives record that Wyeth SA began operations here in 1939, trading then as John Wyeth & Bro. SA.

Apart from a quiet period during the Second World War, the company has an impressive growth record. By 1964, sales figures had leapt into the millionaire league — an achievement that would have been notable even in the 1980s.

Infant nutrition is a Wyeth speciality. The company manufactures breast milk substitutes which are among the market leaders in South Africa.

This may seem an unusual product range for a pharmaceutical company, but these items require as much expertise as the manufacture of ethical drugs.

By EVA PERLOFF

Wyeth is also active in the field of medicine, manufacturing drugs for gastric conditions such as hyperacidity and peptic ulcers, muscle relaxants, drugs to relieve anxiety and tension, an antibiotic and a preparation that reduces high blood pressure.

Another speciality is oral contraception and a hormone replacement therapy that protects the patient against loss of calcium from the bones, a common condition in older women.

Of topical interest in the oral contraceptive

area is a pill which employs the so-called 'triphasic approach'. The lowest possible dose of combined hormones is used. This ensures effective contraception but reduces the risks of overexposure to hormones.

Wyeth carries out most of its basic research in the UK and USA, with the South African subsidiary playing an important role in clinical trials of medicines, under the supervision of the company's Medical Director, Dr G P Bezuidenhout.

Clinical trials occupy about 40% of Dr Bezuidenhout's time. Wyeth SA is an important element

in the group's international programme of clinical trials and reports from South Africa are prominent at regular international meetings overseas.

Over the years, the company has progressively increased its manufacturing base.

In 1957, a site of approximately 1,5ha was purchased at Isando and a huge building operation launched. The company still occupies the same site, but the years have seen substantial additions to the facilities available there.

In 1973, major alterations were made to the pharmaceutical plant, quality control laboratories and staff canteen.

One year later, local production of oral contraceptives began. Because of the real dangers involved in working with hormones, staff wear special space-age type gear for protection and are only allowed to work in the area for two days at a

time.

Between 1975-78, there were further expansions and improvements, including the installation of a modern Marriott-Walker Spray Drier.

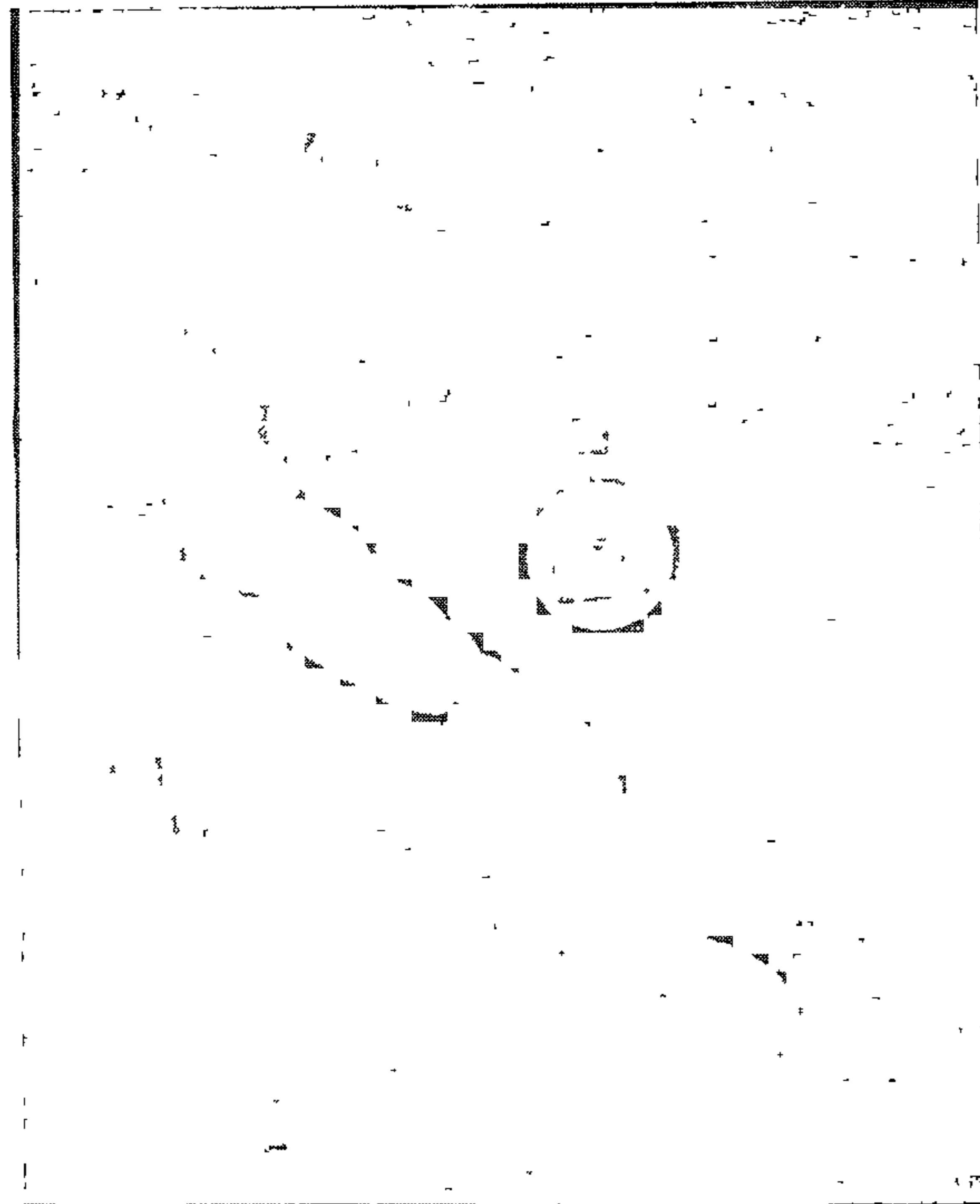
While most of the active ingredients of the company's products are imported from the USA and Germany, more than 95% of locally marketed products are manufactured locally.

Expenditure on equipment for manufacture and quality control is high. 1,5% of turnover is spent on quality control.


Wyeth SA employs about 320 people, 61% of these are involved in manufacturing operations, 22% in administration and 17% in sales.

Managing Director Francois du Toit acknowledges that the recession has had an impact on the company's performance, especially on business in infant nutrition products, but sales targets have been met.

'Certainly the recession has hit Wyeth, but we are still meeting our sales targets'
MD Francois du Toit

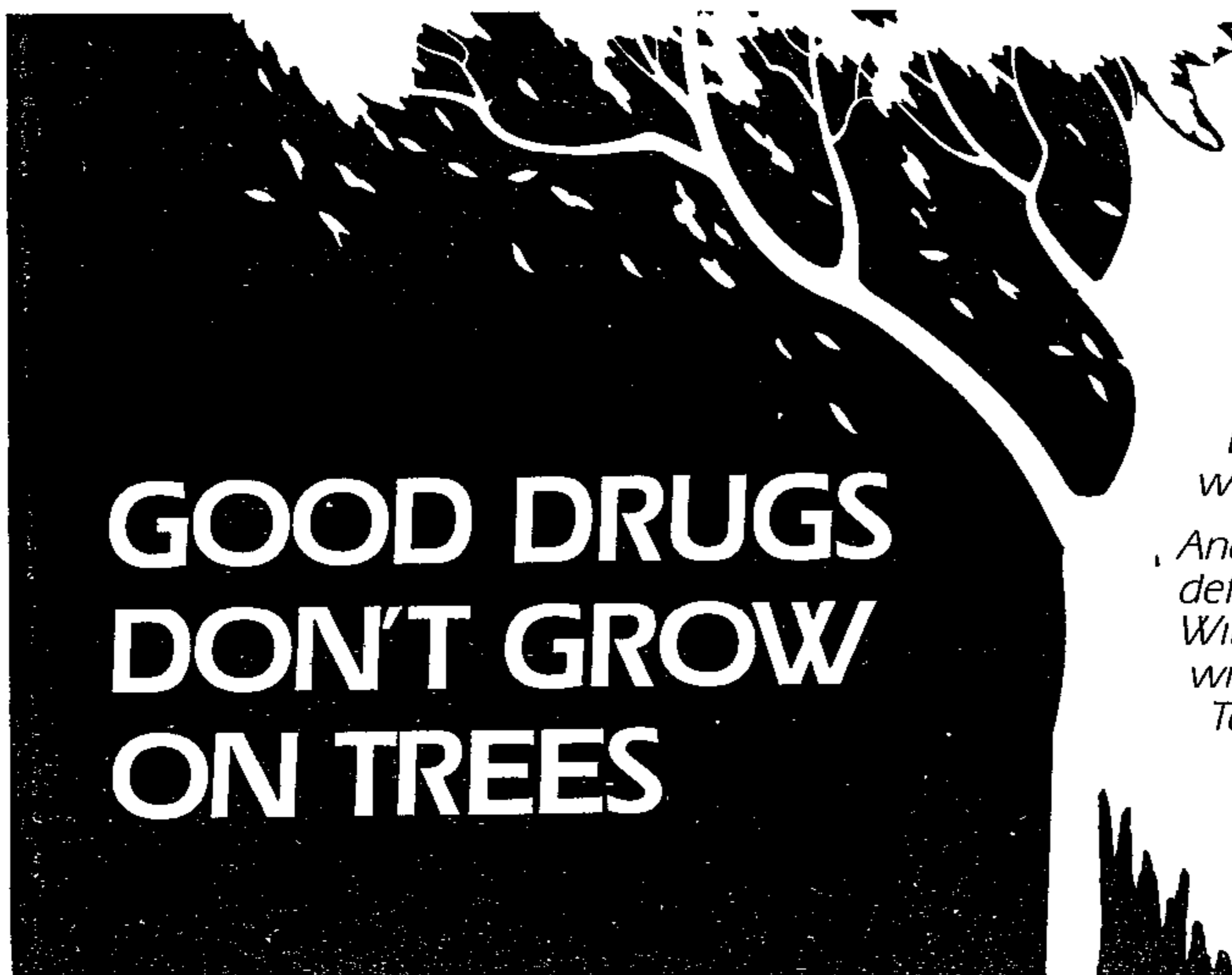


Because of the real dangers involved in working with hormones during the manufacture of oral contraceptives, staff at Wyeth wear space-age type gear for protection and are only allowed to work in the area for two days at a time.



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ON TREES

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Today that's a bit different*

*The therapeutic drugs of our times are being unmasked from nature rather more scientifically
By thorough bio-medical research into the fundamental processes of life
By studying exactly why and how these processes sometimes go wrong*

*And so nature shows man where and how he can intervene and defend himself
With precision drugs that will selectively and safely correct what went wrong*

Today's drugs grow from man's scientific knowledge of nature — but no longer on trees

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THE PHARMACEUTICAL INDUSTRY/SOUTH AFRICA'S GIANT

One of the largest local pharmaceutical companies is South African Druggists. It is wholly owned by Federale Volksbeleggings, and, despite the recession, notched up a 15,1% increase in turnover in 1984-85 over 1983-84.

DAVID SPIRO reports:

To pay less for your medicines, just ask.

You are allowed to ask your pharmacist for a less expensive version of the medicine your doctor has prescribed for you

By law, your pharmacist is now allowed to supply that alternative if it has the same active formulation as the original medicine

In other words, if you want to save money on medicines of the same quality, all you have to do is ask

"How is it possible to pay less for my medicines?"

When any medicine is developed, the company that makes it will take out patents to protect its new product. No other company is allowed to make exactly the same medicine while the patent is in force

The patent period is usually about twenty years. In that time, your doctor may well come to trust a medicine and to prescribe it for many of his patients

When the patent period expires, other companies can start making the same medicine and they can usually offer it for less

Often, the only reason your doctor does not prescribe the new medicine is that he is less familiar with it

"Isn't it unfair to the company that makes the original medicine?"

In short no. That is why there is a patent period - to give those companies as much time as possible to get back the money they have spent, as well as to profit from their discoveries

"But won't companies stop developing new medicines or bringing them into South Africa?"

It has not affected the development of new products in the United States, where people have been allowed to ask for less expensive medicines for many years

It has not happened here either, where public hospitals have been saving tax payers money for some time now by dispensing less expensive medicines

Companies still find it worth their while to invest in researching and developing new medicines because the patent period offers them enough protection. So the law is fair and is, in fact, protecting South African companies and encouraging self-sufficiency

"How do I know I am getting exactly the same medicine?"

In this country, all medicines are strictly controlled by the Medicines Control Council who monitor quality and efficacy. The manufacturer also has to insert a leaflet into every pack, detailing in full the active ingredients, indications, contra-indications and other important information

Your pharmacist, has spent years studying medicines and is highly qualified. So when he offers you a different brand, you can be sure that it has exactly the same active formulation as the one your doctor prescribed

Ask your doctor, too.

Next time you see your doctor, ask him how he feels about substituting a different brand for the same medicine. Tell him that it makes sense for you to get the best value for your money

You will probably find that in most cases he is quite happy for you to substitute because he knows you will still be getting the medicine you need

And if he insists that you have only the one he prescribes, he will write "no alternative" at the bottom of the prescription

So think about it next time you need any medicines. With the cost of living today, it really does not make sense to pay more for anything. Especially when you can get the same item for less, just by asking

Issued in the public interest by Rolab



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Local company holds on to substantial share of all market sectors

SOUTH AFRICAN DRUGGISTS (SAD) is divided into five divisions: chemical, pharmaceutical, consumer, distribution and commercial

The company employs more than 4 000 people

Group turnover for 1983-84 was R329,55m and increased by 15,1% in 1984-85 to top R379,34m

The company estimates the value of the South African ethical drug market at around R408,8m of which it claims a 2,39% share, with sales of R9,79m

In the proprietary, or over-the-counter market, SAD estimates total market value at chemist purchase prices to be R75m and claims a market share of 9,3%

The company puts the value of the total private market at chemist purchase prices at R483,8m and claims a market share of 3,4%

In the institutional, or public sector market, SAD estimates market value, at acquisition price, to be about R200m and claims 'a major share'

The operations of SAD's chemical division concentrate on the manufacture and distribution of raw materials used in the manufacture of pharmaceuticals

These include two pro-

ducts used in the treatment of cancer, vincristine and vinblastine, which are produced by SAD's subsidiary Fine Chemicals Corporation in Cape Town

The company claims to have pioneered the use of periwinkle for the production of these two drugs

SAD's pharmaceutical division includes Port Elizabeth based Lennon Ltd, which is the largest pharmaceutical manufacturer in the southern hemisphere and employs about 900 people

The division is the largest manufacturer of generic drugs in South Africa and has an annual turnover of R50m

The group's Labethuca subsidiary produces and markets a range of intravenous solutions, ampoules, vials, tablets and liquids at a plant near Bethlehem

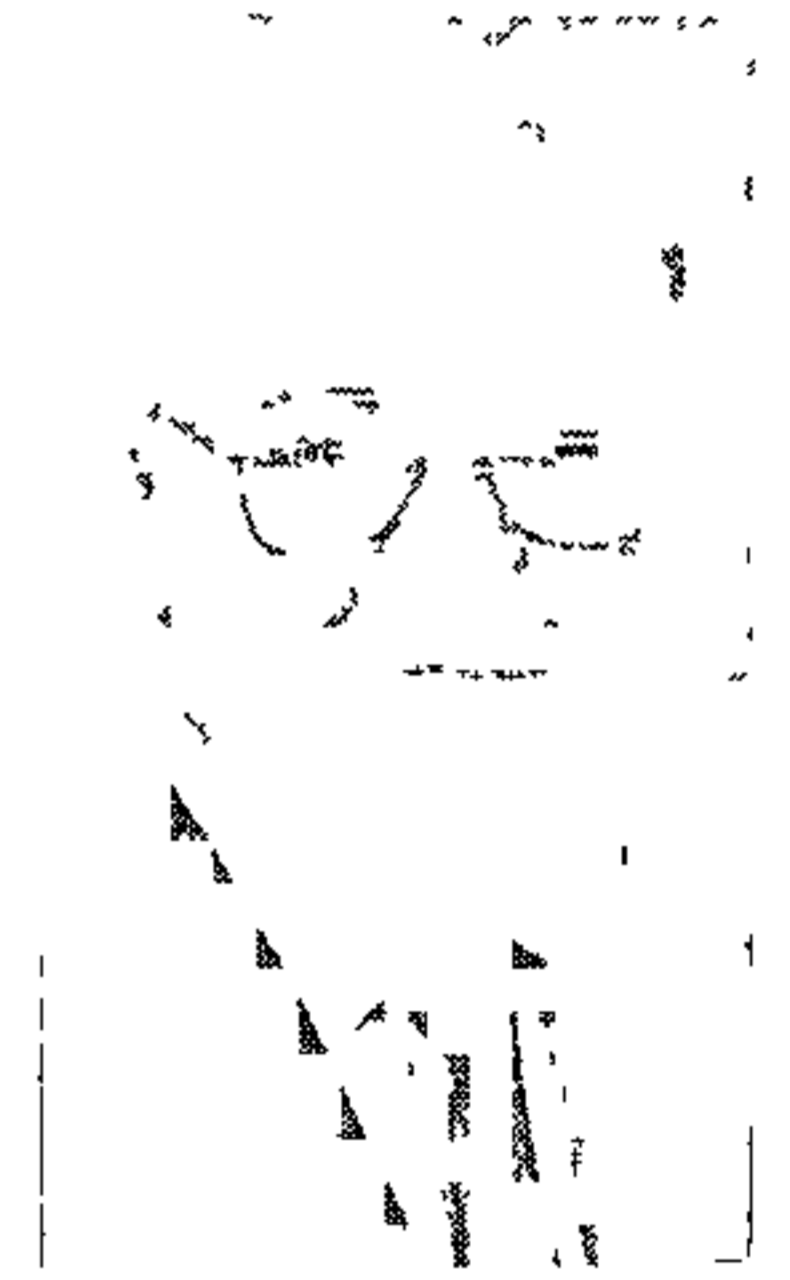
The company claims a 25% share of the IV solutions and associated devices market and a 50% share of the ampoules and vials market

Other areas of operation of the pharmaceutical division include Continental Ethicals which markets original research drugs on behalf of its overseas principals and Comopharm which imports disposable syringes and surgical devices

SAD's wholesale division is the largest distributor of prescription medicines in South Africa, supplying pharmacies, hospitals and clinics

Turnover is R240m which is an estimated 35% of the market. Included in this division is the Lunk Pharmacy chain which contributes 80% of turnover and has over 500 outlets nationwide

The commercial division looks after the diversified business interests of the group, which include textile manufacturing and the supply of dental equipment



A Karis SA Druggists' deputy MD

The Seravac operation was bought by the group in 1984 and operates under the aegis of Fine Chemicals, exporting 65% of its production to Europe, the US and Japan

That company manufactures a range of highly purified enzyme systems and related biochemicals for use in the diagnostic, pharmaceutical and research fields

For South Africa, Seravac manufactures a range of biological processing products used in the food industry. Seravac is the SA representative of Flow Laboratories, Pharmacia, Miles Scientific, Bio-Yeda and the Virtis Company



OUR PAST COULD BE THE TICKET TO YOUR FUTURE

We are a consultancy specializing in the recruitment and selection of medical, technical, marketing and sales persons for the pharmaceutical and allied industries. The company which is now in its seventh year of operation was founded by Ray Hicks who has a wealth of marketing and pharmaceutical placement experience in the industry.

Ray Hicks is now in partnership with Jannie J. van der Merwe who brings a considerable amount of expertise with him in both the

Ray Hicks
Personnel

THE PHARMACEUTICAL PLACEMENT SPECIALISTS

Pharmaceutical/Veterinary Ethical and Consumer Marketing and sales areas. The team is completed by Bev O'Conner who specializes in the selection of sales staff. Through its association with Talentmark in the U.K. the consultancy is also able to offer its clients an international resource bank.



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Their disinvestment threat was not an idle one. Under similar circumstances, one of the multinationals operating in South Africa pulled out of Australia and Canada. It now sells into Canada but not Australia.

The multinational drug companies were also quick to point out the benefits of their involvement with South Africa, the availability of their laboratory facilities and research expertise and the fact that they could provide large quantities of drugs in an emergency.

The proponents of generic substitution said that they did not wish to fight with the industry. All they wanted to do was to introduce a system which would reduce the price of medicine to the private consumer.

Generic substitution would allow the consumer to request a cheaper drug than that prescribed by the doctor.

In the following months the debate waged both publically and privately. The industry's spokesman, the Pharmaceutical and Chemical Manufacturers Association (PCMA), voiced opposition to the system while proponents of the proposal expressed their views through the Pharmaceutical Society of SA (PSSA).

The government made clear that it would be willing to pay a higher tender price for its drugs if prescription drug prices were lowered.

This, it believed, would shift a substantial number of patients from the public to the private sector. The State hospitals, catering largely for the black population, are stretched to the limit and find it difficult to cope with the increasing numbers of patients.

Through State hospital and other institutions, the government sup-

plies about 80% of the country's prescription medicine needs.

It is estimated that South Africa's total population will rise from the present level to almost 50m by the turn of the century. As the population increases, so does the urban element, which requires a higher standard of health care.

The government's health bill is currently about R2 000m/year, but it could rise to over R20 000m by 2000.

Both the industry and the pharmacists were not unsympathetic to the government's problems. The industry indicated it was willing to initiate several programmes and support them on a substantial scale if Pretoria would back down on the introduction of generic substitution.

The PSSA, on the other hand, continued to press for generic substitution and presented evidence showing the savings possible.

The medical profession had kept remarkably quiet about the issue, but in September last year took a stand when The Medical Association of South Africa came out strongly against generic drug substitution and sent an urgent message to the government asking them to reconsider.

Generic substitution means that doctors have to indicate on the prescription whether or not substitution is allowed. If nothing is written on the prescription, the pharmacist is free to substitute a generic equivalent.

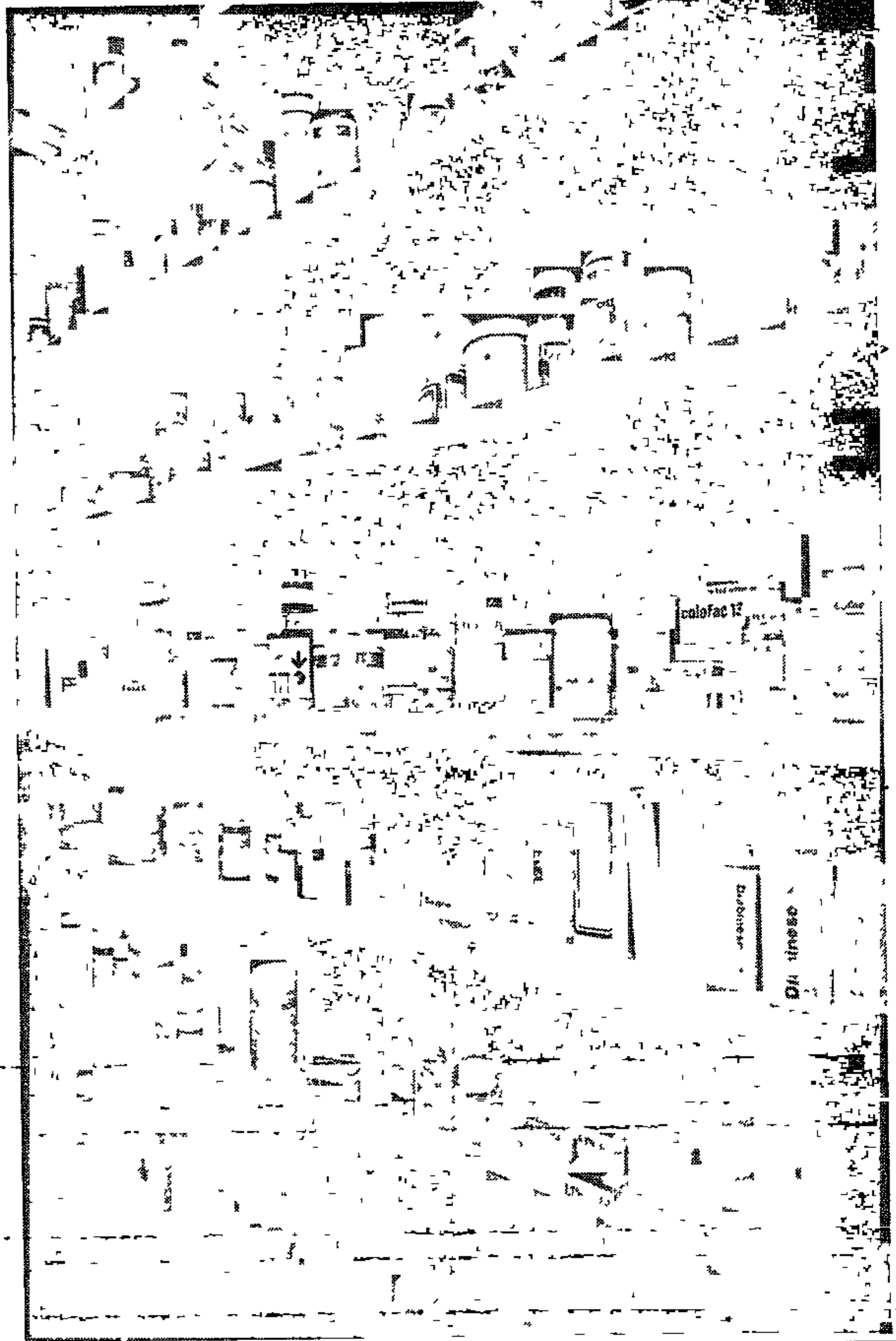
The doctors claimed that this would infringe on their right to treat their patients. Pharmacists are not allowed to treat patients, but the new system would, the doctors claimed, have given them this right.

Despite the bitter wrangling between the various bodies, generic drug substitution became law in November 1984, when Ethical Rule 1 of the South African Pharmacy Board was amended to permit generic substitution provided the prescribing doctor did not object.

The Board's decision came as a blow to those who had opposed the system. The battle is not yet over. Individual members of the PCMA have announced their intention of taking the issue to court.

The Registrar of the Pharmacy Board, Mr P Traut, says that no notification of such action has yet been received but that the Board is ready to defend its decision should this be necessary.

When it comes to saying yes or no, who's decision will you back — will you let your doctor or your chemist advise you which drugs to use?



Organ Transplantation...

Saints Cosmas and Damian "transplanting" the leg of a "moor" onto a white man. Only in the present century has transplantation become a reality — thanks to the "discovery" of immunology and to the development of immunosuppressive drugs.



Painting by Fernando Rincon de Figueroa, 15th century, Prado, Madrid

The most effective immunosuppressant is one recently discovered by Sandoz. Its use — to date it has been given to more than 8000 kidney transplant recipients — has significantly improved graft survival rates. The number of transplant operations being performed has also increased — because the chances of success are better!

The *prix Galien*, the highest distinction which can be awarded to a drug in Europe, was presented to Sandoz in 1984 for this substance.

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TODAY'S CHALLENGES

TOMORROW'S ACHIEVEMENTS



MSD (Pty) Ltd is a subsidiary of Merck & Co Inc a United States science-based enterprise with more than 30,000 employees, manufacturing products in 28 countries and marketing them in nearly 200. We are committed to discovering and providing products that contribute significantly to human and animal health, to the control and improvement of the environment, and to greater economic progress. The Merck Sharp & Dohme Research Laboratories Division is one of the world's leading biomedical research organizations. The Company seeks always to be at the forefront of science and innovation, while maintaining its long tradition of product excellence and strong sense of public responsibility.

Merck and its subsidiaries including MSD South Africa have long acknowledged their social responsibilities and have consistently formulated policies to eliminate discrimination and create opportunities regardless of race, colour, religion, national origin, age or sex.

The Company reaffirmed its position in 1977 when it subscribed to the Sullivan principles which contain guidelines concerning equal and fair employment. In the independent monitoring process of employment practices MSD has consistently been rated in the highest category.

The Company is dedicated to programmes which underline its commitment to assist in improvements to the quality of life of disadvantaged people in both the workplace and the community.

The projects undertaken are directed primarily at the critical areas of health care, technical training, education and community welfare.



MSD also urges other multi-national and South African owned organizations to support the movement in the private sector for systematic social change and for the process of constructive political reform. It is the Company's objective to encourage the authorities to alter inequitable and anachronistic legislation.

We believe it is right to continue our efforts to accelerate the search for a positive solution to the escalating internal and external pressures obstructing peaceful change and stability in South Africa.



THE PHARMACEUTICAL INDUSTRY/A PROBLEM FOR THE MULTINATIONALS

By DAVID SPIRO
SWISS-based multinational Ciba-Geigy rates both internationally and locally as one of the biggest of the many multinational pharmaceutical and chemical companies operating in South Africa.

World sales for 1984 were R13 440m, significantly up on R11 340m in 1983. Operating profit last year was R913,07m, an increase of almost 53% on 1983. World-wide, the group employs 81 423 people.

As a research-based

Exchange rate undermines local performance

Swiss-based giant keeps mum on more capital investment in SA

company, Ciba-Geigy spends enormous amounts of money on the development of new drugs. In 1984 this was R1 120m, which represented about 15% of glo-

bal sales at manufacturer's selling price.

The South African sales of Ciba-Geigy products represent less than 1% of the international sales but nevertheless the

group regards South Africa as an important market.

At present it has a 5,4% share of the local ethical drug market — slightly down on the 1984 figure of

5,9%

The company's commitment to the South African market can be illustrated by the capital expenditure programme that it undertook in this

country in the late 1970s.

During this time over R8m was invested in the Kempton Park factory with the most recent investment being a R2,3m plant capable of synth-

esising raw materials for drug manufacture.

The development of the plant followed a careful investigation of the local market and was spread over a number of years.

The synthesising plant now produces roughly 70% of the active raw materials required for the manufacturing plant.

The processes used locally are multi-purpose and the quality attained is exactly the same as that at the Swiss parent company.

The group is tight-lipped about further capital investment in South Africa. Management believes that the present involvement is just about right and is reluctant to commit itself to further significant investment in the near future.

General overheads and running costs at present account for approximately 20% of the Ciba-Geigy ex-factory price of pharmaceutical products. Pre-tax profits average out at about 15%, the industry average, which has been deemed not to be excessive by a Commission of Enquiry into the pharmaceutical industry.

Like many other multinational drug manufacturing companies, the group recognises the vital role the South African market plays in clinical trial work and takes advantage of the diversified society in South Africa to undertake drug trials concurrently in both established and Third World environments.

Although it admits that vital work is being done by its operations in South Africa, the group has had its problems in maintaining its expensive operation in what is essentially a relatively small market by world standards.

Fourteen years ago the rand was worth about six Swiss Francs, the currency on which the group bases its financial performance. Today, the exchange rate is about 1,3 Swiss Francs to the rand.

There is . . .

'No Alternative' for us

Wyeth, South Africa, are committed to original research for newer and more effective pharmaceuticals for your well-being. Your doctor can make a worthwhile contribution to this research by ensuring that your prescription contains the words 'No Alternative'.



Today's research for tomorrow's well-being



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WY/NA/JA/443

Important contributions to medical education

THE pharmaceutical industry makes important, on-going contributions to medical and pharmaceutical education in South Africa, estimated at round R5m/year. Examples are

- A clinic at the University of the Orange Free State. It is registered as an official research centre by the US Food and Drug Administration.

- A substantial grant by Beecham to the Cape Peninsula Technikon.

- Donations by MER National to medical pharmacy students worth R38 000 in 1984.

THE PHARMACEUTICAL INDUSTRY/IMPORTANCE OF RESEARCH

Planting a tree for progress

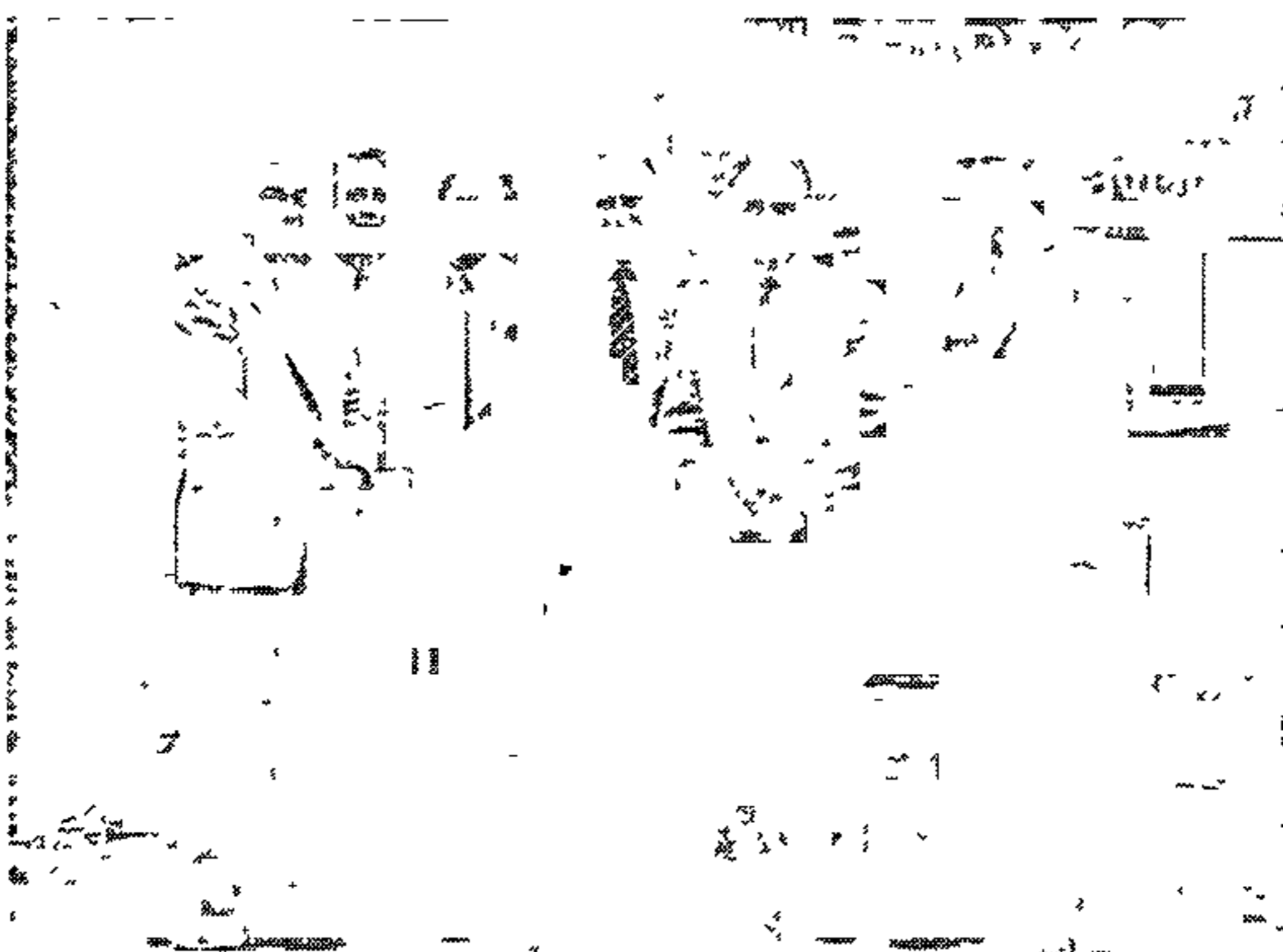
Dr Paul Janssen of Janssen Pharmaceutica, Belgium, was in South Africa in October 1984 to officiate at the opening of the Janssen plant in Midrand, Halfway House.

With him were (left to right).

Mr T R T Bohlmann, Dr K Boughton,

Dr B van der Westhuizen, Mr H de Groot,

(Dr Janssen), Mr A Poole



J&J's Janssen is a world research leader

ONE of the largest health care companies in the world Johnson & Johnson (J&J) consists of 165 companies which market its products throughout 153 countries

The pharmaceutical operation contributed 21% of the 1984 world sales of R12 240m

As can be expected from an operation of this magnitude, research costs play a significant part

in the results of the group In 1984 J&J spent R841 000m or 6,9% of its world sales on research. The pharmaceutical division's share was 14,4% of its sales of R2 590m.

Despite being the smallest division of the group, the pharmaceutical division continues to be a major source of profits for J&J and in 1984 contributed R854m towards profits

The pharmaceutical division's sales and operating profit increased 10,2% and 23,6% respectively over the 1983 figure The divisions operating profit margin was 33%

J&J does not provide details of the contribution of its South African activities to group results and these are included in the total for Africa, Asia and the Pacific

In South Africa, as in other parts of the world, J&J has Janssen Pharmaceutica under its wing.

Janssen is a Belgian based company that was acquired by J&J for its research capabilities

During the 70s and early 80s Janssen was the fastest growing pharmaceutical company in the UK This was largely due to the excellence of its products, especially the imidazole range of anti-fungals

By any standards, Janssen has an excellent track record for research Since 1953, under research director Paul Janssen, the company has produced more than 60 original compounds.

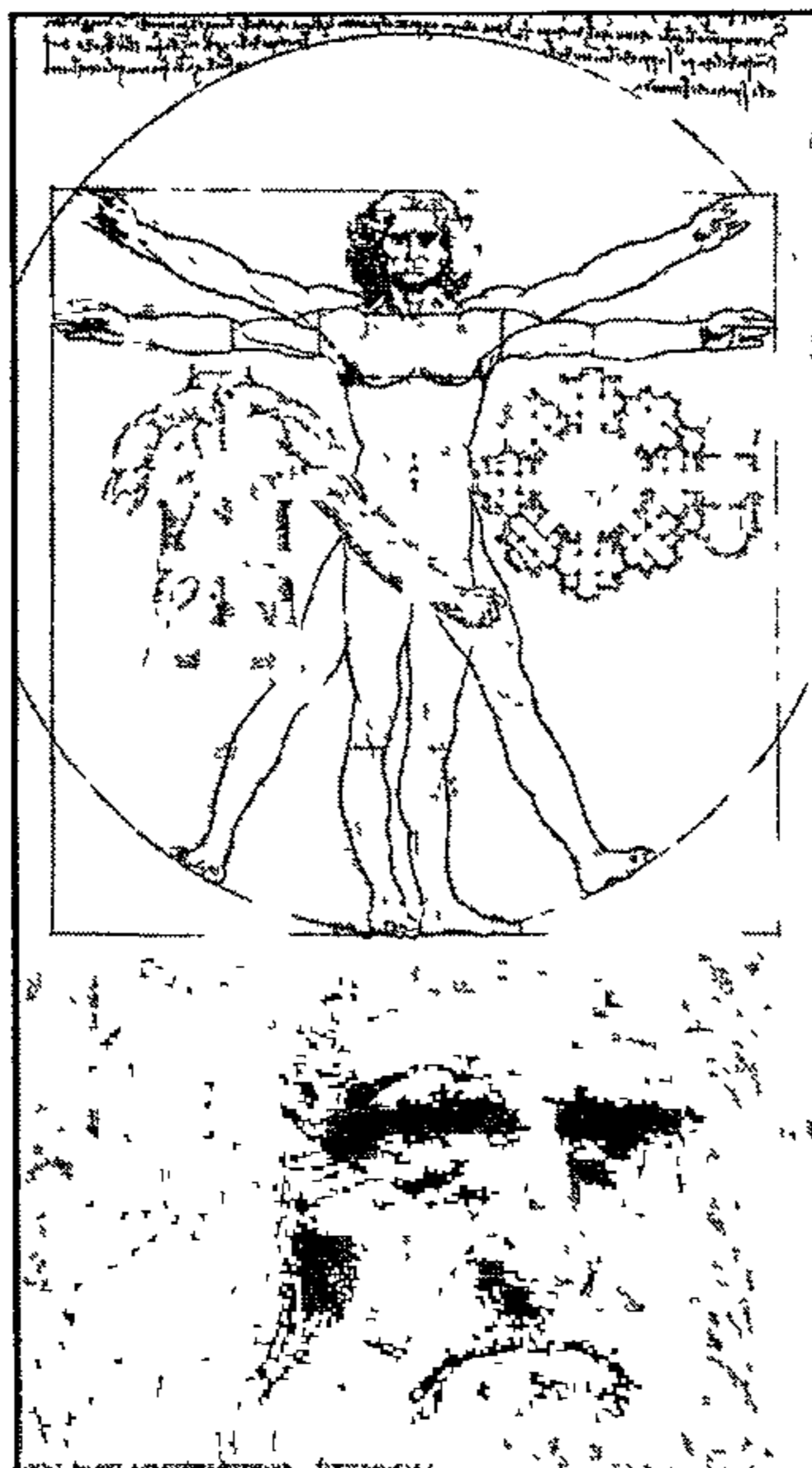
These include a highly successful gastro-intestinal preparation, the unique substance levamisole and a range of products used in psychiatry

The Janssen operation in South Africa, although only in its fifth year, is already one of the top ten in the group internationally As is the norm, Janssen conducts a substantial amount of clinical trial work in South Africa

Janssen has recently opened a new plant in Midrand at a cost of more than R15m and within the next five years will have moved its entire local operation into the new facility

At present the company employs about 200 people but this is set to increase when the new plant comes on stream

He who has vision shall lead



Leonardo Da Vinci His ability to look at the human body like no one ever had before created insights into anatomy that has the admiration of modern medical practitioners His visionary ideas gave man the confidence to reach for the sky And his mystifying way of looking at life (as depicted in the everlasting "smile" of the Mona Lisa) never ceases to amaze generation after generation

The Adcock-Ingram Group aims to achieve excellence in all areas of its business The group's philosophy is predicated on the belief that "He who has vision, shall lead"

The Adcock-Ingram group's mission is

To attain the highest quality in every facet of its operations, including manufacturing, marketing, human resources, research and development

To accelerate growth of its product ranges and services

To remain the leading pharmaceutical group quoted on the Johannesburg Stock Exchange and provide shareholders with a secure investment

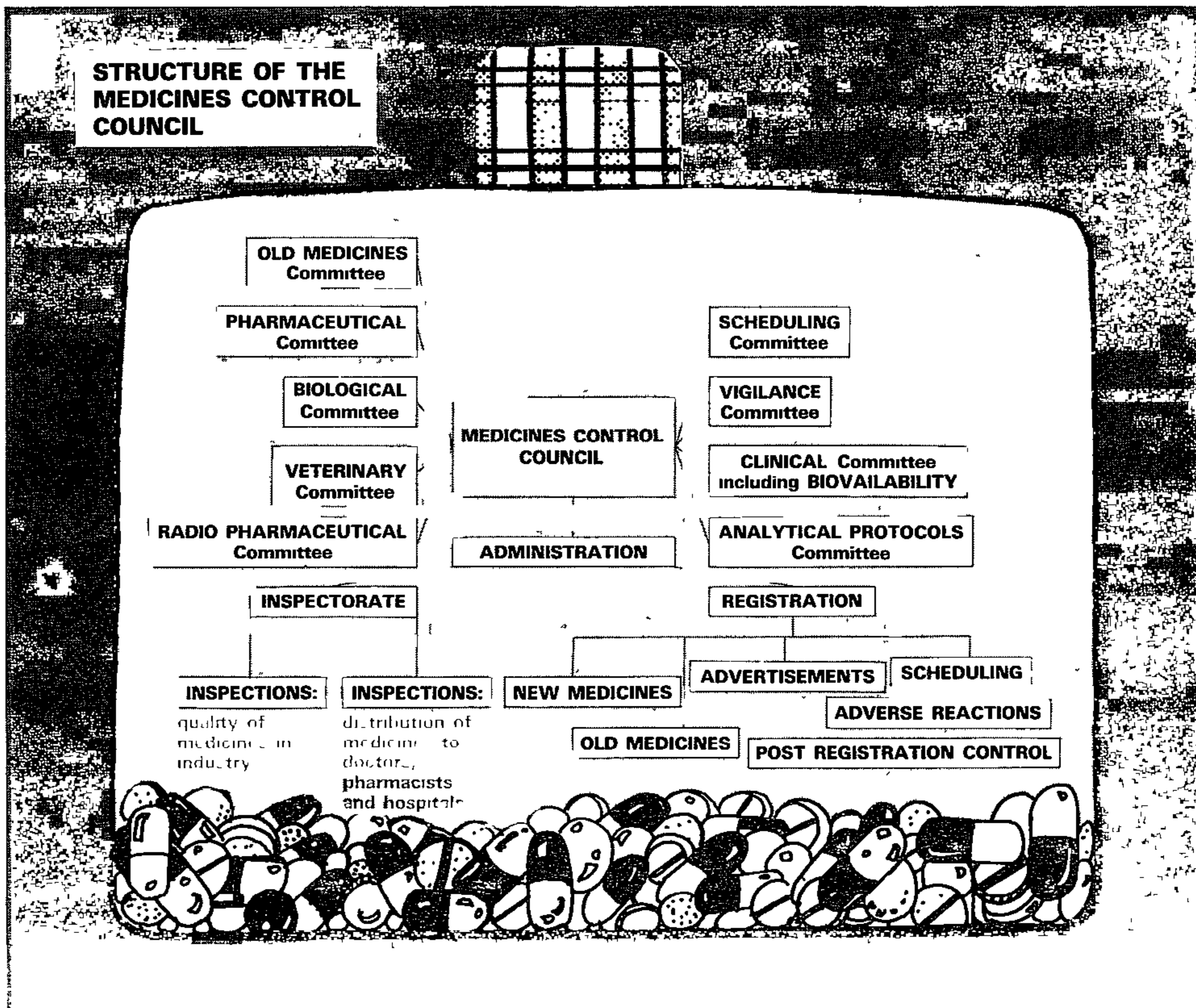
To maintain a high level of social responsibility consciousness to employees, society and the country

THE ADCOCK-INGRAM GROUP
CARING FOR THE HEALTH NEEDS OF THE NATION

THE PHARMACEUTICAL INDUSTRY/SAFEGUARDING THE PUBLIC

This medicines watchdog will never be anyone's pet

A watchdog with teeth that it is not afraid to bare keeps the pharmaceutical industry on its toes, but the Medicines Control Council is much more than a body operating in the public interest it is a unique gathering of talent and expertise, where decisions are based on scientific fact vigorously independent of commercial or other considerations as EVA PERIOFF reports



THE Medicines Control Council (MCC) was formed in 1965, around the time when most of the developed countries were tightening controls over their pharmaceutical industries in the wake of the thalidomide incident

The MCC is a watchdog with real teeth. It safeguards the human and animal public against abuse, error and poor quality medicines by keeping a tight rein on manufacturers and importers of medical and veterinary products

Working on an annual budget of more than R1m, the MCC registers and schedules medicines, and maintains surveillance of all manufacturing processes

A manufacturer or importer not only needs permission of the MCC to put his products on the market, he also requires the council's approval to continue to market his products

If standards of performance and quality are not up to scratch, the MCC can ban batches of the offending product or even permanently de-register the medicine. In these situations, the directive of the MCC

can only be set aside by a Court of Appeal

With millions of rands at stake, all manufacturers of medicines have a healthy respect for the MCC which is seen not only as the controlling authority, but also as a source of expert opinion

The 16-member Council of the MCC is the central authority and decision maker. Its members are appointed by the State President and only one of their number is a lay person. The rest are specialist pharmacologists, physicians, research chemists and pharmacists

Heading the MCC is the Registrar of Medicines, a position now held by Johann Schlebusch

Working with and reporting directly to the MCC are nine highly specialised sub-councils or committees, with 116 serving members most of whom are experts in their field. They undertake in-depth investigations and provide expert opinion to enable the MCC to take authoritative decisions

A force of about 35 officials carry out their instructions. Some of these are the inspectors who monitor the manufacture, quality and storage of products

These inspectors carry out regu-

lar and spot checks on manufacturers, and may spend several days in a local plant in South Africa or a parent plant overseas before submitting a report to the MCC

Once a drug is registered and placed on the market, it is continuously monitored so that all information, including the important matter of adverse reactions, or side effects, can be brought to the attention of the MCC

One team of inspectors monitors advertising practices in the pharmaceutical industry. Advertising and promotion has to conform to a strict code

If a company wishes to sell, manufacture or import a medicine, application must be made to the MCC to register the product. This application must be supported by scientific data

If the supporting material is considered inadequate, the application will be thrown out at an early stage. Otherwise, the application is placed before the relevant specialist committees of the MCC. At this stage a formidable examination and review procedure comes into play

The various committees assess and examine all known facts about the product. Clinical trial data and

design are evaluated, and further down the line decisions are taken on scheduling — that is, whether the drug should be available directly from a pharmacist or only against a doctor's prescription and what restrictions should be placed on the sale of the product

If the medicine is to be manufactured in South Africa, officials of the MCC will inspect and report on the plant, quality control, packaging and storage facilities

In the case of an imported medicine, the MCC will liaise with its overseas counterpart. In the USA, for example, the MCC can obtain information from the Federal Drug Administration under the Freedom of Information Act. There is excellent world-wide co-operation between the medicine watchdogs

Information from other countries provides the MCC with a global picture of the multi-national pharmaceutical companies. In particular, it provides information on problems which have arisen with medicines and in pharmaceutical manufacturing processes, which serves as an early warning system to manufacturers, doctors, and pharmacists

The criteria for registration of a

medicine are safety, quality, effectiveness and whether it serves the public interest. Everything has to be considered before the MCC will register the product

Certificates of registration define clearly the parameters within which the product can be marketed

For instance, a medicine registered for asthma cannot be advertised for any other condition, even if there is evidence that it relieves that condition

In South Africa, it is mandatory for doctors and others involved in the dispensing and administering of medicines to report all side effects. Doctors usually bring these to the attention of the pharmaceutical company concerned which is compelled to then advise the MCC. This obligation includes side effects occurring on a world-wide basis

For as long as the product remains on the market, it will be controlled and monitored. These controls and a real desire by pharmaceutical companies to provide excellent medicines has led to a standard of manufacture which is unequalled in any other industry. The task of the MCC is made that much easier because the industry is, by and large, reliable

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SERVING THE MEDICAL INDUSTRY - AND ITS PEOPLE

PHARMACEUTICAL
SELECTION AND TRAINING

THE PHARMACEUTICAL INDUSTRY/EXPLOITING THE SOUTH AFRICAN MARKET

MERCK, SHARP and DOHME (MSD) is a pure research based pharmaceutical company and is a subsidiary of the US based Merck & Co Inc.

The group operates throughout the Western world. It has manufacturing plants in the US, Europe, Latin America and the Far East. Total group sales for 1984 were slightly over R7 000m.

R&D expenditure in 1984 was R786m, up by R74m on the 1983 figure.

Sales of human and animal health products make up the bulk of the group's business, with total sales of just over R4 000m.

Although no figures are available for the contribution of the South African subsidiary to these totals, the company plays an important part in the group's business.

Like other multinationals, MSD has recognised the importance of the South African market and conducts a large amount of its clinical

SA techniques may be world standard

The 300 employees of Merck, Sharp and Dohme, who work in this idyllic setting at Halfway House, Midrand, contribute substantially to the group's operations. Schemes developed by them may soon be a world standard throughout the group.

cal trial research work in this country. MSD has factories in Cape Town, Pietermaritzburg and at Halfway House, Midrand.

The company was one of the first to establish at Midrand, where it also has its head office. Although this plant only employs 300 people it

is regarded as a medium-sized operation.

When judged by international standards, MSD believes that the quality of work done there is as good as anywhere in the world.

Many of the basic drugs used in medicine today are the product of

MSD research. Indomethacin is still one of the most successful substances for the treatment of arthritis, 20 years after its introduction.

The company specialises in diuretics, analgesics, cardiovascular products, antibiotics as well as a substance for the treatment of Par-

kinson's disease.

Apart from its contribution to pure medical areas of research, the South African operation of MSD also makes important contributions to management and marketing methods.

MSD (SA) has made significant advances in the training of sales personnel and the methods used in South Africa are considered amongst the best in the group and may be adopted as the group's international training standard.

Internationally, Merck & Co has clearly shown its commitment to research. This year's budget is R860m, which represents about 12% of last year's sales. The company also has an R160m research plant under construction in the US and recently spent R50m in the UK on mental health and brain research.

TIME CAPSULE?

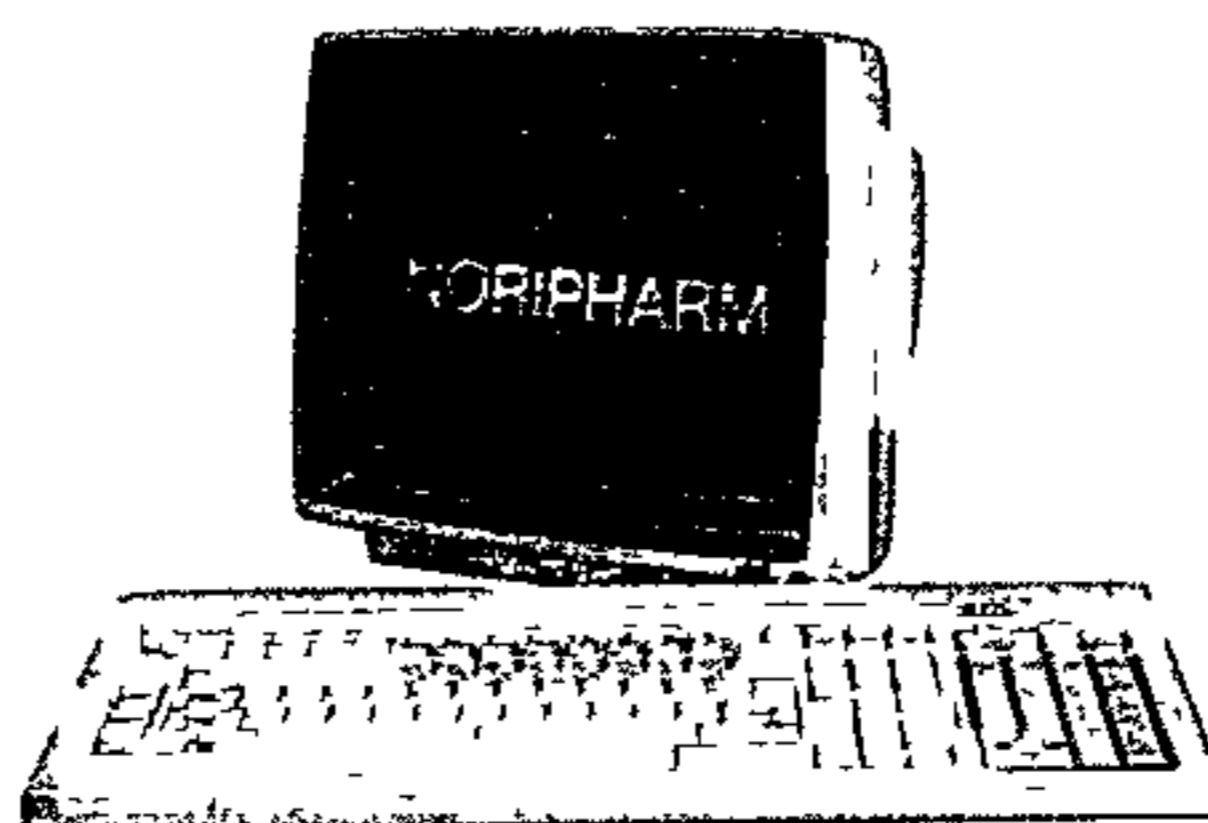
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NORIDATA
A MEMBER OF THE NORISTAN GROUP

Midrand on the move

By DAVID SPIRO

PHARMACEUTICAL companies were among the first to recognise the potential of Midrand near Halfway House.

Mainly due to its zoning as a light industrial area, Midrand has already attracted nine major pharmaceutical companies and another will eventually relocate there.

The area is now on a move — from a traditionally quiet residential part of the Transvaal to a centre of light industry.

"Although we have no plans to move in the immediate future," says Adcock-Ingram financial director Len Gerber, "we will eventually move to Midrand."

Already in Midrand are Ayerst Laboratories, Berks Pharmaceuticals, Delmark Pharmaceuticals, Johnson & Johnson, Merck, Sharp & Dohme, Pharma Natura, Sandoz Pharmaceuticals and Takeda Pharmaceuticals.

Merck, Sharp & Dohme's Barry Scott says that his company's decision to move to Midrand was taken five years ago.

"In 1971 we had a lot of what areas were available in all parts of the country. One of our problems was that we did not want to lose our staff, many of whom had worked with us for years."

"After considering several areas we decided to move to Midrand, which, at that time, was reasonably cheap," he explained.

MSD bought 16ha of land near the centre of Midrand and after building operations were complete, turned the remaining land into a game sanctuary.

The sanctuary has its own lake for the many water birds in the area and the surrounding area is stocked with several species of buck.

Janssen Pharmaceutica, a subsidiary of Johnson & Johnson, recently completed a new plant on land which had been acquired in early 1970s.

THE PHARMACEUTICAL INDUSTRY/LOOKING TO OUR FUTURE HEALTH (contd)

FROM PAGE 11

out' substances and a success rate which may be improved by as much as 40-50%

Most drug research is carried out in the USA, Europe and Japan. The USA still leads the world, but its share of R&D has decreased by more than half since the 1960s. The implications for the US economy are perhaps more important than for drug therapy because countries of Western Europe and Japan are increasingly shouldering the burden of research. Although the US is the R&D leader, many of the

drug innovations in the US come from foreign owned multinationals.

In South Africa very little original research

place here, South Africa has, over the years, proved a valuable area for the major companies to do clinical trial work

cost of bringing one drug onto the market being as much as putting an oil rig into action, the industry needs to recoup costs

try could stagnate and its vital research base be destroyed

The strength and weaknesses of the industry are all too apparent except to those who wish to restrict its profitability. Today, generic substitution is one of the biggest headaches for the industry, who do not object to generics *per se*, but to backdoor substitution.

Gains in terms of reduced drug costs are bound to be short-lived and this may well be an instance of government biting the hand that keeps it fit and healthy.

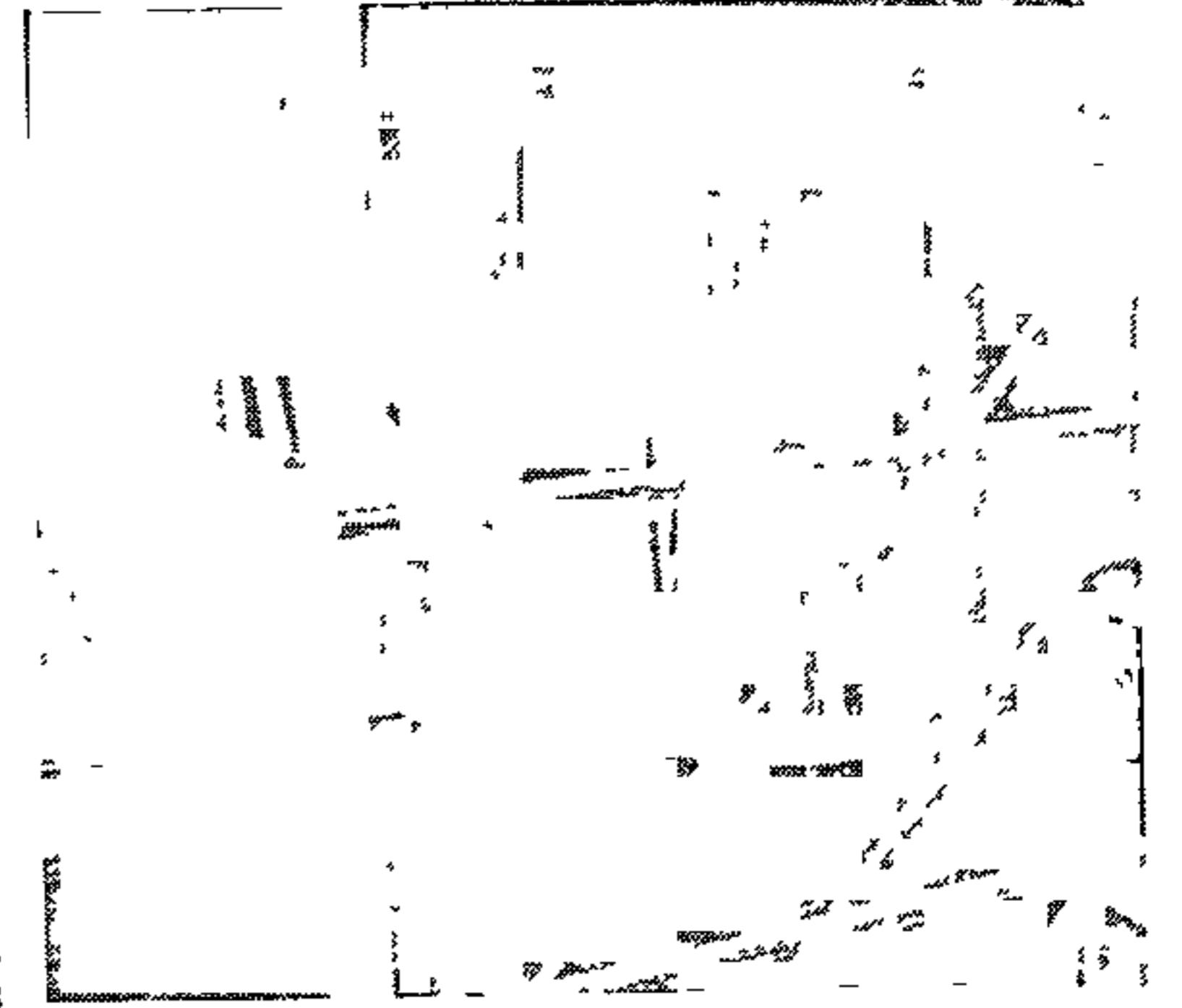
Research too costly for most South African drug companies

work is undertaken by the leading drug companies because it is too costly. This does not mean that the country is barren when it comes to research. Besides a number of product developments which have taken

Such trials are an important testing ground for new drugs and help build up clinical experience and an overall picture of the drug at work.

Research and innovation are the lifeblood of the industry. With the

quickly if it is to maintain the life which feeds it. A steady stream of new products is essential to replace those whose patents have expired and have been then lost to generic imitators. Without new products, the indus-



Research equipment is costly to install and maintain

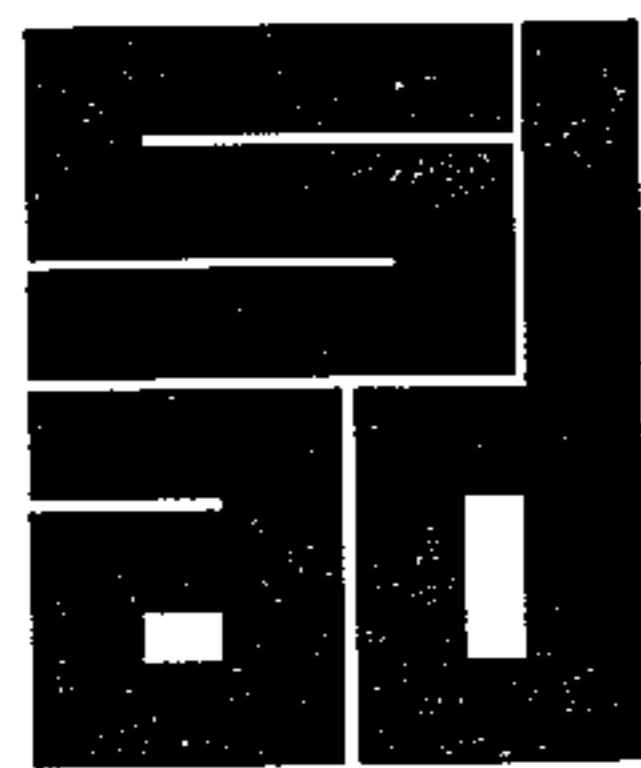
"take care Daddy"

Every morning when Bob Joubert goes to work, his small son says these words. Because he can't imagine what life would be like if his Daddy got hurt or sick and couldn't take care of them.

We know about people like Bob Joubert. Hard working people with hopes and cares and plans for a good life for their families. Hard-working people who are hard hit by the recession.

It's people like these, everyday South Africans, that S A Druggists serves. We make things that make people better, like medicines and hospital supplies. And because we're a large and efficient company, our products are affordable. Taking care of people like Bob Joubert and his family today.

And planning for tomorrow by investing in pioneering research. Because we're a truly South African company committed to the future of this country and its people, and to giving South Africans a better life, a better future.



South African Druggists

The caretakers



THE PHARMACEUTICAL INDUSTRY/SUCCESS IN SA — AND A WELCOME COMMITMENT TO THE COUNTRY

In palaces and squatter shacks, the name Beecham is synonymous with medical remedies, but the company, one of the most successful in the world, makes a far greater contribution to the welfare of mankind than supplying powders and pills

EVA PERLOFF reports

Despite govt pressures on price and profit, sales climb steadily Drug cash is half Beecham profit, but research gets its fair share

WITH an annual turnover of about R6 000m the Beecham Group is, undoubtedly, one of the more successful companies in the world.

Much of this success derives from the pharmaceutical sector of the business which in 1983-84 accounted for about 28% of group turnover and 47% of profits

The company also has extensive interests in the manufacture of various well-known consumer products. Across the world, there are over 100 consumer product factories and four research centres, located in the UK and USA

In the field of pharmaceuticals,

Beecham is perhaps best known for its production of antibiotics and its high level research in that area. The growing problem of bacterial resistance to antibiotics has been a prime area of such research

Bacteria which cause disease are capable of producing substances which destroy antibiotics

Beecham researchers have discovered a substance, clavulanic acid, which can protect some antibiotics from being inactivated. An antibiotic manufactured on this principle is now available in many countries around the world, including South Africa

In the UK, the pharmaceutical industry is still wincing from re-

strictions imposed by the Thatcher Government

With many of its operations based there, Beecham, like most other companies, has felt the pinch. The British government, faced with an annual drug bill of around R30 000m demanded a 2.5% price cut on all pharmaceutical products used outside hospitals

The government also limited returns on capital investment and restricted promotional expenditure. Amid the gloom of all this, however, the industry won the fight — still raging in South Africa — against generic substitution by pharmacists

Sales in Europe are good, in spite of government pressures on price

In 1982, the company acquired an ethical over-the-counter company, Laboratoires Manceau, which specialises in products sold by pharmacies, but without a doctor's prescription

In Germany, allergy vaccines have been very successful, with the company now claiming a 50% slice of this market. In Belgium, antibiotics have pushed sales over 1 000m Belgian francs

The Middle East, Pakistan and Far East are also healthy growth areas for the group

In the veterinary field, the UK market has increased by 19% and the French market by 37%. Some of this success is due to the introduc-

tion of new treatments for eye disease in cattle and bacterial enteritis in calves

Beecham South Africa is the largest supplier of antibiotics in the country. The company has two manufacturing plants, one for consumer products and the other for ethical products. Seventy per cent of the 1 500 work force is employed in manufacturing

During the last year, the company acquired Yardleys in Cape Town

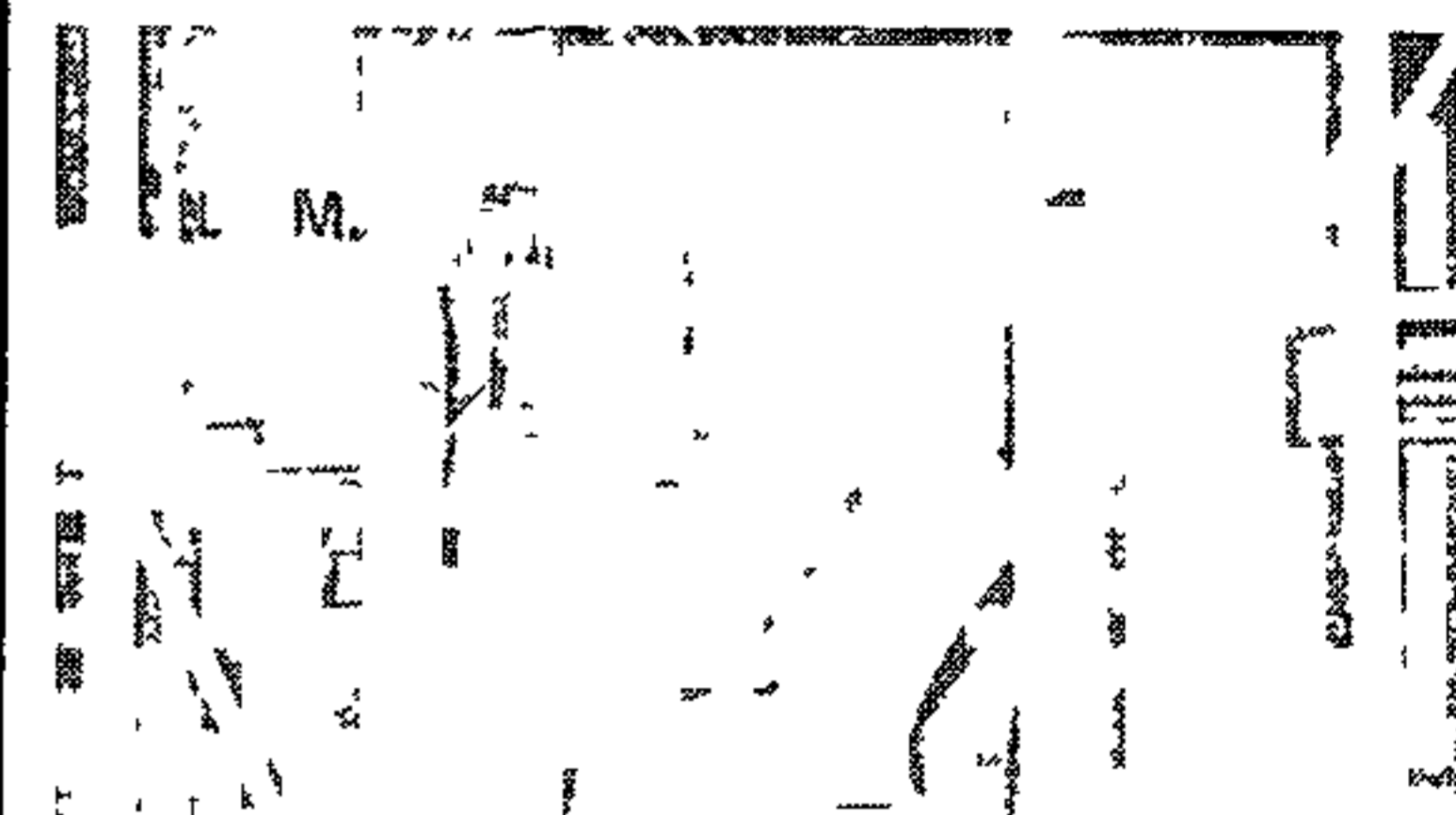
Worldwide, Beechams has operations in Canada, USA, South America, Europe, Africa, Asia, Australasia and the UK. About one third of the company's profits are earned by the UK operation



Pouring resources and knowledge into a dedicated fight against suffering.

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Stacking and storage of pharmaceutical stocks needs great care and attention. The products are easily affected by changes of temperature and rough handling.

US-based Dow honours its commitment to SA through MER

MER-NATIONAL is one of the largest pharmaceutical companies in South Africa

A division of Dow Chemicals since 1981, it was originally part of the Richardson Merrel Organisation

Dow Chemical is the biggest chemical manufacturer in the US and ranks sixth in worldwide sales

A major advance in drugs for the treatment of tuberculosis was made by Dow in Italy in the 70s when the company discovered a drug which significantly shortened the treatment time

This has important implications in terms of cost and efficacy of the treatment of a disease which is still rampant in many parts of the world, particularly Third World countries

In South Africa, the Dow MER-National Division had a 4.2% share of the total pharmaceutical market in 1982

MER-National opened a sophisticated R16m plant at Clayville, Midrand, last October

At the opening of the plant the executive chairman of Dow Chemical Africa, Mr Peter Columbine, stressed that the development showed the Dow Chemical group's continued commitment to

investment in South Africa

"We are very proud that this has happened here and look forward to capitalising on other opportunities that may develop," he said

"This manufacturing facility is testimony to the sincerity of our position and, hopefully, foreign investors who want to help build a better South Africa for everyone, will be able to count on both prompt and understanding support from the Government."

Mr Columbine explained that this was the group's first wholly-owned facility on the African continent

"It assumes special significance as 1984 marks the 25th year of our direct participation in the South African market," he said

Built on a 5.5 hectare site, the plant is the newest and most modern pharmaceutical manufacturing facility of its type in the group worldwide

It employs 63 people and produces an extensive range of tablets, capsules, lozenges and syrups

Equipped with highly automated machinery, the facility has among its features a highrise warehouse accommodating a computerised and totally automated materials handling system

THE PHARMACEUTICAL INDUSTRY/MAKING TRANSPLANT SURGERY MORE EFFECTIVE

Helping transplants

SANDOZ PRODUCTS (Pty) Ltd is a wholly owned subsidiary of Sandoz AG, a Swiss company.

The headquarters of Sandoz is in Basle, Switzerland. The group employs 38 000 people throughout the world and in 1984 turnover was SwF 7 434m of which 46% was contributed by the pharmaceutical division. This makes the company one of the top ten pharma-

ceutical companies in the world.

An amount of SwF 454m was spent on pharmaceutical research and development, which amounts to 13,3 per cent of the turnover of the pharmaceutical division.

Medical research is mainly concentrated in those areas where Sandoz has built up experience and expertise. These include cardiovascular medicine, psychiatry, neuroendocrinology, obstetrics and gynaecology

and more recently immunology.

The South African affiliate is a member of the organization's international research group and during the past few years has been involved in the development of a new immunosuppressive agent.

This product is now recognised as being the first of a new generation of agents which will increase the survival rate of patients receiving transplanted organs

THE day cannot be far off when the issue of generic substitution of drugs will have a direct impact on the consumer.

The term bioavailability is used to describe the amount of drug which is actually available to the body to do a therapeutic job of work. If this factor is more or less the same between the generic and original drug, the drugs may be considered equivalent, but many factors influence bioavailability and because of their complexity, it is improbable that the original and generic drug will be exactly the same.

Generics: A surprise for the consumer?

As Mr H N de Beer, Head of Pharmaceutics at the Witwatersrand Technikon says "If two drugs have the same blood level against time profile, it will be pure coincidence"

If the pharmacist substitutes a generic drug, will this have a direct effect on the patient? Where the drug contains a small amount of a highly active substance any difference may be very significant and crucial to the patient's wellbeing

This may be an impact neither foreseen nor intended by the pharmacists who argue for substitution on the grounds of price

It is this form of drug substitution which worries the drug companies more than anything else

Roussel's French links are full of interest

ROUSSEL LABORATOIRES is a company with interesting international connections. It is a subsidiary of Roussel UK which is, in turn, owned by Roussel Uclaf of France.

Uclaf is 50% owned by Hoechst and 50% by the French Government. The company has been distributing its products in South Africa through Fisons since the 1950's. Progress in the market place was such that in 1967 a subsidiary was established in Wynberg, where the company is still based today.

Six major new appointments in the company have been announced recently and point to a strengthening of local operations.

Jean Francois Labbe, previously director of marketing of Caffenne Laboratoire which is owned by Roussel, has been appointed Chief Executive Officer.

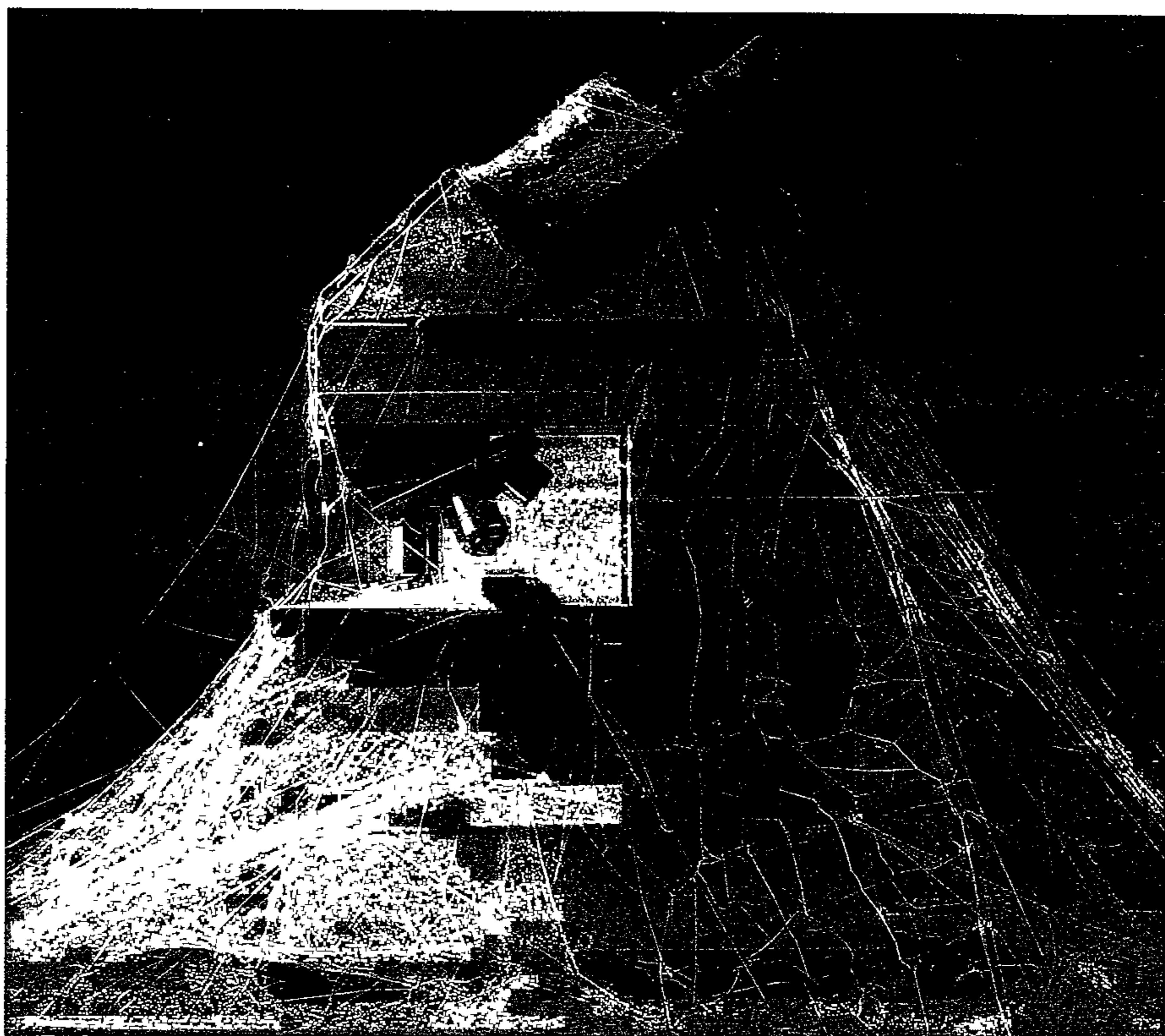
Some local talent has moved up the ladder as well. Alan Poole is now acting head of Finance and Administration, Paul Kruger has become director of Sales and Marketing, Allan Monger is Group Product Manager, Jorge da Sousa is Senior Product Manager and Lous van Heerden has become National Sales Manager.

South Africa is one of the most important development bases for the group's pharmaceuticals because of the high standard of medical practice in this country. As a result the medical department is disproportionately large because there is so much activity on Phase 1, 2 and 3 clinical trials.

Roussel is among the top 40 pharmaceutical companies operating in South Africa and holds about 1% of the private ethical market.

The collective research facilities of Hoechst and Roussel are vast and funded by about 12% of their turnovers.

Generic Substitution Has Its Price



Insist on "NO ALTERNATIVE" and guarantee the legacy of on-going Research and Development

Of course generics have their place. But there's no denying they also have their price.

The cost includes the motivation behind most of the world's great medical advances, the spirit of free enterprise and healthy competition.

The future of medical science is wholly dependent on an on-going commitment to research, fueled by the spirit that's taken

medicine from its infancy to the realms of the incredible.

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THE PHARMACEUTICAL INDUSTRY/TRIALS AND TRIUMPHS (contd)

FROM PAGE 1

an increasing number of patents about to expire and fewer new drugs entering the market, this may well prove a vital issue for many sections of the local industry

Threats to curtail international investment in South Africa have been made and one large British-owned company is known to have cancelled a R2,5 million project

The PSSA and others believe the South African market is too profitable for disinvestment to be a

'Disinvestment is not a real threat'

real issue, but it is worth looking at what actually happened in Canada following the abolition of patent rights, which was intended to stimulate real competition

There were widespread cutbacks in employment and R&D projects were cancelled

Merck Frosst shelved plans to increase its research staff Roche closed its Quebec plant and now imports every-

thing from Europe Ayerst moved over to the USA, eliminating R30m of investment and the net result was a Canadian deficit in pharmaceuticals of the order of 70%

Patients demand high technology medicines and high standards of manufacture, but at the same time complain about prices

Yet there is little evidence to support claims of profiteering by the

pharmaceutical industry, and high costs can easily be demonstrated Capital returns in the South African industry were not more than 19% in 1975 and are probably not any higher today

Even critics of the industry would not deny that apparently simple preparations such as intravenous, saline solutions are high technology products

The procedures in-

involved in making a saline solution — mere salt and water — sterile and free of toxic materials and particles are complicated and expensive

If you were having an operation tomorrow and needed a saline drip which is fed directly into the circulation you would be glad to have a high technology product available — anything less could be disastrous

Claims that the indus-

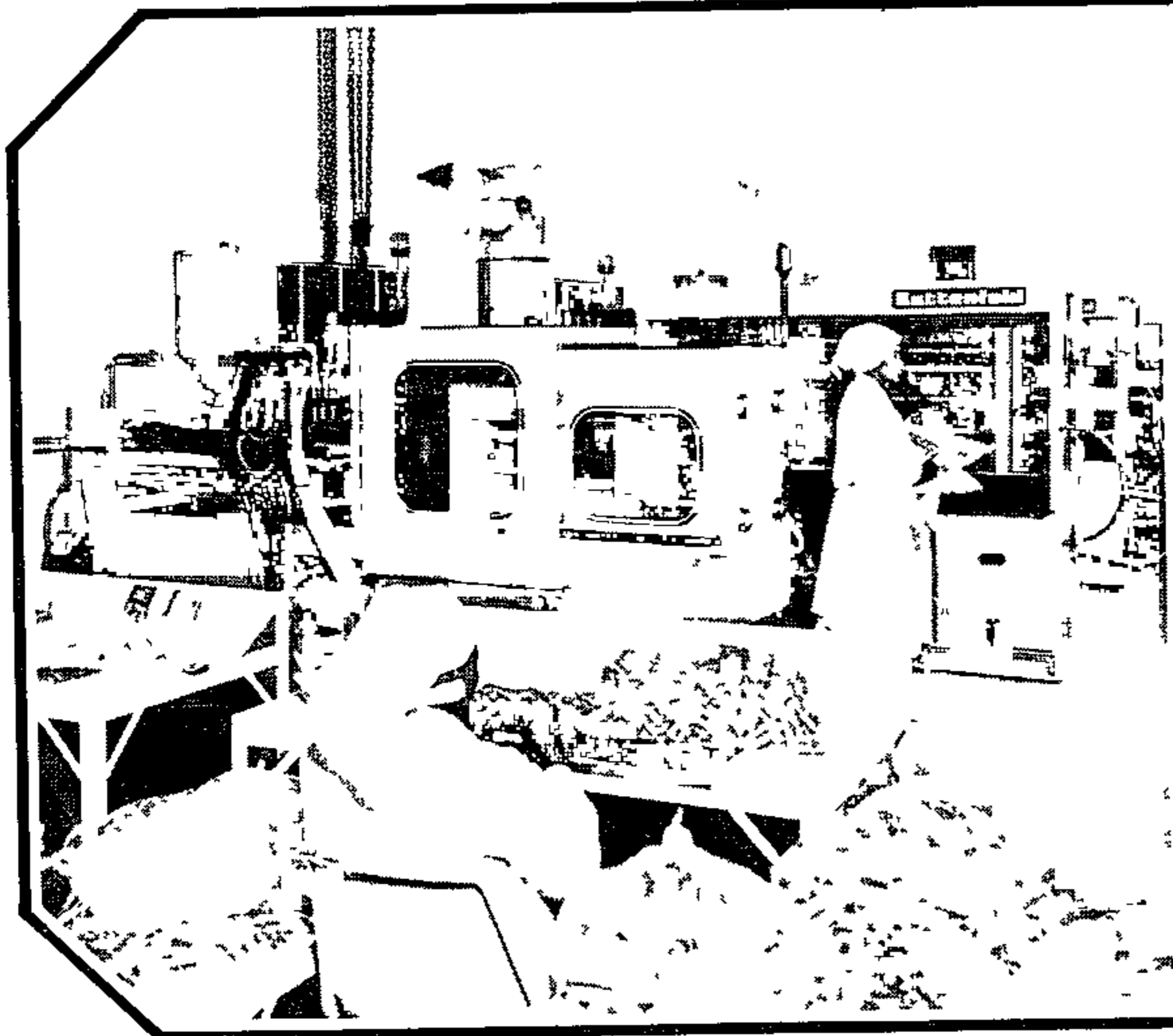
try is monopolistic have also largely been dismissed In many instances the relative size of a particular sector of the market is more or less static after allowance is made for population growth

Drugs then compete against each other for a market of finite size and competition is bound to be fierce

However, the big mul-

tinational do have the edge over the smaller companies Studies conducted by Strategic Marketing Services of Johannesburg have shown that doctors have a preference for the products of larger companies

In South Africa we are fortunate in having a healthy, expanding pharmaceutical industry of high fliers who maintain the highest standards It is not just that the industry profits from the sick, but that the sick profit from the industry



MANUFACTURERS OF MEDICAL, PHARMACEUTICAL AND ALLIED PRODUCTS ACROSS A WIDE RANGE OF POLYMERS

THE FACTS

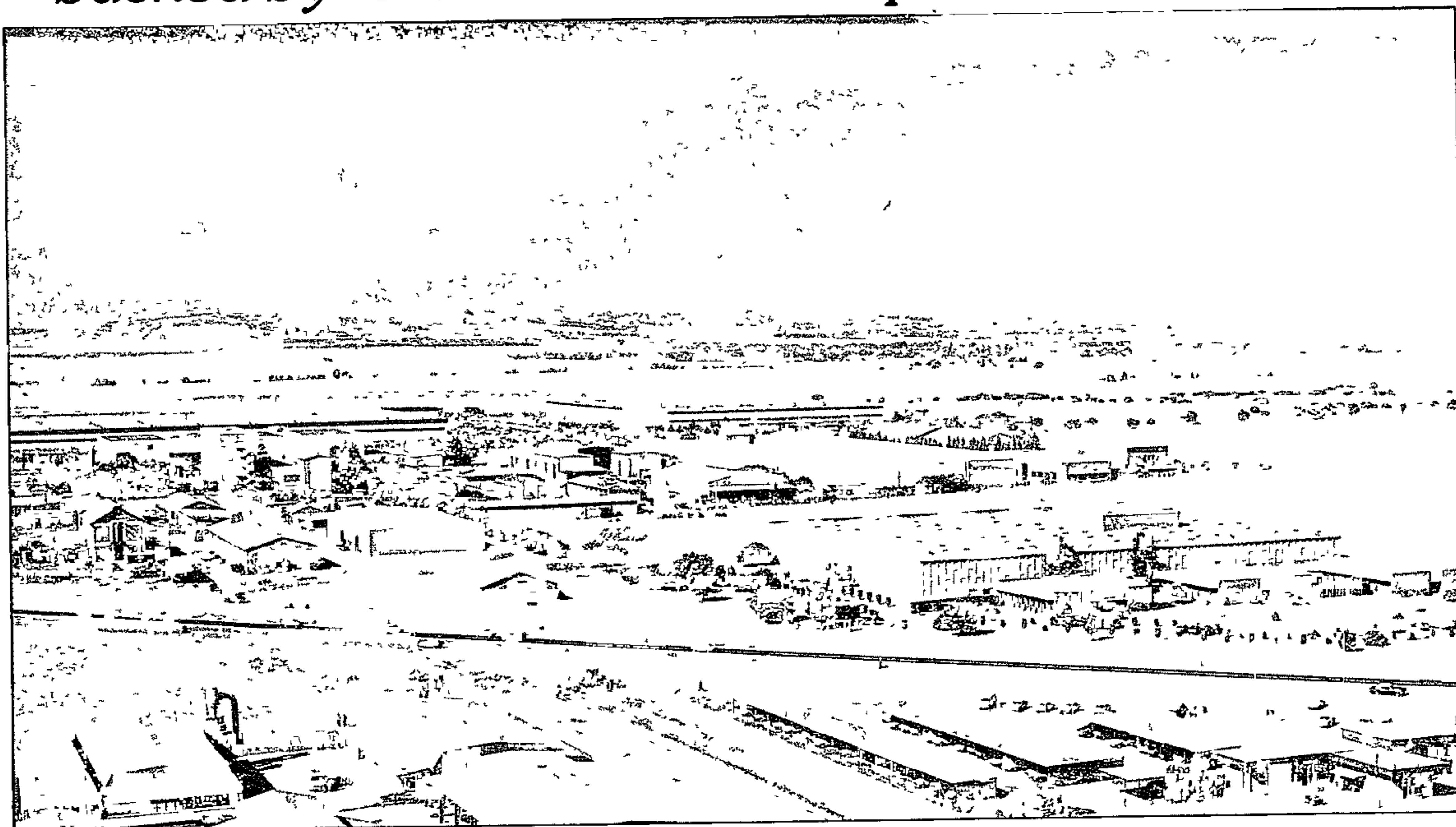
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ment away from the short end

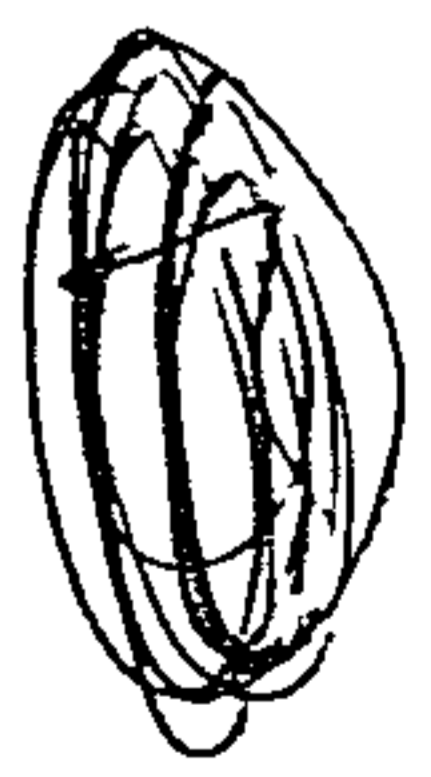
~~AECI~~ ~~Sacwu~~ talks
B. Day. 14/6/85
result in deadlock

Business Day Reporter

INTENSIVE talks continued between AECI management at Ballengeich, Natal, and the SA Chemical Workers' Union (Sacwu) yesterday to try and resolve the strike by 600 workers and prevent sympathy strikes at other plants.

The strike over wages, which was resumed by AECI's Ballengeich workers on June 3, has resulted in continuous talks between the two parties

It has been speculated that if the sympathy strikes take place, management may consider firing workers in the same way it did last year when four AECI plants went on strike



Paying Sasol's debt

When AECI turned to the courts in an effort to stop a strike at its Ballengeich plant in Newcastle, as well as threatened sympathy strikes at other plants, little did it suspect that union lawyers had been waiting for just such an issue to come up

The argument Cusa's SA Chemical Workers' Union (Sacwu) put forward was the same as that intended for use when 24 unions threatened to embark on a national legal strike to pressurise Sasol to take back the thousands of workers it fired in last November's stayaway. Sasol's decision to re-employ put paid to the tactic then — but now AECI has become the guinea pig

The background to the litigation is that Sacwu members at Ballengeich, owned by AECI's subsidiary AECI Chlor-Alkali Plastics, returned to their posts in April after striking legally for six days when management threatened to employ new workers. Sacwu had been demanding a R100 across-the-board increase, a leave allowance and a standby allowance. Chlor, which said the plant would possibly close due to financial

Financial Mail June 14 1985

losses, offered a 9,5% package increase which would bring the minimum monthly wage to R373. Despite the resumption of work, the union said it did not regard the dispute as settled.

AECI could be forgiven if at that stage it regarded Sacwu's words as hollow. But when the Sasol tactic came into play and the Ballengeich strike resumed on June 3 and Sacwu started holding ballots at other plants to determine the depth of support for a sympathy strike, AECI woke up to the danger. It went to the Supreme Court to seek an interdict declaring both the strike and threatened sympathy strikes at its Sasolburg, Umbogintwini, Modderfontien and Somerset West plants illegal.

Uncertainty still surrounds exactly what the Supreme Court ruled. All that is known while the written judgment is awaited, is that the judge said — "not without hesitation" — that no illegal action had been disclosed.

At the heart of the debate is Section 65 (1) (d) of the Labour Relations Act (LRA), which prohibits strikes unless an industrial council or conciliation board has failed to resolve a dispute and a strike ballot is conducted.

Sacwu argued that because these conditions had been satisfied, both the Ballengeich strike and the sympathy strikes are legal, as workers at other AECI plants share the interests of the Ballengeich workers. AECI contended that the continuation of the Bal-

lengleich strike was illegal because the LRA does not make provision for a strike to be suspended and resumed.

AECI has been given leave to appeal against the Supreme Court's decision — but that could take months. Meanwhile, Sacwu has gone ahead with arrangements for the sympathy strikes and, in addition, has threatened that workers at four other AECI plants will also join the sympathy strike.

Says AECI group personnel manager "Bokkie" Botha: "I cannot deny that this may be the effect of the decision, but I don't think the judge said that. Our view is that any sympathy action should be negotiated through the formal dispute procedures."

Early this week, AECI and Sacwu were engaged in negotiations to settle the dispute. But at the time of going to press, there was little sign of movement from either side. If the strikes do occur — and they could involve 15 000 workers — AECI may well threaten to dismiss strikers as it did last year, when a similar number of Sacwu members struck. ■

Call for

(1983)

banning

MM 18/6/85
of toxic

pesticide

Mercury Reporter

THE use of Aldrin, a toxic chemical closely related to the banned pesticide Dieldrin, should be outlawed in South Africa because of the high risk of environmental damage.

Dr John Mendelsohn of the Durban Museum indicated the unstable Aldrin easily broke down to form Dieldrin causing long-term environmental pollution and called for the substance to be banned.

He believed most of the Dieldrin residue found in the environment came from the use of Aldrin and not Dieldrin.

At present Aldrin is freely available to pest controllers and is recommended for use against termites.

Dr Mendelsohn said he 'had it on good authority' the chemical was easy to obtain on the open market and could be abused.

The foundations of buildings were often coated with Aldrin, but this would seep into the soil where it could become damaging.

Indiscriminate use of the pesticide on lawns and other areas was, if possible, he said

AECI, union in new deadlock

By JOSHUA RABOROKO

THE African Explosives and Chemical Industries has once more reached a deadlock with the South African Chemical Workers' Union during a meeting held this week in fresh attempts to avert nationwide strikes

The union's general secretary Mr Michael Tsotetsi, told *The SOWETAN* yesterday that workers at eight AECI factories throughout the country may now go on strike

The workers had earlier voted in favour of strikes

"We have sent out messages to all the plants informing members about the deadlock and it is just a matter of time before they down tools

Management has confirmed that they met with the union but no agreement was reached. They did not know about the intended strikes

• More than 800 Vaal Bus Transport employees who went on strike on Tuesday have returned to work pend-

ing discussions between management and the Transport and Allied Workers' Union

• Workers at John Deere and Fed-bisco companies in the East Rand were still on strike over the dismissal of colleagues according to trade union sources

• The stage is set for the Chamber of Mines and the National Union of Mineworkers to settle their dispute during a meeting to be held in Johannesburg today

The union is demanding a 40 per cent increase in wages the scrapping of job reservation and improvement of safety measures in the mines. The union has already declared a dispute with the chamber over these issues

The chamber's industrial relations adviser Mr Johan Liebenberg has expressed hopes that the dispute will be resolved. But sources speculate that a deadlock will be reached and a strike will follow

SOWETAN 13/6/85

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Fertiliser price war a 'threat to competitors'

CAPE TOWN— Omnia Holdings chairman Joachim Winkler says. 'If the disastrous price war waging among fertiliser manufacturers continues, the smaller competitors could be eliminated.'

Omnia has now secured 16pc share of the South African fertiliser market, after spending R56,9m on nitric acid and ammonium nitrate plants at Sasolburg. Winkler, however, admits that this year a further R15m will be spent on these capital projects.

A loss

Last year Omnia ran up a loss of R0,6m compared with the previous year's profit of R6m. Turnover was lifted by 43pc to R157,4m (R109,8m) and operating profit by 58pc to R8,7m (R5,5m).

A sharply higher interest bill more than wiped out the healthy advance at the operating level — earnings a share crashed to a negative 4,6c from the previous year's positive 12,5c. No dividend was declared.

In spite of this year's

heavy capital expansion programme and the high level of interest-bearing debt, Winkler says Omnia has sufficient liquidity to service its debt and there is no need for further outside finance.

'Omnia's cash flow will be positive this year if the discounting of fertiliser prices abates. At worst, Omnia will break even, but under normal conditions profits will be turned in.'

Drain

'The drain on the company is the price war rather than the interest bill. In the first half of the year making a loss is normal in the fertiliser industry. Everything depends on the second half and we expect a shortage of fertiliser to develop this year,' says Winkler.

The annual report indicates that fertiliser stocks are being built up in anticipation of a shortage, with stock at end-December rising to R20m (R13,1m). Traditionally, peak demand for fertiliser occurs in the second half of the year.

The fertiliser industry is running at between 60pc-70pc of capacity utilisation in the first half of this year. Winkler maintains that Omnia's utilisation is much higher because of its strong export and trade sales.

One third of Omnia's fertiliser is committed to contracts with Sasol and Fedmis. These contracts are due to lapse at the end of 1985 and 1986 respectively.

He says 'We are having no problem with our debtors' book because 90pc is owed by co-operatives and companies. The farming side of the company 'will turn in profits this year of about R500 000 and overseas operations R300 000'.

Investors hoping for dividends this year, like farmers, should be praying for rain.

The share has recovered from a 12 month low of 100c to currently stand at 180c. Investor interest in Omnia centres around its recovery potential and the outside possibility that it is a takeover target.

AECI sympathy strike plans still a grey issue

183

B. Day 14/6/85

By LINDA ENSOR

AECI workers planning to go out on sympathy strikes will be acting within a grey area of the law

Assumptions that Judge Brian O'Donovan had established a precedent last week, by declaring sympathy strikes legal, were not supported by the judgment he handed down yesterday

The judge confined himself to the documents and arguments presented in court and dealt with AECI's application on the basis of a concession made by AECI that, if the Ballengeich strike were declared lawful, then this would dispose of the whole matter

A ruling on sympathy strikes was therefore not necessary because the concession made by AECI limited the dispute to be decided to the issue of the Ballengeich, Natal, strike

Judge O'Donovan did, however, establish a precedent by ruling that the temporary suspension of a strike to pursue negotiations was in principle lawful

This emerged in the judge's explanation of why he had dismissed AECI's application brought against the SA Chemical Workers' Industrial Union last week.

AECI applied to have a strike at AECI Chlor-Alkali Plastic's Ballengeich plant in Newcastle, as well as sympathy strikes planned at its other plants, declared unlawful

AECI group personnel manager Bokkie Botha, in court yesterday to hear the judgement, said "I think it is clear that a lot of speculation about the legality of sympathy strikes has been proved wrong. The judge in fact has not ruled on sympathy strikes at all."

Botha implied that AECI would adopt a tough stance on sympathy strikes being planned at eight plants which could involve 14 000 workers. Some labour lawyers sharply dis-

agree with Botha's view

Halton Cheadle, of the legal firm Cheadle, Thomson & Haysom, said "I believe the definition of strikes is wide enough to incorporate sympathy strikes and so do other leading labour academics"

Other labour lawyers felt the question of the legality of sympathy strikes remained as open as ever

AECI and its subsidiary instituted legal action last week after the outbreak of a strike at its Ballengeich plant

At a meeting in March the Industrial Conciliation Board failed to resolve a wage dispute at Ballengeich and 600 workers went out on a legal strike which ended about a week later when management issued an ultimatum saying that the workers faced dismissal if they did not indicate by March 28 whether they accepted management's offer of a 9,5% increase

The workers returned to work conditionally and came out on strike again on June 3. Negotiations have failed to resolve the dispute

Judge O'Donovan dealt with AECI's application on the basis of its concession that, if the Ballengeich strike were declared lawful, this would dispose of the whole matter

AECI argued that only one conciliation board had been established, that for the wage dispute at Ballengeich

For a strike to be legal a board must have jurisdiction over the dispute giving rise to it and a ballot must be held.

Therefore, AECI argued, if the judge found that the Ballengeich workers could not rely on the board established prior to its first strike to legitimise the second one, neither could the sympathy strikers

The argument for the illegality of the sympathy strikes thus was entirely dependent on the one for the illegality of the Ballengeich strike

The judge said the interdict sought by AECI was more widely framed than the argument presented by AECI in court, which was addressed mainly towards the illegality of the Ballengeich strike

However, attorneys for the SA Chemical Workers' Union said they were not aware that AECI had made this concession as counsel had argued the issue of sympathy strikes in court

Regarding the legality of conditionally suspending a strike and continuing it later, Judge O'Donovan said "I am not aware of any provision in the Labour Relations Act which prohibits a union from temporarily suspending a strike in order to pursue negotiations further"

He said in his view the question of whether the second strike was a new strike or merely a continuation of the earlier one was "ultimately a question of fact" and cited the following facts of the Ballengeich strike as relevant

- The original wage dispute remained unresolved,
- The long delay between the strike and its resumption had to be viewed in the context of the long-standing nature of the wage dispute. In this context the delay was "not so excessive as to amount to abandonment by the union of the strike called in March"
- The union's letter to the Ballengeich management saying that workers would return to work to protect their jobs despite the fact that the dispute remained unresolved. Judge O'Donovan said this amounted to "a reservation by the union of its rights to resume strike action which has been lawfully commenced"

✓

18

Harold 15/6/85
AECI workers win first round of strike

JOHANNESBURG — The South African Chemical Workers' Union achieved a significant victory over AECI Chlor-Alkali Plastics and AECI Explosives and Chemicals, in the Witwatersrand Supreme Court last week.

AECI made an application asking for a strike at their Ballengeich factory near Newcastle, and proposed sympathy strikes at four other fac-

tories, to be declared illegal. But Mr Justice O'Donovan dismissed the application with costs.

The judge said he would give written reasons for his decision later, but on the facts before court that were common cause between the parties, he could not find that the strike at Ballengeich or the other proposed strikes were unlawful.

AECI

workers

put off

strike

By CLARE
PICKARD-CAMBRIDGE

WORKERS at eight AECI factories did not come out on strike yesterday and the union says last-minute discussions are still taking place among workers at the individual plants

Michael Tsotetsi, general secretary of the SA Chemical Workers Union (Sacwu) said the union's leaders were ready to support immediate action, but workers at individual plants were making final decisions this week on whether they wanted to protest in sympathy with 600 strikers who have struck over wage demands at AECI Chlor-alkali and Plastics, in Ballengeich, Natal.

He said there had not been any confusion concerning the matter. Balloting had revealed that workers wanted to strike in support of the 600 workers.

Planning of industrial action has been going on since AECI lost its Supreme Court application last week for an interdict to prevent Sacwu organising "sympathy" strikes.

Rand Supreme Court judge O'Donovan established two precedents in labour law when he ruled that sympathy strikes, and the continuation of a legal strike following a conditional return to work, were both lawful.

AECI and its subsidiary, AECI Chlor-alkali and Plastics were granted leave to appeal, but this could be a lengthy procedure.

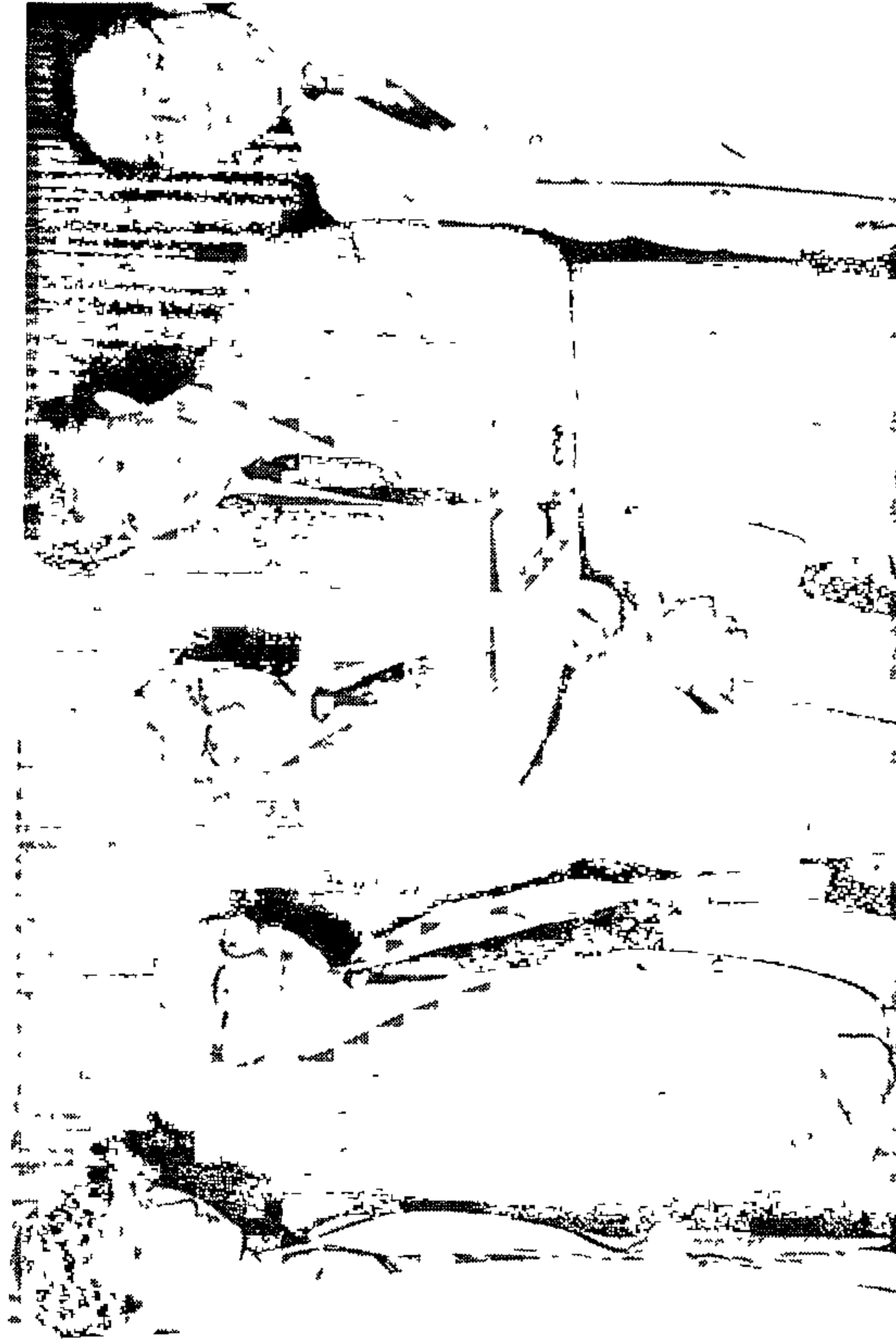
Sugar industry urged to consider alcohol fuel

Finance Reporter

18/6/85 NM

Health Car
Ithuseng:

THE SUSTAINED low level of world sugar market prices and the increasing impact of alternative sweeteners should encourage the sugar industry to become low-cost producers and look for alternative uses of the product.



Some of the main speakers at the South African Sugar Technologists' Association 59th annual congress in Durban yesterday are (from left), Mr Geoff Inman-Bamber, Dr J R Allen from Australia, who opened the congress, Mr Robin Renton, Dr Bernard Ravno, chairman of SASSTO and Mr Sylvio Maire-Jeanne from Mauritius

This was said by Dr J R Allen, director Sugar Research Institute Mackay, Queensland, Australia, who delivered the opening address at the 59th Annual Congress of the South African Sugar Technologists' Association in Durban yesterday

Dr Allen, an international authority on sugar research, said that with the world production rate exceeding consumption it was a logical step for the sugar industry to give considerable attention to using alcohol fuel produced from sugar

He said that Brazil, encouraged by attractive financial conditions to build distilleries, had done a remarkable job of reducing its oil imports by diverting sugar to alcohol

Alcohol

'But it has not been the result of any special technological expertise on their part, because alcohol has been made in very similar ways throughout the world for many years. The difficulty lies in the cost of the feedstock if sugar is used'

He said that nowhere in the world was there such a plant producing alcohol from sugar without some form of Government subsidy or some form of Government assistance

'In Brazil, the sugar mill may produce sugar and/or alcohol and payment is based on 600 litres alcohol being equivalent to one ton of sugar

'This readily indicates that at R0,32 per litre, about the price for which they are selling alcohol, the equivalent price for sugar would be R192 per annum

'There are few, if any, who would build an in-

dustry on such a basis unless some form of subsidy was provided, especially when oil prices are reducing in real terms'

Dr Allen said although the increasing effects of high fructose syrups (HFS) on the world's sugar markets were becoming a considerable concern, it was not in the best interests of the sugar industry to manufacture HFS from sugar cane or sugar products

'This would help build the HFS market and encourage manufacturers to modify their plant and recipes to suit HFS, but after competing with ourselves we would lose out to feedstock suppliers using grain

Dr Allen told the congress that over the last 20 years the world's sugar industry had become increasingly aware of South Africa's technological expertise, 'especially in which you have led the world in cane and bagasse diffusion'

Output

He cited Felixton II and Sezela as outstanding examples of technical excellence of the South African sugar industry for achieving remarkable increases in productivity

Dr Allen said it was clear that short-term projects were required in the industry for immediate needs and some medium and long-term projects to build for the future

'But ruthless reviewing is needed to terminate projects that have no future and a progressive updating of an overall plan of development'

He said there was a clear need for short, medium and long-term projects and a spread of effort across basic, strategic and tactical research fields

Shell offers to help pay costs of probe on environmental effect of Dieldrin in Durban

Mercury Reporters

SHELL S A has offered to pay part of the costs of an independent investigation into the environmental effects in the Durban area of the banned pesticide Dieldrin and similar chemicals

The company's chairman, Mr John Wilson, told City Councillors at a meeting on Thursday that Shell — the only producer of Dieldrin in the world — would fully support an independent survey

But he said no batches of Dieldrin had been produced at Shell's Durban

plant this year, although 11 were produced in 1984 and 12 in 1983

The plant blended Dieldrin supplied from Holland when it was required by the Botswana Government or cane-growers in Swaziland, and it did not operate on a continuous basis, Mr Wilson said

'There is no effluent from the emulsion plant and a careful check is kept on the effluent from the chemical plant which flows to the southern sewage works

'Run-off waters from the plant are also carefully monitored and no traces of Dieldrin have been identified in these,' Mr Wilson said

He said the CSIR monitored for traces of Dieldrin in the sea off Durban and none had been detected since 1982

Shell made very little money from the sale of Dieldrin and it was not really worth the company's while to produce it. But Dieldrin was the cheapest, most efficient pesticide for its purpose,

he said

Mrs Sybil Hotz, chairman of the council's Management Committee, said after the meeting that the committee would wait for reports from the City Engineer and Medical Officer of Health on the possibilities of setting up a monitoring programme before taking further action. The reports were expected next month

Councillor Libby du Toit, who last week called for council action on Dieldrin, said there were still many unanswered questions, in spite of the meeting with Mr Wilson

It still seemed wrong for the council to allow a banned pesticide to be produced in the city, she said

The call for an investigation has also received backing from the Wildlife Society. Mr John Comrie-Greig, editor of African Wildlife magazine, mouthpiece of the Wildlife Society, said 'We are very pleased the council is asking for a full investigation into the environmental effects of Dieldrin in the Durban district.'

120 will

ABOUT 120 employees at Chlor-Alkali and Plastics, a subsidiary of AECI in Ballengeich near Newcastle, will be retrenched when four of the company's chemical plants close down in August.

This was confirmed by the company's group personnel manager, Mr Bokkie Botha, who said the action will be taken as a result of "economic factors" which have severely affected their performance at Ballengeich.

Mr Botha said the situation has been intensified by seven strikes at the factory over the past 16 months. Retrenchments have been unavoidable and "we regret that we have to resort to these means."

The company has held talks with the union on the matter and "we explained our position to them," he added.

The AECI plant has been the scene of industrial

lose jobs

action since the beginning of the year when 600 members of the South African Chemical Workers' Union (Sacwu) went on strike over wages.

The situation became tense when workers from four other plants in the Transvaal, Cape Province and Orange Free State, voted to go on "sympathy strikes" in solidarity with the Newcastle workers.

However, the workers at these plants have not taken any action so far, and union sources say "it is only a matter of time before the workers down tools."

Mr Botha said the union did not seem to be happy about the fact that the company was in an economic crisis which had forced the company to retrench workers.

Sacwu's general secretary Mr Michael Tsotesti was not available for comment.

183 R. Dey
20/6/85
AECI sacks 100 strikers

By CLAIRE PICKARD-CAMBRIDGE

A MAJOR showdown between AECI and the SA Chemical Workers' Union began yesterday with the company's dismissal of 100 strikers at AECI Chlor-Alkali and Plastics near Newcastle

AECI's group personnel manager, "Bokkie" Botha, said the dismissals followed an ultimatum to return to work by midday Wednesday and another 500 workers also faced dismissal if they did not come back. Workers had been asked to return to work on Monday and hiring of new workers had already begun.

"We regret this decision, but we had to keep our plants going or face closure. We will be re-employing and have written to each worker inviting them to re-apply for their jobs," he said.

The union could not be reached for comment yesterday, but general secretary Michael Tsotetsi said on Monday that workers would not respond to management's appeal for them to return.

The 600 Ballengeich workers downed tools on Monday demanding a R100 across-the-board increase and improved fringe benefits. Chlor, which said the factory could close due to financial losses, offered a final 9,5% increase bringing the monthly minimum to R373. This offer was rejected.

The company announced on Tuesday that it was closing four of its chemical plants at Ballengeich at the end of August.

Big coup for maize farmers

183 (scribble)

Louis Luyt selling off to farmers

B. Day
20/6/85

MAIZE farmers clinched a deal with Louis Luyt yesterday which gives them a stake in and ultimate control of Triomf, one of the country's biggest fertiliser producers

Yesterday Luyt signed the deal with the National Maize Producer Organisation (Nampo) which will gain control of Triomf within five years

A new company, Maizechem — which gains control of the Luyt Group's 80% shareholding in Lanchem — has been established. Nampo and the Luyt Group each control 50% of the new company.

Lanchem holds 51% of Triomf Fertilizers

The industry is involved in a debilitating price war sparked by the emergence of two newcomers at a time when the local market was severely depressed. This price war had threatened to eliminate some of the smaller fertiliser producers.

Nampo chairman Henne de Jager said the decision to buy into Maizechem was taken in view of these circumstances which he believed could have resulted in only two of the five suppliers surviving.

The industry has a capacity to produce 5-million tons of fertiliser, but last year only 2,4-million tons were produced.

Local sales were down as a result of the drought, but the export market had also dried up.

Triomf had to cut back on 50% of all activities at their Richards Bay factory.

De Jager said the move was not designed to give Triomf a greater market share. "We are convinced the transaction will prove to be of great benefit to Nampo members and fertiliser consumers. Our involvement will be in the interests of the industry's future," he said. Triomf is believed to have a 23% market share, second only to Fedmis.

By CHERILYN IRETON

Nampo considers the fertiliser industry to be of strategic value.

Nampo will put their views to the other manufacturers on Friday. They believe joint action by the manufacturers could give rise to cost savings in the industry.

Though there will be no control changes within Triomf, Nampo will get to nominate directors and the chairman of the company's board.

Neither Luyt nor De Jager would reveal the cost of the acquisition.

Luyt had little to say about the deal, but described it as "upmanship".

AECI sacks 600 strikers in Natal

By JOSHUA RABOROKO

STRIKING workers at AECI's Chlor-Alkali and Plastics near Newcastle have been dismissed following a deadlock reached between management and their trade union over wages.

The 600 workers, who have been on strike over wages for the past 17 days, will be paid all their monies on Monday, AECI's group personnel manager, Mr Bokkie Botha, announced yesterday.

He said negotiations between the company and the South African

Chemical Workers' Union representing the workers broke down when the union did not accept the company's final wage offer.

However, the union's national organiser, Mr Daniel Samela, told **The SOWETAN** that it has been the intention of the company to dismiss and retrench workers at the plant.

He said the talks broke down even after they had changed their

original demand that the Newcastle workers be paid the same rate as other AECI's employees in the country.

"We accepted that the workers be given what the company was offering, that is, 9,5 percent for January-March period. However, we still maintained that as from April they should be paid the same rate as other workers. This is where the talks broke," Mr Samela said.

"Management then gave our members an ultimatum to return to work by noon yesterday. The workers were then dismissed and management has told us they will seek other employees," he added.

Referring to the proposed retrenchment of workers at the com-

pany's four chemical plants, Mr Samela said management has always wanted to lay off union members. This, he said, they indicated as early as February.

"However, we told them that the issue of retrenchment is not negotiable because it is their prerogative. They have stubbornly told us that it is not a threat that they will retrench, but a fact. This is proof of management's power."

The company announced this week that it will lay off 120 workers when four of their chemical plants close down during August this year. The retrenchment was due to the recession, the company said.

The union has vowed that it will fight the workers' to the bitter end, even if it meant going to court again.

Sowetan 20/6/81

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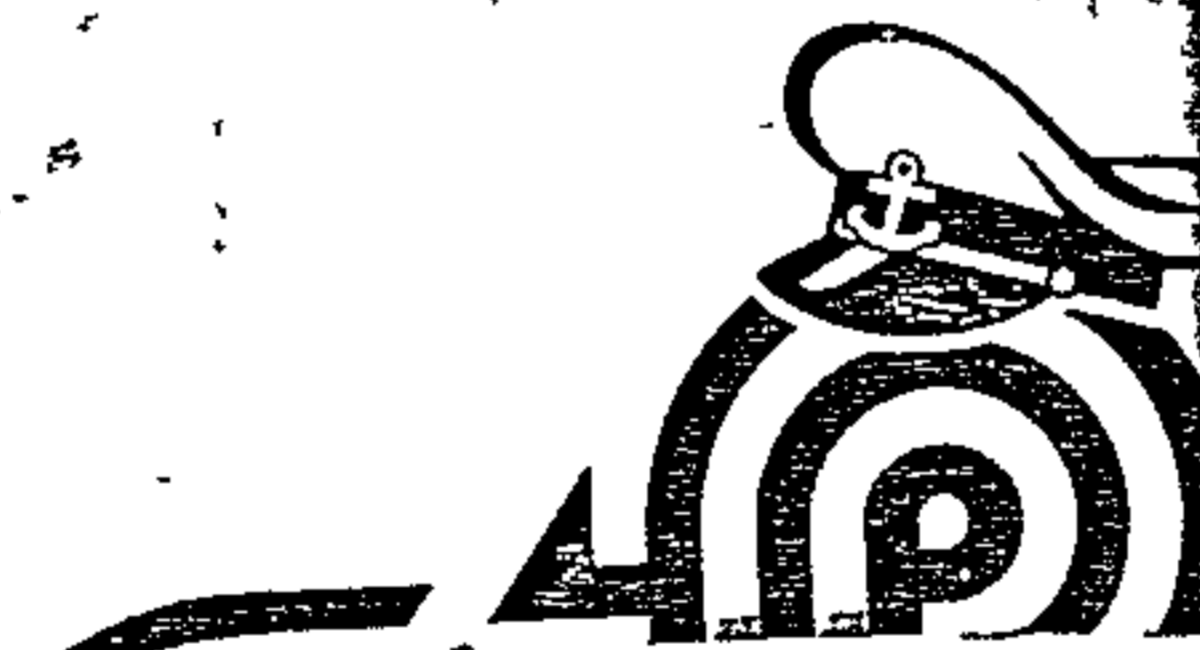
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Firm to consider replacing NM 20/6/85 strikers

Labour Reporter

THE strike-hit AECI's Ballengeich factory at Newcastle is to consider engaging replacement labour as the pay dispute by more than 600 workers continued into its 15th day.

Mr Bokkie Botha, AECI's group personnel director, said the company could not allow the present situation to continue indefinitely.

He said numerous meetings had been held between the union and the management, but the dispute remained unresolved.

Temporary workers might have to be engaged where necessary and in this case it would mean some people would be dismissed.

The strikers ignored a return-to-work ultimatum which expired at midday yesterday.

Mr Manene Samela, national organiser of the South African Chemical Workers' Union, said workers were united and still stood by their demands for a pay increase.

200

By JOSHUA RABOROKO



LOSE JOBS as firm closes

Scum from

21/6/63

193

The unions have main- creating jobs for blacks in these areas, the oppo- cause they (companies) were "running away" from trade unions' be represented.

The company's the issue and said "this is spokesman has declined' not a matter for the to comment further on Press."

ers in Natal have been left jobless after the closing down of their company which is moving to Gazankulu.

The Chemical Workers Industrial Union (CWIU) yesterday accused NCS Plastics in Pinetown, Natal, of "running away" to Gazankulu "homeland" at the cost of more than 200 jobs in the urban area.

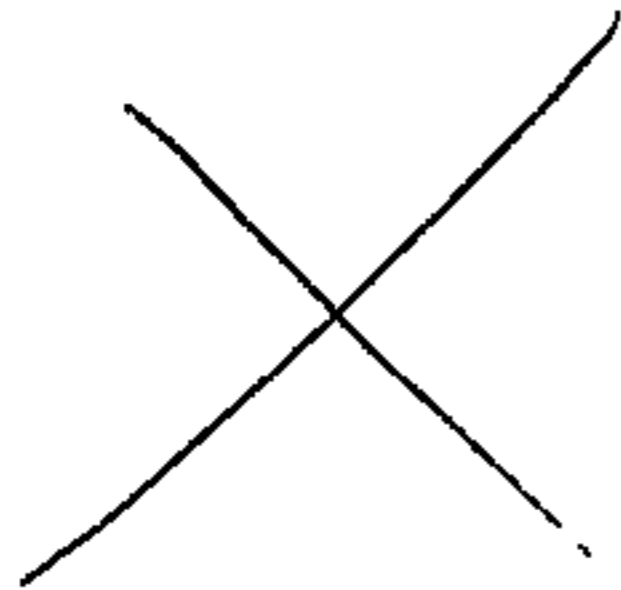
The company is closing down its largest packaging division in the Pinetown district and moving to Gazankulu, both trade union and management spokesmen confirmed yesterday.

Bantustan

The union said NCS must now be seen as one of "apartheid backers" and a full supporter of the Bantustan policy by moving to the "Independent state" where they will exploit cheap labour.

It said it was "nonsensical" for a country to follow a decentralisation policy where the taxpayers faced a "double burden".

The attack by CWIU on the plastic company is one of the many several black emerging trade unions have made against South African and multinationals which have moved to rural areas.



B. Day
100 sacked, but
183 *21/6/85*
Sacwu adamant

Business Day Reporter

THE SA Chemical Workers' Union (Sacwu) are adamant that their 600 striking workers will not return to work at AECI Chlor-Alkali and Plastics, near Newcastle, following Wednesday's dismissal of the first 100

The company issued a mid-Wednesday ultimatum then dismissed the men amid warnings that the other 500 would be fired

A company spokesman said 110 new workers were hired yesterday

Manéne Samela, Sacwu national organiser, said the company was using the impending closure of four Ballengeich plants as an excuse for not meeting demands.

He said the union was prepared to accept management's offer of a 9,5% increase — backpaid from January to March — but was demanding a minimum wage of R408 from April.

Management described the demand yesterday as impractical

AECI STRIKE 183

Legal blessing

The first SA workers ever to be granted the right to resume a strike continued their legal wage strike at AECI's Ballengeich plant in Newcastle this week with the Supreme Court's blessing

At the time of going to press, some 600 members of Cusa's SA Chemical Workers' Union (Sacwu), who resumed their strike on June 3, were still out. This was despite the company's announcement on Monday that four chemical plants within the Ballengeich complex, owned by AECI subsidiary AECI Chlor-Alkali Plastics, will be closed down by the end of August, affecting 120 jobs

Sacwu has been demanding a R100 across-the-board increase, a leave allowance and a standby allowance. Management, which has repeatedly pointed to Ballengeich's poor financial position, has been offering a 9,5% package increase

Says AECI group personnel manager "Bokkie" Botha on the closures "This is not a gesture to break the union. The closure of the plants has always been on the cards. But we hope the fact that we are closing will bring home the message that the plant is in a bad way." Botha says seven strikes by Sacwu members at Ballengeich in the past 16 months has "influenced" AECI's view. He

also says AECI has managed to keep the plant going by employing temporary labour.

Even though the Ballengeich strike is legal, management still has the right in common law to dismiss the strikers. This factor — and the prospect of the closures — will place great pressure on Sacwu to settle the dispute because, if AECI does dismiss, at least some of the strikers are likely to lose retrenchment benefits.

Sacwu members first went on strike in April, but returned to work after six days when AECI threatened to hire new workers. At the time, however, the union stated that it did not regard the dispute as settled.

Two weeks ago, when it became apparent that the workers intended to resume the strike, AECI applied for an urgent interdict to stop the Ballengeich strike, and threatened sympathy strikes at four other AECI plants.

In the urgent application, AECI argued that the Ballengeich workers could not rely on the fact that they had exhausted the Labour Relations Act's conciliation procedures for the original legal strike to legitimise its resumption. Sacwu argued that because a conciliation board had failed to resolve the dispute and strike ballots had been conducted, both the Ballengeich strike and the sympathy strikes would be legal.

Judge Brian O'Donovan established a precedent in labour law when he rejected AECI's contentions. In his endorsement of the legality of this intermittent strike, the judge cited the following factors:

□ The original wage dispute remained unresolved,

□ Viewed in context, the delay between the strike and its resumption was "not so excessive as to amount to abandonment by the union of the strike called in March," and

□ The union had reserved the right to resume strike action in a letter to the company.

Despite the fact that the Ballengeich strike continues, the union has not called out its members at the other AECI plants. But confusion about the implications of the court's ruling on sympathy strikes remains. At issue is a concession made by AECI that if the Ballengeich strike was declared lawful, it would not contest the issue of the sympathy strikes. Because this happened, the judge did not make a ruling on the validity of the sympathy strikes.

The union's lawyers tell the *FM* they are "mystified" about the concession. They say they are unaware that it was made in open court and have asked AECI's lawyers for precise details of what was conceded. Botha refused to be drawn on the question, saying simply "the company did make that concession."

The issue of sympathy strikes thus remains unresolved. But both parties insist that their interpretation of the law is correct. The company insists that they are illegal, while a union lawyer says "The real guts of the question of secondary strikes turns on one point: AECI is a corporate entity. The issue in dispute is whether Ballengeich wages

FM 21/6/85

should be brought in line with other AECI plants. This leaves us with the question of to what extent workers at associated companies should be able to use their collective muscle. It seems to me that the answer is that it is permissible to the extent that the associated companies are bolstering the primary company."

Given the highly volatile nature of SA industrial relations, the issue of sympathy strikes is sure to arise again. Perhaps only then will the legal complexities of the issue be sorted out.

Blast wrecks offices of strike-torn AECI group

By LINDA ENSOR
and SIPHO NGCOBO

AN EXPLOSION causing extensive damage ripped through the Carlton Centre offices of AECI in Johannesburg last night.

Nobody was injured in the blast on the 15th floor, which houses the company's personnel and industrial relations departments.

This is the latest blow for AECI. The group has been troubled by an ongoing strike at its Newcastle factory and threats of sympathy strikes at eight of its other plants.

At 5.35pm, shortly after office staff had left the building, a blast in the passage tore through the prefabricated walls and apparently destroyed one of the offices housing personnel records, though the blast was not followed by a fire.

Cleaners on the ground floor said they heard a loud bang from above and saw flying debris.

Colonel Fred Bull, police public relations officer for the Witwatersrand, on the scene with a squad of armed men, told reporters that the security police were still investigating the cause and nature of the explosion.

"We do not want to speculate at this stage. However, a statement will be issued as soon as the investigation is complete," he said.

AECI executives contacted last night were reluctant to comment on the incident. They said they had no confirmation that a bomb had caused the explosion.

Last week 110 of the 600 striking workers at Ballengeich, a factory of AECI Chlor-Alkali and Plastics near Newcastle, were fired. They had failed to return to work following an ultimatum from management that they would be dismissed if they did not do so.

The strike has been going since June 3 when workers downed tools for the second time this year in support of wage demands.

They are demanding R100 across-the-board with fringe benefits and have rejected management's offer of a 9.5% increase which would bring the minimum wage to R373.

AECI is also threatened by sympathy strikes at eight other plants being organised by the SA Chemical Workers' Union and 14 000 workers could ultimately be involved.

The company has announced that four chemical plants at Ballengeich are to close at the end of August.

ARGUS 25/6/65

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Union 'not involved' in Carlton blast

Argus Correspondent

JOHANNESBURG — The South African Chemical Workers' Union (Sacwu) today dissociated itself from an explosion which damaged the offices of AECI in the Carlton Centre yesterday

Police are investigating the cause of the blast, which occurred at 5.30pm. No one was injured and the extent of the damage caused to the company's 15th-floor offices has not yet been established.

Sacwu has been locked in a wage dispute with the company at AECI's Chlor Alkali plant at Ballengeich near Newcastle which led to a legal strike by 600 workers.

Last week about 100 of the striking workers were dismissed and AECI announced that four of the plants at Ballengeich would be closed at the end of August and that about 120 jobs would be lost.

This is the second time in less than three months that explosions at major corporations have coincided with labour disputes. Unions have consistently dissociated themselves from the blasts.

Two explosions in May which caused thousands of rands damage at the Anglo American and Anglo Vaal offices in central Johannesburg coincided with the dismissal of about 17 000 black mineworkers. The National Union of Mineworkers denied involvement in the blasts.

Farmers in fear of handing over banned poison

NM 26/6/85

(153)

Mercury Correspondent

CAPE TOWN—Farmers and other members of the public are not handing over supplies of the banned pesticide Dieldrin because they fear being prosecuted for holding stocks of the poison.

The Government Gazette of May 1, 1981, made it illegal to sell, acquire or use Dieldrin, but holding Dieldrin — banned from use because of its high toxicity and danger to the environment — is not an offence.

This was confirmed yesterday by the Registrar of Agricultural and Veterinary Drugs, Mr Max Orban, who said the Department of Agriculture had launched an urgent appeal for stocks of Dieldrin to be handed over.

'I can give the assurance that no one will be prosecuted. We are simply trying to get people to join hands with us and get rid of Dieldrin. If we can achieve this then its illegal use will no longer be a problem,' Mr Orban said.

Shell South Africa, which imports the raw chemical to formulate it for export to neighbouring countries, has agreed to collect the Dieldrin from the holder.

Mr Orban said the urgency of the matter could be illustrated by countries such as the United States where it had taken about 25 years to get rid of poisonous substances after they had been banned.

Export

About 400 kg of Dieldrin had so far been handed over to the department and Shell had also received 'quite a lot' back, but the department was continually confronted by people who said they 'could not hand over Dieldrin because they would be taken to court'.

Mr Orban said the

Dieldrin stocks would be handed to Shell for export to their manufacturing plant in Holland, the sole producer of Dieldrin.

An appeal in the latest edition of Agriculture News published by the department says the longer quantities are held the more the containers will deteriorate and the more dangerous it will become for people going near these containers.

Once labels became illegible the chances of accidental (and illegal) use of the contents became greater, it said.

Old stocks can be handed in to the nearest Shell depot for disposal or to offices of the department's inspectorate in Pietermaritzburg, Port Elizabeth, Muldersvlei, Kimberley and Pretoria.

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Health Care in KwaZulu: Keith Shaw.
Ithenseng: Lindy Wilson.
Responses to Poverty in the Transkei: Bettermen vs Tradition:
Graham Hayman and Patrick McAllister.
Accompanied by paper: Poverty in Transkei.
Future Roots (Development in the Amatola's): Graham Hayman.
I am Clifford Abrahams, This is Grahamstown: Graham Hayman.
Mgwali: Waiting for Tomorrow: Graham Hayman and Patrick
McAllister.
The Tot System: Liquor and Labour on Western Cape Wine Farms:
Wilfred Scharf and Christine Glover.
Unemployment in the Northern Cape: CVRA.
Group Areas Removals and Poverty: Mayfair: Ad Hoc Video
Corporation
Poverty in

LOCAL PRODUCTIONS: VIDEOS AND FILMS.

fm 28/6/85

have relatively small capitalised values

Scope engineering is such a share Listed last year at 46c, it initially found little favour with the market, and in a matter of days fell to 23c. Even after reporting good profits for the year to end-June, Scope remained poorly rated At the time, we wrote that "MD Cor Groot may well be wondering what he needs to do to attract investors to his company"

Then, after Scope landed a R20m export contract last month, investors seemed suddenly to have discovered the share, and, in heavy trading, the stock rose rapidly to 37c Scope seems to illustrate that ticky stocks are not only extremely volatile, but also tend to over-react to both good and bad market perceptions.

Property developer Ozz gained its listing last year after reversing into the listed cash shell Hugh Parker Ozz began trading at 30c on a historic earnings yield of only 4% But when Ozz subsequently advanced to 50c, it became apparent that investors were looking towards capital growth, rather than dividend returns

Indeed, this seems to be the philosophy governing the share movements of most ticky stocks Few offer good returns, and many yield no return Their attraction is in their potential for capital gains

In the last year, few shares have risen more spectacularly than the formerly two-bit mining stock ER Cons Over 12 months, it ballooned from 40c to 175c as the company talked of plans for a new platinum mine Some analysts remain sceptical about ER Cons' ability to deliver the goods, and the profits, to justify its price

Another mining stock, Rand London, has taken investors on a wild roller-coaster ride for the past five years It soared to 600c in 1981; then, at one point, faced with large losses and potential insolvency, it fell precipitously over the next three years to a low of 30c early in 1984 But the recovery in the past year would have ensured impressive profits for those who bought it at the bottom

Aided by the weak rand, which boosted its mineral export profits, the company moved into the black and made a net profit of R3m in the year to end-March, after the previous year's R7,5m loss (FM June 21). This week the price stood at 90c

The table lists these shares, and others in the ticky stock class, which might be worth looking at. Investors should note that some of them have tended to move in a fairly well-defined trading range Ovenstone, for example, has moved between 25c and 90c for the past 25 years and now trades at 43c Not included in the table are cash shells, which have no attraction on fundamental grounds, but the shares often move sharply on talk of takeover prospects

It seems, indeed, that fundamentals often count for very little when the ticky stocks are bought or sold Buying decisions are often taken simply because the share has reached a low point By the nature of many of these shares, the risks are high, but then the gains often are too

Neville Glaser

TRIOMF

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More questions

Fertiliser magnate Louis Luyt has entered into various imaginative deals in the past The latest, announced with a fanfare at a press conference last week, seems as creative a venture as the market has come to expect from Triomf

At first sight, a deal which gives Nampo, the organisation representing SA's maize farmers, control of Triomf within five years, may seem a crafty way to ensure survival for Triomf in an increasingly competitive market Essentially, the arrangement is that Nampo and the Louis Luyt Group (LLG) are to acquire an equal interest in newly-formed Maizechem, which in turn will take control of LLG's listed holding company, Lanchem

On closer scrutiny, the information given so far raises more questions than it answers So much so that by Tuesday the shares of both Lanchem and Triomf remained suspended According to JSE president Hugh Boonzaaier, the JSE committee was due to discuss the deal on Tuesday afternoon, and was awaiting further information from Triomf before relisting the shares He declined to specify just what information the committee was looking for

It seems, however, that the deal needs looking at from several points of view

□ No value has been placed on the holding that Nampo is to acquire Is this, as some analysts are suggesting, because the interest has been offered at virtually give-away prices, or no price at all, perhaps just a share in future earnings? If so, does it suggest that Triomf is financially shaky? and

□ Was the Competition Board consulted before the deal was announced? The board tells the FM it is concerned about certain aspects, which seems to suggest that it cannot be assumed the plan necessarily will be allowed to go ahead (see *Business*)

The present concerns of other fertiliser producers aside, the board will, presumably, take due cognisance of Competition Board Report No 3, issued in October 1980 That report concluded that a relationship which had existed up until May of that year between Triomf and the farmers' co-operatives — effectively the co-ops, through their company Sentrale Landbou Beleggings, had a substantial minority stake in Triomf — was a "restrictive practice"

If that was considered to be unfair competition, then why should a relationship

which gives Nampo, who account for 60%-70% of the fertiliser market, control of Triomf, be any different?

There is another point Last week we drew attention to the unusually high level of trading in Triomf shares in the previous few weeks June turnover in the stock exceeded 440 000 shares, well above the monthly average of 100 000 shares over the past two years Demand was sufficient to push the price from its yearly low of 70c on May 23 to 115c at the suspension on June 19, the day the deal was announced

Whether co-incidental or not, these facts seem to merit an investigation by the JSE committee into a case of possible insider

trading Boonzaaier told the FM on Tuesday the committee is to scrutinise the returns of the deals before the announcement For his part, Luyt says that he "categorically did not buy the shares" This does not necessarily rule out the possibility of some form of a leak during the negotiations

Nampo chairman Hennie de Jager says that while the agreement will allow Nampo to gain control of Triomf, an offer to minorities is

not being considered While it has only been stated that Nampo may gain control "in time", this too, must be a question to be considered by the JSE

If Triomf can persuade the committee that the group's survival is indeed at stake — Nampo is arguing that only two producers may survive the current battle in the fertiliser industry — then the JSE may take a more lenient view As things stand, however, shareholders should be given more information on the company, and on the deal

Andrew McNulty and Stephen Richter



Triomf's Luyt ... another imaginative deal

IGI/HOSKEN

Slow start

Investors last year seemed to see considerable promise in the IGI group, and operating company, IGI Life, was pushed to a high of 147c — more than double the present price Any hopes that the earnings record would move into the same league as those of other

IGI'S DROP

Year ended March 31	1984	1985
Pre-tax profit (loss) (Rm)	9,4	(7,5)
Attributable income (loss) (Rm)	5,2	(4,0)
Earnings (c)	87,8	—
Dividend (c)	17,0	9,5

Talks with

chemical

workers

fail again

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Star 28/6/85

Yet another round of talks has failed to solve the wage dispute between the chemical giant, AECI, and the South African Chemical Workers' Union (SACWU)

The union disclosed today that a meeting had been held with the company on Tuesday, but that no agreement was reached

Six hundred workers from the company's factory near Newcastle have been on a legal strike since June 3 in support of long-standing wage demands

And in a development that could only worsen relations between the parties, the union claimed the company had issued an ultimatum to some of the strikers at its Newcastle factory to return to work or face dismissal

SACWU general secretary, Mr Michael Tsotetsi, said about 100 workers were affected by the ultimatum

About two weeks ago AECI sacked nearly 100 of the strikers after they failed to meet an ultimatum to return to work

SYMPATHY

Mr Tsotetsi would not comment on whether the union would go ahead with threatened sympathy strikes at other AECI factories around the country

SACWU claims to have a mandate for such strikes

An AECI spokesman confirmed that about 160 strikers from the factory's dispatch and engineering plants had been asked to return to work by Monday, or risk losing their jobs

The company had repeatedly asked all employees to return to work. The union had been notified that management "was being forced to consider alternative ways of manning the plant" if the workers did not return

Chemists

warned

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on generic
substitutes

Generic drugs were not necessarily equivalent to brand-name products, pharmacists were warned yesterday

And pharmacists would be unprofessional if they dispensed a generic product without access to information which guaranteed the two products were equivalent, said Professor Arnold H Beckett, professor of pharmacy and director of the Drug Control and Teaching Centre at Chelsea College in London.

Addressing a seminar of the Pharmaceutical and Chemical Manufacturers' Association in Johannesburg, he said pharmacists needed to obtain this information from a source independent of the manufacturers

NO GUARANTEE

"While certain generic substitutes may contain the same amount of drug (active ingredient), this does not guarantee that they are equivalent in their activities and side-effects in a patient," Professor Beckett said

Yet the information needed to make this choice was not available in Britain, he said

Professor Duncan Reekie, a lecturer in business economics at the University of Witwatersrand, said price competition in the industry was desirable, yet not possible while different customers got the same drug at different prices and the market remained over-regulated

Paraffin up but no cut in fuel price

Mercury Correspondent

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~~214~~
29/6/65

JOHANNESBURG—The price of industrial illuminating paraffin was to be raised by 15 c a litre from July 1, the Minister of Mineral and Energy Affairs, Mr Danie Steyn, announced in Pretoria yesterday.

And 4,7 c of the increase will be levied for the fuel equalisation fund.

The price of domestic paraffin will be unchanged

Mr Steyn emphasised exchange rates would largely determine future fuel prices

From a price breakdown of 93 octane it was clear there was an over-recovery of 0,9 c a litre

This would be taken into account in the next price adjustment Mr Steyn gave no hint as to when this would happen

He also announced that the 2 c reduction in the price of diesel, other than for agricultural and marine purposes, made possible by reasonable supply and prices of crude oil, would be channelled to the national road fund

The price therefore would remain unchanged

The chairman of the Federated Chamber of Industry's energy sub-committee, Mr Rudolph Fockema, said the FCI regretted the opportunity had not been taken to reduce the petrol price.

Mr Steyn said that after an investigation the Government had decided there was no justification for a domestic price of paraffin and an industrial price

Both prices were subsidised from the equalisation fund, from funds derived from the sale of a small amount of stockpiled crude oil

Since January this year industrial users had had the advantage of an exceptionally low price

On diesel fuel, Mr Steyn said the Government had decided the 2 c decrease

now possible should be channelled to the national road fund and the current price maintained

He denied that oil companies were making excessive profits or that they received a guaranteed return of 15 percent on invested capital

The percentage return fluctuated between companies and in total

Mr Steyn said that since the January 24 price adjustments, the rand had strengthened

However, the fuel price was subsidised by 4 c a litre for petrol and certain diesel applications, and also for jet fuel and power paraffin

At the same time diesel for agricultural and marine purposes was subsidised to the tune of 10 c a litre to minimise the effect on basic food producers

the staff members of St John Centre and Crossword families or agents
 Names and addresses of prizewinners will be two weeks after the closing date. Notwithstanding any of a winning claim being substantiated during this period or in the event of a tie the prize will be shared.
 IS FINAL AND NO CORRESPONDENCE WILL BE

AECI slammed for treatment of workers

The Star Bureau

A left-wing British MP has attacked the giant SA chemical company AECI for its "vicious" treatment of black workers — and taken a side-swipe at the Progressive Federal Party.

Mr Dave Nellist said yesterday that AECI's Chlor-Alkali and Plastics Company in Newcastle had given its black workers an ultimatum to return to work and an unacceptable wage increase or face dismissal.

The company was a subsidiary of Britain's Imperial Chemical Industries. A 38 percent stake in AECI was owned by the Anglo-American Corporation.

Mr Nellist said Sir John Harvey-Jones, the chairman of ICI, was a "supposed moderate" — just as Anglo-American had traditionally supported the PFP.

"What they are showing by their actions in SA is that when it comes down to a question of profits, the interests of all employers are the same," Mr Nellist said.

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Cusa backs workers

THE COUNCIL of Unions of SA will hold a support meeting on July 6 for 44 workers dismissed at Triomf's Potchefstroom plant last April

Cusa general secretary Piroshaw Camay said all Cusa affiliates and Fosatu and UDF unions have been invited to the meeting

Meanwhile the Ikageng village council has turned down Cusa's request to exempt workers from paying rent or lodgers' fees

Ikageng mayor Gabriel Moraladi said it would cause a "deficit in the council's coffers" if they exempted people

C Press 30/6/95

AECI suspends ultimatum

183
AECI yesterday suspended its back-to-work ultimatum to about 150 workers who have been on a legal strike over a wage dispute at its Newcastle plant

The workers are among the 600 who originally went on strike on June 3 to back demands that their pay be brought into line with that of colleagues at other AECI factories

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The suspension of the ultimatum coincided with a meeting yesterday between the company and the South African Chemical Workers' Union (Sacwu) Spokesmen for the parties confirmed the talks would resume tomorrow but would not say what would be on the agenda

Late last week the company issued an ultimatum to the workers,

Star 2/7/85
all from the Newcastle factory's engineering and dispatch plants, to return to work by yesterday or risk losing their jobs

One hundred of those involved in the original strike have already been fired for failing to return to work

Sacwu has not indicated if it will go ahead with its threatened sympathy strikes at other AECI factories.

SACWU (183) stands firm on pay rise demands 8/7/85

By CLAIRE PICKARD-CAMBRIDGE

THE SA Chemical Workers' Union (Sacwu) has rejected an offer from AECI's chlor-alkali and plastics factory in Ballengeich, Natal, where a strike has been in progress for over a month.

The company has offered lay-off benefits to 110 strikers dismissed after an ultimatum to return to work three weeks ago.

Although it has not increased its 1985 offer of a 9,5% increase — which would bring the minimum monthly wage to R373 — it has offered to increase this to R430 from January and to R445 from next July.

Sacwu national organiser Manene Samela said yesterday that the 600 original strikers still rejected the original offer made on March 18.

They retained their demand for a R100 across-the-board increase, retrospective from March.

He said the company and many affected workers would be meeting today after their joint application for magisterial permission in the wake of a ban — imposed early last week — on workers assembling on company property.

Murray Joubert, AECI public relations manager, said the company could not improve its 1985 offer because the factory had had losses over the past three years, culminating in a R12m loss last year.

He said their offer of a R430 minimum rate from January represented a 27% increase on current rates, while the Union's R100 across-the-board demand represented a 20% increase.

Rates for other job categories in 1986 would be negotiated at the end of the year with the two unions at the Ballengeich factory — Sacwu and the white Mine Workers' Union, he said.

Marge and cooking oil prices rise

NM 9/7/83
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JOHANNESBURG—The prices of cooking and salad oil and margarine are poised to shoot up between 13 percent and 14 percent.

Sapa reports that Mr Lance Japhet, chairman of the S A Oil Expressers' Association and the S A Margarine Manufacturers' Association, said the cost of oil for bottling and for the manufacture of margarine had increased by that percentage this year.

He appealed to manufacturers not to pass the full increase on to consumers and to absorb as much as possible, but said a substantial increase is inevitable.

He has also appealed to the Minister of Finance, Mr Barend du Plessis, to reconsider appeals, which have so far fallen on 'deaf ears', for salad and cooking oil to be included in a GST-free category.

He said that rice had been exempted from GST and that vegetable oils were a basic and essential foodstuff for 'a very broad spectrum of the community'.

A Mercury Reporter writes that the price of mutton and lamb in Durban has shot up by more than 30 percent in the past month and butchers are recommending that people buy quality beef instead.

According to the chairman of the Durban and District Meat Traders' As-

Price

rises

9/7/83 NM

★ FROM PAGE 1

sociation, Mr Dudley Thompson, the reason for the price hike is the acute shortage of lamb and mutton.

'Because of the rand dollar exchange rate the wool price is good and farmers are holding back their sheep rather than selling them for slaughter. Another reason is that farmers are still feeling the effects of the three-year drought,' Mr Thompson said.

'The price of super lamb and mutton rose from about R3,25 to R4 a kilogram at the Cato Ridge Abattoir in one month. Butchers cannot mark up their prices too much otherwise nobody will buy.

'There are, however, sufficient supplies of beef. Quality beef — from first to super grade — is selling at about R2,40 a kilogram at the abattoir. This is the minimum price allowed by the Meat Board.

'The price of lamb and mutton could remain high for a few months and I recommend that people buy quality beef instead,' Mr Thompson said.

10/10/83

Prime

Oil price goes up

Sowetan By LEN MASEKO

CONSUMERS will pay more for yellow margarine, salad and cooking oil from today. 183

It is estimated that consumers will now pay at least 11 percent more for these commodities. In some cases the price rise may be more since the price of oil products is not controlled. 9/7/85

Mr Lance Japhet, chairman of the SA Oil Expressers Association, attributed the increase to the local crop shortfall — estimated at 130 000 tons — of vegetable oil seeds and sunflower seeds this year, as well as high import oil prices.

Mr Japhet said it was difficult to determine what consumers would eventually pay for these commodities, since there was no collusion among manufacturers.

Electricity costs

Drought was the major factor for this year's crop shortfall, Mr Japhet said. Oil expressers also had to pay higher prices for local oilseeds this season, including railage and electricity costs.

Spokesmen for OK Bazaars and Pick 'n Pay supermarkets told The SOWETAN yesterday that they would hold their prices until old stocks cleared. Both had not received new price lists from their suppliers by yesterday.

Checkers supermarket said in a statement: "We are not satisfied with the reasons given for the increase in the price of margarine and oil. We will be conducting our own investigation into the situation. In the meantime, the price of these commodities will remain at current levels at our outlets."

Meanwhile Mr Japhet has appealed to the manufacturers to absorb the full increase "as much as possible". He said his organisation had made representations to the Minister of Finance, Mr Barend du Piessis, to have salad and cooking oil included in the list of GST-free commodities.

"If the Minister responds positively, consumers will buy oil products at old prices," Mr Japhet added.

Margarine oil prices may rise by 12 pc

Consumers would pay 12 percent more for margarine and vegetable oil if manufacturers fail to absorb the latest increases in their production costs, the SA Oil Ex-pressers' Association chairman said yesterday

Mr Lance Japhet, who is also the chairman of the SA Margarine Manu-facturers' Association, said price rises on im-ported oil and local oil-seeds had resulted in in-creased production costs

Producers were paying between 13 and 14 per-cent more for the bottling of oil and the production of margarine

He said a large quan-tity of oil would have to be imported because this year's harvest had yield-ed only 270 000 of the ex-pected 400 000 tons

He said the association appealed to manufac-tures not to pass the full increase on to the con-sumer

Checkers and Pick 'n Pay spokesmen said they were not satisfied with the reasons given for the price increases

"We will do our own in-vestigation into the situa-tion," the Checkers spokesman said



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ASS 1 MEDIUM POTATOES

'Return or face sack' says AECI

By Sheryl Raibe

to increase wages to R436 a month in January 1986 and to R445 a month in July 1986

AECI today issued an ultimatum to the South African Chemical Workers Union (Sacwu) that if its approximately 500 striking members at the company's Chlor Alkali plant near Newcastle did not return to work by noon on Friday, they would lose their jobs

The ultimatum comes after long, tough and unsuccessful negotiations

OFFER REJECTED

Talks started in August last year and the present strike has lasted more than a month

Sacwu today rejected AECI's final wage offer of a 9,5 percent increase which would bring minimum wages to R373 a month. The union also rejected an offer by AECI

The union has demanded that pay at the plant be increased by about 20 percent to bring wages into line with other AECI concerns around the country

"We have told the union that if workers do not return to work by noon on Friday they will be deemed to be in breach of their contracts," said AECI public relations officer Mr Murray Joubert

"The number of workers who stand to lose their jobs is 490. About 110 workers employed at the chemical plants at the factory have already been dismissed"

The union could not be reached for comment

Sacwu (183)

starts u/7/85

paint (183)

boycott (183)

THE South African Chemical Workers Union (Sacwu) has launched a boycott of AECI paint and products in the wake of a battle between the parties over wage demands

The union is demanding that the wages of the workers at AECI's Chlor-Alkali and Plastics in Ballengeich near Newcastle, be brought in line with those of the company's plants throughout the country

The parties have reached deadlocks on several occasions in an attempt to resolve the issue since May and strike action has been taken by members at the plant. The company has also retrenched workers

Pressure

Sacwu's general secretary Mr Michael Tsotetsi, told the SOWETAN yesterday that the union launched the boycott with the aim to put pressure on management to accede to their demands

He announced that another attempt was made to resolve the matter this week, but no agreement could be reached. It was expected that another meeting would be summoned later in the week

Wages

The union has asked for support of the boycott from various community-based organisations and trade union movements. He also condemned a ban on all meetings in the Newcastle district by the magistrate and said "The company is to blame this action"

He added "It is becoming increasingly difficult for us to hold report-back meetings with our members. We view the ban in a very serious light in terms of progress in wage talks"

The company's spokesman said no agreement has been reached at a meeting between the parties this week. They were not aware of the boycott that has been started by the union

AECI strikers are issued with final ultimatum

The South African Chemical Workers' Union will close at the end of August. (Sacwu) yesterday accused AECI Chlor-Alkali and Plastics of exploiting a loophole in labour legislation by giving an ultimatum to about 500 strikers from the company's Newcastle factory to return to work by noon tomorrow or face dismissal.

The union was demanding that the four plants be closed at the end of August. While the Newcastle factory might be suffering losses, the rest of the company's factories were not. AECI was already paying a minimum of R408 at its other factories.

Mr Manene Same said the company's issuing of the ultimatum was "unfair" because the workers had followed all the legal requirements before calling a legal strike.

AECI issued the ultimatum yesterday "to avoid closing down the entire works permanently and thereby eliminating all the jobs", according to the Chlor-Alkali's chairman, Mr Mike Sander.

The tough move by the company follows months of unsuccessful wage negotiations which culminated in a legal strike by 600 union members on June 3.

Already 110 workers from the Newcastle factory's chemical plants have been dismissed and AECI has informed the

PROTECTION

"The company knows that in South Africa there is no legal protection for workers who go on legal strikes and it is exploiting this loophole," Mr Samela said.

He also accused AECI of capitalising on the ban on union meetings in the Newcastle area.

Mr Samela added that the union rejected the company offer of a minimum wage of R430 from January next year, rising to R445 in July, because it believed the company was able to pay a minimum of R408 this year,

Mr Samela said the ultimatum would only be conveyed to the strikers today and a meeting would later be held with the company.

Announcing the ultimatum, Mr Sander said AECI had "taken every possible action since last November to settle this dispute by negotiation

"Because of the very major losses this small factory has incurred over the last four years, the only step open to us to avoid closing down the entire works permanently and thereby eliminating all the jobs, is to resort to the ultimatum which was issued"

● See Page 17.

Gold Italian Design OUT FOR THE MONTH

AECI speaks out on the moral issues

183 Show 11/7/85 (MUR)

The legal strike over workers at Chlor Alkali at Ballengeich near Newcastle has dragged on for more than a month. What determines the length of management's tolerance of such a strike?

The reason we have not dismissed people because is that the strike was legal. We believe this means something and is worthy of respect. We believe we had to take every attempt to resolve this issue by negotiation before taking industrial action. We believe that there is a possibility any longer to negotiate an agreement. We have accepted every possibility of breaking the deadlock.

About 110 striking workers have already been dismissed from the chemical works at Newcastle which are due to close at the end of August. They will be on redundancy for a period dating back to the day on which the strike began.

How much has the present strike cost AECI? Direct payments to people working overtime and keeping the plant going we have spent about 10 million. There are many other uncertainties. I don't

Workers in South Africa have only a limited right to strike. No law prevents even "legal" strikers being dismissed.

AECI yesterday issued an ultimatum to about 500 members of the SA Chemical Workers Union who have been on a legal strike since June 3 at the company's Chlor Alkali and Plastics factory near Newcastle, to return to work by 12 noon on Friday or face dismissal. SHERYL RAINE spoke to the chairman of Chlor Alkali, Mr Mike Sander, about the strike and the moral issue of dismissing legal strikers.

know what we would have produced had there not been a strike. We have been able to supply the local market throughout the strike. We have had to be careful in committing ourselves in the export market. The plant is the second biggest exporter of carbide in the world. We have had to withdraw our presence in the export market.

How would you characterise the strike at Ballengeich?

On the whole as far as our employees are concerned and the union is concerned, I am not aware of any violence or intimidation type activity that they have started or promoted. The tone of a meeting with the union and workers on Tuesday

was not belligerent, threatening or unfriendly.

Having said that, I add that there are other elements down there that have been intimidating. New employees at the plant have been petrol bombed and there has been violence around the townships.

How did a magisterial ban on union meetings come into force?

Police instructed a group of striking employees to disperse from outside the factory gates a few days ago. Every day numbers of workers would come to stand outside the gate to see if there were developments. Police said they did not want these meetings to take place every day. We

The Newcastle strike day by day

December 1984. Dispute between the SA Chemical Workers' Union and AECI over wage increases for 1985. Conciliation Board set up.

February 28. Conciliation board meets for the first time but fails to resolve the dispute. Union holds strike ballot.

March 22. Workers go on legal strike.

March 27. AECI issues ultimatum to work or face dismissal.

March 28. SA Chemical Workers' Union says this is an unfair labour

practice but to protect jobs the workers return conditionally.

June 3. Workers go on strike again in protest against 1985 wage increases.

June 6. AECI applies to the Rand Supreme Court asking that the strike be declared illegal and for an interdict to prevent sympathy strikes at other AECI plants. Mr Justice O'Donovan rules the strike, although intermittent, is legal.

June 24. Limpet mine explodes at AECI head office in Johannesburg's Carlton Centre. Union denies responsibility and denial is accepted by AECI.

faith, we have agreed to underwrite this principle by increasing monthly wages to R430 from January next year and to R445 from July next year.

Ballengeich lost R12 million in 1984 and it will incur a similar loss this year.

The union argues that the company pays whites at Ballengeich salaries comparable to those paid at other plants, but that the same does not apply to blacks.

That is not correct. There are certain market-related rates which we pay to blacks and whites who do the same jobs. If one takes the total white wage package into account, those whites working at Ballengeich get less than

their counterparts at other plants. A Unisa Minimum Living Level survey for the Newcastle area shows that the company's basic offer of a minimum salary of R373 a month is 37 percent higher than the MLL. With a R27-a-month transport allowance, this brings the offer to 47 percent above the MLL and 14 percent above the Unisa Supplementary Living Level.

Is AECI concerned about public opinion in dismissing legal strikers?

I don't want to fire anybody. My concern is that people will believe we have fired them with malicious motives and that is not so. It is a last-ditch attempt to avoid closing down the works and shedding all jobs. We want to keep the factory open.

If AECI dismisses workers on Friday, could this lead to an application to the Industrial Court?

We have anticipated this. Every action we have taken has been taken with a lot of thought and in a clean and legally proper manner. The court will have to decide whether this action of ours is reasonable. We believe it is reasonable.

11/7/85
B-Day
183
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Dismissal threat to 490 AECI Natal workers

By CLAIRE PICKARD-CAMBRIDGE

THE strike-ridden AECI Chlor-alkali and Plastics factory at Ballengeich, Natal, has issued 490 workers with an ultimatum to return to work by midday tomorrow or face dismissal

Michael Sander, executive director of AECI Ltd, said yesterday that the ultimatum followed a crippling five-week strike, preceded by a wage dispute which has been going on for eight months

"The company has two options closing the whole Ballengeich operation or taking whatever action it can to break even. We've reached the end of the road and believe we've explored every avenue in an attempt to reach a negotiated settlement," he said

The company's ultimatum follows the workers' rejection yesterday of a new offer of 1986 increases which would have brought Ballengeich wages into line with AECI's Midland factory, he said

Wage parity with this factory was a union demand, but the union said earlier that they would not accept 1986 offers until 1985 demands for a R100-a-month across-the-board increase and fringe benefits were met

The company's final offer, rejected by the union, is for a 9.5% increase, bringing the monthly minimum to R373 a month, although the total package amounts to a 12% increase

The union has argued that AECI can afford to meet its 1985 demands but AECI says that its Ballengeich plant is running at a huge loss and its viability has to be determined by its individual profit

Sander said yesterday that depressed economic conditions made it imperative for the company to take action to save the factory and preserve jobs in the area

The union could not be reached for comment last night

Back-to-work deadline suspended

Today's noon deadline set by AECI for striking workers to return to work at the company's Chlor Alkali and Plastics plant near Newcastle was suspended this morning after last-ditch talks started to resolve a wage dispute.

Talks began at the factory between AECI and the SA Chemical Workers Union to try to resolve the month-long strike.

This week AECI issued an ultimatum that if the strikers did not return to

work by noon today, they would be fired.

The union said it would defy the ultimatum but has also made a revised wage demand to management.

According to SACWU general secretary Mr Mike Tsotetsi the union was not in a position to make public its revised demand.

Talks between the two parties are continuing.

About 110 workers have already been dismissed from the four

chemical works at the plant. These works are to be closed at the end of August.

The SACWU originally rejected an AECI offer of a 9,5 percent increase on basic wages and an undertaking to raise wages to R430 a month from January 1986 and to R445 a month in July 1986.

The union demanded a 20,6 percent increase immediately to bring wages at Ballengeich into line with AECI wages at Sasolburg.

183

11/5

12/7/85

Minister replies to call from PFP member

Petrol price will not be cut

153 ~~DAV~~ \$10W 12/7/65

Mr Goodall said it was also time that an end was put to the "ridiculous" system whereby inland motorists had to subsidise the South African Transport Services. There was no justification for inland motorists paying an extra 6.5c/litre for fuel to pay off the Durban-Johannesburg pipeline which earned about R200-million a year in profits.

Mr Steyn said in an interview the Government was constantly watching the fuel price situation. The first objective, however, was to strengthen the road fund rather than lowering the price of petrol.

The Minister made it clear a petrol price cut was not imminent at this stage.

Political Staff

CAPE TOWN — The Minister of Mineral and Energy Affairs, Mr Dame Steyn, today said petrol prices would not be reduced at this stage, but an opposition spokesman said there was scope for a price cut.

Calling for an immediate reduction in petrol prices, Mr Brian Goodall, MP for Edenvale and Progressive Federal Party spokesman on mineral and energy affairs, said it was clear that economic factors affecting fuel prices had improved sufficiently to warrant such a decrease.

Indications were that oil prices would continue to decline and that South Africa's balance of payments would continue to improve. This would have a beneficial effect on the rand-dollar exchange rate.

INFLATION

A fuel price reduction would help to reduce South Africa's "unacceptably high" rate of inflation.

with no ...

183 B-Day 12/7/85
Hoechst SA to expand its high-chem industry

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HOECHST of West Germany, the multinational chemical giant, has set up a graphics division in South Africa

The new Kalle division to handle the import and marketing of pre-sensitised lithographic plates widely used in the printing industry is seen as a forerunner to the announcement of further multi-million rand investment in this country.

For the time being the plates are being imported from Kalle in Wiesbaden a wholly-owned subsidiary of Hoechst AG, and until now handled by a local distributor, AEC Graphics SA

The MD of Hoechst SA, Arno Baltzer, said in a statement yesterday it was the intention to develop the division "as a full partner to the printing industry", supplying capital equipment and a wide range of other sundries

He added that the new development — effective from September 1 — would lead to the setting up a local manufacturing facility at Hoechst's industrial complex at Chamdor, near Krugersdorp "Such a plant, which involves a high

By LAWRENCE BEDFORD

level of expertise fits in with Hoechst's international policy of expanding its specialised area of high-chem technology" he said

"We have decided to develop in the communications industry because we see it as a major growth area. There will obviously be a growing demand for print material of all kinds in the years ahead as educational standards rise and the population increases," he added

Planning for the Chamdor plant involves a projected future capital investment of around R10m. Hoechst, which has a strategy of manufacturing where it distributes, has spent more than R150m at Chamdor over the last five years

Its industrial chemical division has invested R6m in a polyphosphoric acid plant at Chamdor. Polyphosphoric acid is used as a feedstock for the manufacture of a vital catalyst in the Sasol oil-from-coal process

The Chamdor plant has also been extended to manufacture food grade phosphoric acid — an acidulant in the food and beverage industry — thus reducing South Africa's dependence on imports

Part of its dyestuffs product division is situated on the site as is its high-tech packaging film plant based on bi-axially orientated polypropylene (BOPP)

The construction of this production facility, commissioned last year at a cost of R50m, has many important implications for South Africa's food and cigarette manufacturing industries

Zapu paraffin death

HARARE — Zimbabwe's chief opposition leader Dr Joshua Nkomo said today an official of his PF-Zapu party, Matenje Nyamweda of Highfield, had died in a rampage by supporters of the ruling Zanu-PF party in black townships around Harare in the past four days

He said Nyamweda had committed suicide by pouring paraffin over himself and setting it alight on Tuesday, after he had had frequent death threats from Zanu-PF members — Sapa-Reuter

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Coal decided to mine the existence of the

Oil firms cut many prices on Monday

12645 - TOM HOOD
12/7A Financial Staff

OIL companies are to cut prices of a wide range of oil and other petroleum products from Monday

Petrol and most other price-controlled products will not be cheaper.

But the Government is allowing diesel used for road transport other than passenger buses to be cut by 1,7c a litre at the coast and 1,6c on the Reef, depending on the rounding off of General Sales Tax

The driver of a diesel-engine car with a 72-litre tank will save about R1,22 when he fills up

The cuts follow an improvement in the rand-dollar exchange rate and if the rand continues to rise there is a chance of petrol and other prices being lowered

There will also be a 5c a litre cut in the controlled price of diesel for some industrial and commercial uses

An oil company source said today "For the motorist the reductions will be minimal. Garages are not forced to pass on cuts in items that are not price-controlled," he said

"But over a year, the lower prices make a difference running into millions of rands"

A 5 litre tin of SEA 50 engine oil, for example, will be 15c cheaper to the dealer. Other engine oils will be 2c a 500ml can cheaper

FLYING IS CHEAPER

Lubricants such as oils and greases are not price-controlled. Prices of multigrade and monograde engine oils will be about 3,10c and 4,10c a litre cheaper but fore-court prices will depend on transport costs, packs and brands

The biggest reduction is in aviation fuel, down by 9c a litre to a saving of R18 on a 200 litre container. Liquid petroleum gas will be cheaper by 5c a litre or 9c a kg

● The Argus Political Staff reports that the Minister of Mineral and Energy Affairs, Mr Danie Steyn, made it clear today that a decrease in petrol prices was not imminent

Mr Brian Goodall, MP for Edenvale and Progressive Federal Party spokesman on mineral and energy affairs, said however that factors had improved sufficiently to warrant an immediate decrease

Indications were that oil prices would continue to decline and that the balance of payments would continue to improve

Mr Steyn said the first objective was to strengthen the road fund

● Examples of other price reductions a litre

Heavy furnace oil	3,5c
Bitumen	3,5c
Aviation turbine fuel	2c
Benzine	2c
White spirits	3c
Power paraffin	2c

Call for petrol price review

13 01 '85

by
Gary van Staden,
Political Reporter

Pressure is mounting on the South African Government to probe the high

cost of petrol and its pricing structure. Opposition political parties, consumer organisations, the Automobile Association and the Association of Chambers of Commerce are requesting a

review of the fuel price. All the parties calling for a Government rethink on the price of petrol want the cost to come down and most believe the Government would be able to do this. The AA led the call for a fuel price probe after a series of ar-

ticles in *The Star* concerning the price structure of fuel and profits made by Sasol. Sasol pointed out that it was no longer State controlled and as a free enterprise organisation was entitled to make a profit. Spokesmen for consumer organisations such as the Consum-

er Council and the Housewives' League, as well as the AA and Assocom, have all supported the call for an investigation into the price and the pricing structure. Dr Frans van Staden, the Conservative Party spokesman on mineral and energy affairs, said today the party would support any attempt to obtain cheaper fuel for the South African motorists.

Structure

The Automobile Association at its recent annual general meeting urged the Competition Board to investigate the pricing and distribution structure of fuel in South Africa.

The president of the AA, Mr Peter Good, described the 40 percent increase in the price of fuel and the increase in GST as "the biggest blow to motoring in the past decade".

Mr Ken Warren, Assocom's legal adviser, said Assocom would support the AA in its call for the pricing structure and distribution of fuel to be investigated by the Competition Board.

The Consumer Council feels because the free market system in South Africa is gaining momentum and more ground, the trend should also be promoted as far as the sale of petrol is concerned.

The council accepts that the rate of exchange is largely responsible for the current high price of fuel, but Consumer Council Director Mr Jan Crook says consumers are baffled by the high price of locally produced Sasol fuel.

Mrs Joy Hurwitz, president of the Housewives' League, said she would welcome a probe by the Competition Board. "I would like to see the price come down," she added.

PPF mineral and energy affairs spokesman Mr Brian Goodall said the petrol price should be reduced now.

"A price reduction would have a significant effect in helping to control inflation," he said.

"The price of crude oil is set to fall. South Africa has a balance of payments surplus, the US dollar is overvalued and is more likely to fall against the rand than improve. This is the ideal time to make the adjustment in the fuel price," Mr Goodall added.

He said that as the Transvaal's fuel requirements were now supplied by Sasol from inland plants, the extra 6,4 c/l for rail and pipeline costs should be scrapped.

"If there is a need to recover transport costs then they should be recovered from the whole country, not just the Transvaal," he said.

Sasol fuel is sold to the other oil companies operating in South Africa at an import parity price, which means oil companies such as Caltex, Mobil and Shell have to pay Sasol the same price in rands that it would cost to import the fuel in US dollars.

13 01 '85

Protest to rally round AA in plea for urgent fuel probe

Consumer groups and Assocom are supporting the Automobile Association's call for a probe of the petrol price

The AA urged has the Competition Board to investigate the pricing and distribution structure of fuel.

AA president Mr Peter Good described the 40 percent price increase and the GST rise as "the biggest blow to motoring for the past decade".

"The commitment which links the retail price of Sasol fuel to that of petroleum derived from crude oil is unfortunate as it deprives motorists of the choice of buying fuel from indigenous resources not affected by the rand/dollar exchange rate."

Mr Ken Warren, Assocom's legal adviser, said it would support the AA call for a price and distribution investigation

He said in April Assocom had made representations to the Minister of Mineral and Energy Affairs, Mr Danie Styn, suggesting the Competition Board be consulted on the clauses of the Bill ena-

by
Jackie Unwin,
Consumer Reporter

bling the Minister to intervene in the distribution and pricing mechanisms

The Consumer Council feels the trend towards a free market system should be promoted as regards the sale of petrol.

The council accepts that the exchange rate is largely responsible for the present high fuel price, but Consumer Council director Mr Jan Cronje says consumers are baffled by the high price of locally-produced Sasol fuel

"Why should Sasol shareholders gain from the exorbitant price of petrol at the cost of the already hard-hit consumer, and why are petrol outlets refused permission to sell fuel at a lower price?"

Mrs Joy Hurwitz, president of the Housewives League, said would welcome a petrol probe by the Competition Board.

"I know petrol is a strategic commodity, but the latest 40 per cent increase has had a marked effect on our inflation rate."

Mr Raymond Ackerman of Pick 'n Pay, which sells discount petrol at its Boksburg Hypermarket, said. "We believe in the enterprise system. We are selling discount petrol in one store and they are threatening to stop that

"It is totally against what is right for the consumer in these times. This is to protect the big oil giants, who are big enough to stand on their own and don't need protection."

Dr Stef Naude, director of the Competition Board, said it has yet been approached by the AA

"The board can do anything on its own initiative. But there are many things we have to attend to that we have to adopt a priority list. At this point we are conducting very important investigations — and petrol is not one of them."

AECI strikers' ^{15/7/85} deadline ⁽¹⁸³⁾ extended ⁽¹⁸³⁾

B. Day

AECI's Chlor-Alkali and Plastics, in Ballengeich, Natal, changed its ultimatum for 490 strikers to resume work from Friday to noon today

This follows a new turn in the longest strike experienced by an AECI factory or subsidiary

The SA Chemical Workers Union (Sacwu), which launched a strike over wage demands six weeks ago, has submitted some additional demands, while the company has improved its 1986 offer again after fresh negotiations last week

Mike Sander, executive director of AECI, said yesterday an approach by the union had been welcomed by the company, which lifted the ultimatum on Friday to facilitate negotiations

"The union indicated two areas of concern with the company's latest offer and AECI agreed in principle to modify the offer along the lines requested"

Another company spokesman said the company had improved its offer of a R430 minimum wage from January 1986, to R445. It was also backdating its 1985 offer of a 9.5% increase — bringing the minimum to R373 — to April this year

The union has been rejecting all offers so far until its 1985 demands are met. These are for a R69 across-the-board increase,

By CLAIRE PICKARD-CAMBRIDGE

backdated to January this year, the company said

The union is also asking that workers be paid for the period they have been on strike — as well as being backpaid in accordance with 1985 demands — before they resume work

The company has also accepted the union's proposal that 110 strikers — who were dismissed but later promised re-employment benefits — be given preference for vacancies arising on the four chemical plants at Ballengeich which are to be closed at the end of August

If these workers are rehired, the union wants them to be paid in accordance with new wage demands and receive re-employment benefits calculated from the end of August

In response to a union proposal, the company said it would agree to joint negotiations with AECI's Midland factory and Industrial Council factories at the end of 1985. But this was provided the union accepted that a supplementary agreement for Ballengeich be reached with separate and different wage rates and conditions until Ballengeich made a profit

Sacwu could not be contacted for comment yesterday

Oil, diesel, spirit prices go down today

CAPE TOWN—Wholesale prices of a wide range of oil and other petroleum products will be cut from today, but petrol and other price-controlled products will not be cheaper

The Government is allowing the price of diesel used for road transport other than passenger buses to be cut by 1,7 c/l at the coast and 1,6 c/l on the Reef

The driver of a diesel-engined car with a 72 l tank will save about R1,22

The aviation fuel price is to drop by 9 c/l and the price of liquid petroleum gas will go down by 5 c/l

It is understood that the benefits to the motorist could be minimal as dealers are not compelled to pass on reduced prices on products which are not price controlled

The cuts are attributed by oil industry spokesmen to the improving rand-dollar exchange rate

The Minister of Mineral and Energy Affairs, Mr Dams Steyn, said a decrease in the petrol price was not likely at this stage

He said the first objective was to strengthen the road fund

Examples of price reductions are

Heavy furnace oil — down 35 c/l Bitumen — down 3,5 c/l Aviation turbine fuel — down 2 c/l Benzine — down 2 c/l White spirits — down 3 c/l Power paraffin — down 2 c/l — (Sapa)

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2 000 on strike at 5 Siemens factories

About 2 000 workers from five plants of the German-owned multinational electrical engineering firm, Siemens, were still on strike this morning while talks continued between shop stewards and management.

Workers downed tools yesterday to back a demand for an across-the-board hourly wage rise of R1

Siemens' joint managing director, Mr J Trotsky, said the company had told the union during talks yesterday that it was not prepared to meet the workers' demands, but would consider granting merit increases.

The Metal and Allied Workers' Union (Mawu), representing Siemens workers, and other unions have been campaigning for plant-level wage negotiations.

REJECTED

They have rejected the metal industry's Industrial Council increase of 14c an hour for unskilled workers, which the company implemented at the beginning of the month.

The majority of members of these unions are unskilled workers.

The unions have contended that the Industrial Council minimum rates enabled profitable companies to pay far less than they should.

This is the second time in two years that Siemens and Mawu have clashed over the plant-level negotiations issue. Last year about 1 000 workers from three Siemens plants downed tools over the issue.

The union called on Siemens to "negotiate fairly" with the workers or quit South Africa.

AECI strike is over

183 ~~183~~ Star 16/7/85 ~~183~~
The 600 workers who have been on strike for nearly six weeks over wage demands at AECI's Ballengeich factory near Newcastle will return to work on Thursday, according to a company spokesman.

The spokesman said a further meeting would be held today between management and the South African Chemical Workers' Union (Sacwu) to finalise an agreement reached by the parties.

The AECI spokesman said 110 workers dismissed from four plants during the strike had been offered re-employment

AECI ^{16/7/87} says ¹⁸³ ~~152~~ ~~143~~ B. Day strike over

By CLAIRE PICKARD-CAMBRIDGE
MANAGEMENT at the AECI Chlor-Alkali and Plastics factory in Ballengeich, Natal, said yesterday 490 strikers had agreed to return on Thursday after a six-week stoppage

The SA Chemical Workers' Union could not be reached last night to confirm the report

AECI changed its ultimatum for a return to work, from Friday to noon yesterday, but workers stayed away

However, the company said negotiations were at a sensitive stage and could not confirm whether any new concessions had been made

The strike started on June 3 with workers rejecting their 1985 pay increase of 9,5%.

Workers want AECI pay at Ballengeich brought into line with those at AECI's Midland factory and have rejected company offers of further 1986 rises until the 1985 demands are met

Four plants are to close at Ballengeich at the end of August and the factory is said to have lost R12m over the last financial year.

Stay-away call by 2 500 over sacked staff

Pietermaritzburg
Bureau

ABOUT 2 500 people in Pietermaritzburg and Howick say they will support a province-wide stay-away if the Pietermaritzburg and Natal chambers of industries failed to persuade Sarmcol to reopen negotiations with 950 dismissed workers

The support was given at a meeting convened by the Metal and Allied Workers' Union (Mawu), in Pietermaritzburg at the weekend after they had been addressed by speakers from church organisations, civic organisations and the United Democratic Front.

The Howick-based rubber manufacturing company Sarmcol dismissed its workforce at the end of April when it went on a legal strike following two years of negotiations with the company on recognition of Mawu

Mr J Vilane, president of Mawu, which has 40 000 members in Natal, told the meeting 'In the light of massive grass-roots support and calls for co-ordinated worker action, the Pietermaritzburg and Natal Chamber of Industries would be asked to intervene in the dispute by getting Sarmcol to the negotiating table'

'If our proposal fails, plans for solidarity action will go ahead,' Mr Vilane said

The meeting passed a resolution committing it to 'fully supporting a stay-away if called by Fosatu' in the event of Sarmcol failing to reopen negotiation concerning the reinstatement of the dismissed workers

Mawu is expected to approach the Pietermaritzburg and Natal chambers of industries with their proposal this week

N. Mercury

8/7/85

18/7/85 ~~Maize~~ (183) ~~(183)~~ B Day

Nampo explains Triomf deal

THE maize price was kept artificially low for political reasons to the disadvantage of farmers, according to the National Maize Producers' Organisation (Nampo)

Justifying its purchase of a 50% interest in Maizechem, in its journal *Maize*, Nampo said maize farmers could reduce their mountain of debt and arrear interest payments only with profits earned from maize production

Through the deal, Maizechem

By GERALD REILLY

had acquired the Lous Luyt group shareholding in Lanchem, and this transaction would enable Nampo to gain control "in time" of Triomf Fertilizer

The decision was taken after careful consideration and in view of prevailing circumstances within the fertiliser industry, which could soon result in the survival of only two suppliers

This would not be conducive

to free enterprise, and the organisation was convinced the transaction would greatly benefit members of Nampo and other users of fertiliser. Its involvement in the fertiliser industry — which supplies one of the most important agricultural inputs — would, likewise, be in the interests of the industry

It had contacted other suppliers of fertiliser to discuss its objectives, and believed joint action by fertiliser manufacturers could save costs

Dispensing doctors: society rejects view of medical council

Medical Reporter

The doctor's inherent right to dispense is not negotiable, Dr M Bhikhoo, spokesman for the Society of Dispensing Family Practitioners, said in Johannesburg today.

He was commenting on recommendations made by the South African Medical and Dental Council (SAMDC) that dispensing of medicines by doctors should be incidental to their practice and that dispensing by them be done subject to legal requirements.

EXPLOITATION

Dr Bhikhoo said his society strongly rejects the recommendations of the council because "they do not serve the interest of the patient or medical practitioner"

He said the SAMDC's role is to supervise and uphold the ethical norms of practice health care and ensure that no exploitation of the public takes place.

Dr Bhikhoo made the following comments

- The doctor has an inherent right to dispense — and this right is not negotiable

- The recommendations interfere with the doctor-patient relationship. The patient has to rely on the pharmacist who in turn

has the right to substitute medicines

- The unavailability of pharmacies in certain areas or at night

"The outgoing SAMDC, in office for five years, passed the recommendations in the last few days of their term of office

"They will not be able to supervise the measures nor address themselves to the consequences of them," Dr Bhikhoo said

"It is a doctor's duty and moral obligation to be available to his patients at all hours. Pharmacists do not have similar responsibilities

"In the majority of cases pharmacists must be paid in cash for goods and services (unless an arrangement exists between the medical aid and the Pharmacists Society)

"Doctors, on the other hand, because of their close relationship with their patients rarely find it easy to refuse patients because they do not have ready cash," added Dr Bhikhoo

A joint committee of the South African Medical and Dental Council and the South African Pharmacy Council last month concluded that doctors should adhere to existing legal restraints whenever dispensing medicines

Star

23/7/65

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Exports and explosives keep AECI on even keel

By Peter Farley

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The combination of a continuing buoyant demand for explosives and healthy export sales enabled AECI to maintain a pretty even keel in the six months to end-June

And, although earnings eased marginally to 33c a share from 35c, continuing improvements in certain key areas should enable the group to show full year earnings slightly ahead of those for 1984

New MD Mr Ted Smale said that the results were on budget, despite being slightly lower, as they were set against the first half of last year when a mini-boom in SA distorted the underlying economic trend

He pointed specifically to the group's plastics and chemicals operations where last year demand had been strong from the motor, building and furniture sectors. This time around the divisions operating at the sharp end — coated fabrics, pipes and paints — had been severely hit

The Kynoch fertilizer operation, reformed at the beginning of last year after the split with Triomf, is currently running in the red, said divisional chairman Mr Chris von Solms. But, he added, this is traditionally the case, with profits generated during the planting season in the second half of the year. He estimated that Kynoch now had about a quarter of the R800 million plus national fertilizer market

Export sales were up to R97 million from R78 million, but would have shown a much bigger improvement had it not been for the inclusion of one-off urea exports in the first half of last year. Volume sales were only seven percent higher, including 1984's urea

sales

Star 24/7/85

Strong performers on the export front were PVC and PET sales to a variety of countries, "about half of which were to countries with which SA has no formal trading relationship", said Mr Smale

Financing costs were up by a third at R40 million, with R8 million of that total being the current portion of the continuing amortisation of losses on the group's foreign borrowings. If the exchange rate ends the year at around 51c another R9 million-odd will be brought to account

But should the rate appreciate to above 60c, the need for any provision will be eliminated. Nevertheless, gearing remains pretty much the same as the 65 percent at the end of last year and AECI stands to score as rates head lower

Apart from the slump in demand for certain products, Mr Smale said it was heartening that pre-interest margins in the core businesses were pretty much the same as last year. And that, he pointed out, was after costs in the explosives division outpacing price increases to customers

On average, group plants are running at 72 percent of capacity, with levels ranging from 46 percent in vinyl products to full capacity on polymers. The second six months of the year is traditionally the group's better trading period, and in some cases has been as much as 40 percent up on the first half

Mr Smale would only forecast a 10 percent improvement, but either way AECI appears set for full year earnings slightly better than last year's 72c a share

Grade	Current Hours	Hourly Change 1975 to date	Nominal	Real	Current Real Weekly Wages
Grade 10	0.00	0.00	17.59	20.22	21.98
	0.00	0.00	21.72	27.72	31.68
	0.00	0.00	23.74	27.72	34.76
	0.00	0.00	24.45	23.67	21.88
	0.00	0.00	24.59	21.76	19.96
	0.00	0.00	23.67	21.76	21.88
	0.00	0.00	21.76	19.96	21.88
	0.00	0.00	19.96	21.76	21.88
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AECI's 6-month earnings fall 6pc

JOHANNESBURG— AECI had a 6 percent decline in attributable earnings in the six months to June, compared with the same period last year, but the directors expect earnings for the full year to match last year's, at least.

The group has maintained its interim dividend at 24 cents per share and expects to maintain profitability and dividends for the full year at last year's levels subject to no major disruptions occurring during the remainder of the year, such as a further decline in the value of the rand, further deterioration of the economy or disruptive labour problems.

Releasing the interim results in Johannesburg yesterday, the group's managing director, Mr Ted Smale, said the 33 cents earnings per share achieved in the period was on budget.

Money cost

The results reflect the cost of money, foreign exchange and increased costs, he said.

While the group had benefited from the growth phase experienced by the mining industry, most of the other industries it catered for, notably the motor industry, had been severely hit by the recession and affected the 'sharp end' of the group's operations accordingly. Mr Smale said margins in these areas had been cut back sharply.

Capacity utilisation in the group overall during the review period was 72 percent. The volume of domestic sales for the first six months was similar to that of the same period of 1984.

However, most of the operations had reached

the bottom of the downturn and could be expected to show an improvement in the second half, which Mr Smale estimated would be about 10 percent better for the group as a whole than the comparable period of last year.

Chiefly because of the depreciation of the rand, exports increased substantially against the first-half of last year from R78-million to R97-million, with increased volumes accounting for only about 7 percent of the increase. Mr Smale said exports for the full year were expected to total R203-million (R173-million).

Total attributable earnings for the period were R51-million, compared with R54-million in the comparable period, or earnings per share of 33 cents (35 cents).

Turnover was 14 percent up at R1 081-million (R948-million).

Trading income was R106 million (R107-million).

Unrealised exchange differences on foreign borrowings amounted to R8-million (R5-million), forming part of financing costs amounting to R40-million (R30-million) second-half of last year.

Capital expenditure of R80-million was well down on the R147-million in the first-half of last year — (Sapa).

Dealers focus on dollar's prospects

LONDON— Gold bullion markets are focusing firmly on prospects for the dollar and inflation rather than on the worsening unrest in South Africa, dealers said.

'I cannot see any material effect on gold prices in the short, medium or long term unless things get totally out of hand and there is a total cut-off in production,' said one prominent dealer — (Sapa-Reuter).

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Recession hits service stations

By Zenaide Vendeiro
Transport Reporter

Service and filling station owners had experienced a series of nightmares in the past year because of the recession, the chairman of the South African Motor Traders' Association (Samta), Mr S Druckman said yesterday.

"We have witnessed a continuing decline in the available money supply with an almost drastic drop in consumer spending, record increases in the consumer price index and the rate of inflation, unprecedented increases in taxation and the highest interest rates in history," Mr Druckman said in his report to Samta's annual general meeting.

In comparison with other sectors of the motor industry, however, the service section had weathered the storm extremely well.

Mr Druckman said the R5 levy system on fuel sales after hours, which was abolished in October last year, had been a vital source of income, especially in country areas where low turnover and high operating costs had completely eroded profitability.

But the worst effect of the abolition of the levy system had been the withdrawal of official selling hours for fuel. Some dealers, he said, had already been exposed to subtle pressure from their oil companies to offer a 24-hour service despite assurances that this would not be done.

Mr Druckman said the increase of 1,2c a litre in the markup of fuel in January, bringing the total markup to 5 2 c a litre, had been welcome.

A survey of the profitability of fuel retailers undertaken by

the Department of Mineral and Energy Affairs had shown that a further increase was not justified at this stage, Mr Druckman said.

On the controversial question of discounted petrol, Mr Druckman said the massive increase in the petrol price had been used as a shrewd marketing opportunity by the Boksburg Pick 'n Pay Hypermarket, which offered a four percent discount in petrol coupled with a self-service system.

A survey had shown the service stations affected by the scheme experienced a 17 percent drop in fuel sales and a 22 percent reduction in oil sales.

Mr Druckman said the situation would normalise as legislation controlling the price of petrol was expected to come into effect in the near future.

New property

By Peter Farley

... ..



Fuel price decision is delayed

183
Pretoria Bureau

The Department of Mineral and Energy Affairs has not yet taken any firm decision on whether to drop the price of petrol, although the rand exchange rate is being closely monitored to see if a reduction is viable.

A spokesman for the department, Mr Theuns Bürger, said today that if the exchange rate stabilised at a reasonable level for a period, the price of petrol may be dropped.

However, he said, the amount of any decrease would be determined by a number of factors.

The National Road Fund, for example, was in need of a boost and it might be decided to allocate funds to this.

It may also be decided to channel some of the money to the Motor Vehicle Insurance Fund for third parties.

Siemens workers back at their jobs after agreement

193
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30/7/85 Melauly
JOHANNESBURG—Black workers at all but one of Siemens' factories returned to work yesterday in accordance with an agreement between the company and the Metal and Allied Workers' Union (Mawu) last week.

All but 200 of the 1210 striking workers who were due to be re-employed yesterday were back at work.

In a further development yesterday, the union disputed many of the points of agreement in last week's negotiations, but the company refused to comment publicly until it had had further discussions with Mawu on these points.

The 200 workers were due to be re-employed at Siemens' cable factory at Rosslyn in Pretoria, but unlike their colleagues at the other four plants, they refused to accept letters of re-employment which the company gave them on Friday as agreed by the union in last week's negotiations.

Mr Johan Trotskie, Siemens' joint managing director, said the union had requested a 24-hour extension of the re-employment ultimatum. Consequently, the workers at the Rosslyn plant were expected to be back at work today.

The agreement for the workers to return to work this week at the industrial council rates which came into effect on July 1 came after the company had dismissed the 1250 strikers. The union ac-

cepted the company's offer to re-employ all but 40 of them.

The company says acts of violence and intimidation can be proved against those 40. It was agreed that a special committee with equal management and union representatives would mediate over their possible re-employment.

But Mawu, in a Press statement issued yesterday, disputed many of the points of last week's agreement, stating among other things that it had asked the company to extend the re-employment ultimatum 'due to misunderstanding on signing of new overtime contracts'.

Condemned

The Press statement, issued by Mawu's Transvaal secretary, Mr Moses Mayekiso, said 'We understand (the company) is forcing people to sign new contracts of working overtime'.

It condemned the company for refusing to re-employ 40 of the strikers, saying its reason for doing so was that most of them were shop stewards or active union members.

'We think the company is trying to get rid of

those shop stewards who can represent the workers effectively and those whom they think are stumbling blocks,' the statement said.

The union would continue to press for a R1-an-hour across-the-board pay increase and would also insist on negotiations at shop-floor level although the management had rejected this.

'We would like to inform the company that the workers are going to continue with plant-level negotiations until management gives in,' the statement said.

It warned Siemens 'and other multinationals' to negotiate at all levels 'where the workers feel they have got a big problem'. Refusing to do so was 'playing with fire'.

'The workers are no longer prepared to be jabaases but are determined to fight for their rights. If these multinationals are insisting in denying these workers rights we insist that they pack and go out of this country. We cannot tolerate this exploitation,' the statement said.

The workers were also 'furious' about the interference of the police in the dispute — (Sapa)

Energy paper recommends nuclear development

183 Mercury Correspondent

CAPE TOWN—The phasing in of a large-scale nuclear power programme, the acceleration of the oil and gas search at sea and the development of the Mossel Bay gas field are among some of the recommendations of the Government's Draft White Paper on the country's future energy policy.

The Draft White Paper and comments based on it will form the basis of the Energy Plan to be put before Parliament next year.

The plan's objective will be to ensure an adequate and constant supply of energy as well as its efficient use to promote social and economic development of South Africa and its neighbouring states.

Nuclear fuel

The Energy Plan is broken down into 12 sub-plans covering energy conservation, coal, uranium, indigenous crude oil and natural gas, renewable energy sources, new energy technologies, electricity, petroleum products, synthetic fuels, an energy survival and contingency plan, an energy research and development programme and a plan for interstate co-operation in the field of energy.

Apart from a recommendation to phase in a large-scale nuclear power programme, which, together with coal, is expected to provide for the future large-scale generation of electricity, the Draft White Paper also recommends that there be continued development of the nuclear fuel cycle to provide for future fuel requirements and to maintain a balanced export programme with an eye to future local needs.

The development of the Mossel Bay gas field — if proved viable — to be fully productive by 1990, should be considered a top priority, says the Draft White Paper.

There should also be an acceleration in the search at sea for oil and gas with further efforts being made to involve international oil companies

in the oil search in South African waters as well as the start of negotiations to take part in the development of crude oil and gas fields discovered in neighbouring countries.

More efficient use of existing renewable energy sources in remote rural areas, such as wood, is one of the paper's goals, as is giving priority to appropriate renewable energy technologies in the sub-continent.

There should also be joint development of the hydro-electric potential of southern Africa, it says.

A White Paper and an Energy Plan are to be drawn up from the Draft White Paper, and, together with public comments, they will be put to the Energy Policy Committee.

Written contributions and comments may be sent to the Chief Director (Energy), Department of Mineral and Energy Affairs, Private Bag X59, Pretoria, 0001, by September 30.

Tutu asks for urgent meeting with PW

JOHANNESBURG — Bishop Desmond Tutu today asked the State President, Mr P W Botha, for an urgent meeting to discuss the unrest in the country

The Anglican Bishop of Johannesburg sent a telegramme to Mr Botha saying, "Would like to meet you urgently, either by myself or with one or two other church leaders," a spokesman said

In the Western Cape a boycott of black high schools started today and the atmosphere in coloured schools in the region was described as "extremely tense"

SCHOOLS EMPTY

Department of Education and Training circuit inspector for the Western Cape Mr Piet Scheepers said black secondary schools in the Peninsula, Paarl and Worcester were empty

Pupils at coloured high schools were demanding to be allowed to run awareness programmes in place of lessons and the situation was "very tense", a spokesman for the Department of Education and Culture, Mr A Jordaan, said

At Belgravia and Alexander Sinton high schools groups of about 150 pupils were negotiating with their principals for awareness programmes while other pupils attended classes, Mr Jordaan said

SUSPENDED

Pupils were calling for similar programmes at six high schools in the northern areas and at Crestway High normal classes had been suspended for such a programme

In Mitchell's Plain about 70 pupils of the 850 enrolled gathered outside the school today but classes continued

The principal of the Green-

Klein Nederburg Secondary School in Paarl about 50 pupils were gathered outside, he said

CALL FOR RESTRAINT

The University of the Western Cape has called on the authorities to exercise "the utmost restraint" and for students and the public to avoid provocation

In a declaration issued on behalf of UWC's administration, rector Professor Richard van der Ross said violence could not be condoned whatever its cause

Bus services into Guguletu were suspended today after a night of unrest in Cape Town's black townships in which a bus and a panel van were set alight and at least one car stoned

Police used tearsmoke and rubber bullets to disperse crowds

Reaction squad policemen were on duty at various spots and railway police task force members were on stand-by with Casspir armoured vehicles at Cape Town station

A spokesman said that as far as the police were aware no one had been injured by police action and no arrests had been made

POLICE REPORT

The police unrest situation bulletin for the period 6 30pm yesterday till 8am today said the number of arrests under the emergency regulations was now 1 205

In New Brighton near Port Elizabeth a vehicle was driven at high speed at a Defence Force foot patrol. A shot was fired and the driver was fatally wounded. Four passengers fled

On the West Rand a school was set alight but little damage was caused. No injuries or arrests were reported

In Mamelodi near Pretoria a municipal ambulance was destroyed by arsonists. No injuries or arrests were reported

POLICEMAN ATTACKED

A man was shot dead when a gang of eight attacked an off-duty policeman in Washington Street, Langa, at the weekend

Brigadier Hennie Kotze, Divisional CI chief for the Western Cape, said the policeman, who he declined to name, was walking home early on Saturday when he was attacked

The policeman fired a shot, killing one of his assailants instantly — Argus Reporters and Sapa

● List of detainees — Page 6

Society to lodge dispute?

~~183~~ 183
The South African Boiler-makers Society is today expected to lodge a formal dispute with the Industrial Council for the Metal Industry over what the union feels is the unfair dismissal of 36 of its members from Ferralloys in Machadodorp

Although all 36 of the workers at Ferralloys have been reinstated, they have lost accumulated benefits which the union hopes to win back for them

The SABS says the 36 were involuntary partici-

pants in a strike by 350 workers organised by the Metal and Allied Workers' Union (Mawu) two weeks ago

The strike was in sympathy with 975 workers who were dismissed from BTR Sarmcol in Howick in April

Members of the SABS say that they were intimidated by Mawu officials into taking part in the strike

Certain SABS members have made statements to the police concerning the intimidation

5/8/85
"The SABS is still at this stage seeking an urgent meeting with Mawu's executive to try to defuse the situation but so far efforts to arrange a meeting have been unsuccessful," a SABS spokesman said

Both Mawu and the SABS belong to the International Metalworkers' Federation

Mawu has said that the union called a general meeting at the company and consulted all workers about the proposed strike

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Mawu, 1983 mayor meet 'amicably'

Pietermaritzburg
6/6/83 Bureau STAR
A DELEGATION from the Metal and Allied Workers' Union met the Mayor of Pietermaritzburg and senior municipal officials yesterday to discuss the one-day stayaway of black workers here last month

The Mawu delegation was led by the Natal secretary, Mr Geoff Schreiner. Also present was the chairman of the Inter-denominational African Ministers' Association, The Rev Moses Ntshangase and the chairman of the Pietermaritzburg Agency for Christian Social Awareness, Mr Peter Kerchoff

In a statement afterwards, Mayor Robin Dales said the meeting had been 'very amicable'

Mawu is due to meet the Pietermaritzburg Chamber of Commerce today to discuss the BTR Sarmcol issue



We think the award already made of between 14 percent and 19.6 percent is fair and reasonable, but the chamber has stated that it is willing to listen to any realistic proposal from the union

The NUM is demanding 22 percent across the board, improvements in other fringe benefits and inclusion in the talks between the chamber and white miners aimed at an agreement to replace job reservation

Mr Godsell said a separate deal between Anglo and the NUM was not on the cards as the Anglo group had committed itself to industry-wide bargaining

A chamber statement yesterday said the employers accepted there was no possibility agreement could be reached with the union and 'nothing has occurred to change this view'

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SA 'self-sufficient' in fuel in five years

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N. MERCURY 7/18/88

PRETORIA — South Africa would eventually independent of foreign oil supplies within five years, according to a spokesman for the Department of Mineral and Energy Affairs

Dr Robert Scott, director of energy planning at the department, told a Pretoria newspaper yesterday that two synthetic fuel processes would be put before Parliament for approval next year

A third process was in development stages

Priority

The newspaper said the three methods involved the conversion of natural gas, the indirect liquifaction of coal and the distillation of oil shale

The energy policy committee, the country's co-ordinating body of energy policy and strategy, would consider the synthetic fuel proposals as a priority to achieve the desired level of self-sufficiency by 1990, Dr Scott was quoted as saying

The new processes would not produce all the by-products of the Sasol plants, but would basically produce synthetic petrol and diesel

If the projects were passed, they and future projects would be financed by a central energy fund, Dr Scott said — (Sapa)

Political Correspondent

THE Government will site the new oil-from-gas plant at Mossel Bay, it was reliably learnt today.

This scotches hopes that Port Elizabeth would be chosen for the project

All indications from a Government-sponsored viability study have pointed to Mossel Bay, which is close to the off-shore gas strike, as the best site for the plant, the Evening Post was told

The decision is expected to be announced within the next few months. The issue is being handled on an *ad hoc* basis and is not bound by a White Paper on energy to be tabled in Parliament early next year

Meanwhile, Dr Dirk Neethling, Chief Director, Energy, of the Department of Mineral and Energy Affairs, said today the Government was aiming at "a confidential level of energy self-sufficiency" it had targeted for 1990

He had been asked to comment on a South African Press Association report today that South Africa would be almost independent of foreign oil supplies in the next five years

Dr Neethling said he felt the report — a summary of an article in a Pretoria newspaper yesterday — created a wrong impression by omitting the words 'aimed at'

It had always been and would remain part of South Africa's energy policy that a percentage of foreign crude oil would have to be imported

A preliminary White Paper on energy was at present being sent out for comment by all interested parties the deadline being the end of next month

A final paper would then be prepared for submission to Parliament early next year Dr Neethling said

The White Paper could contain recommendations for three synthetic fuel processes — the conversion of natural gas, the indirect liquefaction of coal and the distillation of oil shale

'We are building more Sasols and will still import crude oil,' Dr Neethling added.

The new processes would be aimed at helping achieve the energy self-sufficiency level the Government wanted to reach by 1990

The White Paper to be presented to Parliament would be finalised in about November by the Department's Energy Policy Committee

By DIRK VAN ZYL

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POLITICAL CORRESPONDENT FOR THE EVENING POST

By Stan Kennedy

The price of low density polyethylene (LDPE), the major component in plastic packaging, is to go up by nine percent later this month

It will be the third price increase this year, and will bring the total increase to 20,75 percent, raising the average price from R1 474 to R1 780 a ton

In January it went up by four percent from R1 474 a ton — a price which had been maintained since March 1983 — to R1 540 a ton and again by six percent in March to R1 630 a ton

Mr Donald Grant, director (polyolefines and feedstocks), Chlor-Alkali & Plastics, a subsidiary of AECI, told *The Star* that although there had been some pressure from Sasol to get the LDPE prices up, this was not entirely the real reason for the increase.

"Our profitability gets progressively squeezed by holding back increases. We have to take advantage of the situation when the overseas prices are high and the rand rate is low and try to recover some of what we have lost during the period of stabil-

Plastic packing base price to rise by 9%

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ty," he said

"The market sees just these increases over a short space of time and it looks bad, but they really need to be seen in the perspective of pricing over a long period. For instance, there was a three percent decrease in March 1983 and a six percent decrease in September the same year."

It was possible that import control could disappear as government wanted to move to a more freer, open market-related economy. The only protection for local industry would then be modest tariffs.

Part of the reason for the plastics division's low profitability was that one of the two plants at Sasolburg was working at 33 percent capacity.

Mr Grant said it had enough

capacity to look after South Africa's needs for the next 10 years, which were growing at six percent a year.

"That is our dilemma. We have put up a world-scale plant which is costing us a lot of money in the early stages and, hopefully, as we build up to full capacity we may get some returns for our capital investment of almost R230 million," said Mr Grant.

Even with the latest increases, the plastics division was not doing as well as the rest of the group and there would still not be a good return on capital.

The price of ethylene in Europe is about R1 200 a ton, and when the latest proposed increase goes into effect, the price

at Sasol will still be well below at R1 000 a ton.

Mr Grant pointed out that the increase due this month was based on the rand exchange rate of 48,75 to the dollar, which made the price of LDPE from Europe R1 935 a ton, reflecting some element of dumping, and the price from the US R1 877 a ton, which was still considerably higher than local prices.

Despite the fact that the rand had dropped to just over 44c, the group would resist taking advantage of the situation to push up the price again.

"We compete with high density polyethylene, paper and glass. And if we get out of line with these products, it would jeopardise our place in the market," he said.

Sugar plans pleas on ethanol

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Finance Editor

THE sugar industry—as a potential producer of ethanol to provide fuel for cars—does not feature in the draft White Paper on energy drafted by the government.

But the industry, with other energy-related concerns, can indicate its interest in ethanol production up to the end of September.

Yesterday, Mr Peter Sale, general manager of the S A Sugar Association confirmed that they would making a submission on the paper

But the annual report of the Department of Mineral and Energy Affairs says that private sector interest in the production of fuel ethanol from agricultural products has 'declined to such an extent that no significant contribution from these sources is expected in the short term'

Low prices

However this report was written before the sugar industry in its recent round of industry meetings found that it needed to take up the sugar cane/ethanol issue with renewed vigour

Low world sugar prices allied with a glut and gloomy prospects have induced the industry to see whether back-end distilleries at sugar mills could make ethanol profitably

Umfolosi Co-Operative put their ethanol project on ice earlier this year when economic conditions, and interest rates, went the wrong way

Next year the draft White Paper will be followed by a full White Paper and the First Energy Plan based on the draft and public comments.

The draft proposes a Central Energy Fund to be used for exploration and specific future energy products as well as energy research and the development of programmes which will be financed by a levy on all energy products

Planning

Planning in 12 areas (synthetic fuels is one) will be on a long-term 15 year basis, revised every five years, and a short-term five-year plan 'revised biennially and adapted as necessary'

The 12th area, 'energy survival and contingency plans', will not be published

Longer range forecasts on the 'present predicted life of known indigenous mineral fuels, particularly coal, uranium, crude oil and natural gas', are to be made

The White Paper comments on biomass (from maize or sugar-cane) may reveal government thinking on the use of sugar cane to produce ethanol 'State assistance for the production of alternative fuels from biomass should be considered only during fuel crises because of capricious climatic conditions and potential shortages of food production In those areas where expertise is lacking, the necessary research should be done in advance'

Gas

But if South Africa wants to stand on its own feet, in respect of oil imports, government will have to take policy decisions to enable this to come about by its 1990 target when it will be more self-sufficient than now but the energy experts will not reveal figures

There are many routes to be taken but most are expensive—witness the billions of rand spent on Sasol

Private enterprise will have to be called in to fund such projects

The Department of Mineral and Energy Affairs lists three promising routes which the private sector has proposed

The conversion of natural gas obtained from the Soekor gas field about 100

km south of Mossel Bay The gas will be changed to methanol and then to synthetic diesel and petrol

By world standards the Soekor FA-EM field is medium-sized but has proven gas reserves of over one trillion cubic feet and an estimated 30 billion barrels of condensate

FM-EM could produce, says Soekor, about 150m cubic feet a day equal to an output of 20 000 barrels of liquid fuel a day for 15 to 20 years

Two private firms have been contracted to investigate and report on this prospect and a decision, according to the department, to proceed with commercial exploitation is expected by the year-end

In the same area Soekor reported a drill hole earlier this year which yielded 2 600 bpd and one million cubic feet of gas a day—further exploration is needed to establish the size of this reserve

Shale

Second project which would yield fuel is the distillation of oil shales, or torbanite A private concern wants to exploit the shales which are found in the Transvaal Highveld coal field

Anglovaal mined the torbanite shales from 1934 in the Ermelo district and refined them at Boksburg until the deposit was worked out.

They obtained the rights to the process which Sasol now uses to make petrol from coal but sold them to Sasol after the war

There are oil-bearing shales of poor quality in the OFS, Northern Cape and at Impendhle in Natal while better quality shales are found in the Eastern Transvaal and Northern Natal

Reserves are believed to be small and the deposits are mixed up with coal and other minerals making it difficult to mine and the seams are thin.

Coal

The third project is the indirect liquification of coal A plant would convert coal to methanol which could then be mixed with a cetane improver and used in suitable modified diesel engines

Or the methanol would be converted into synthetic petrol and diesel

Says the department 'The location of the coal-based project has not been finalised'

The design has been completed for AECI's plant to convert methanol over a zeolite catalyst to ethylene and other hydrocarbons

But says Gavin Relly, chairman of AECI, 'the effect of changed government protection policy and various other economic uncertainties have made it necessary to delay any decisions on the construction of the plant for the present'

AECI has a 60 kl a day methanol plant, believed to be the only coal-based unit in the world, and there are plans to expand this to 2 700 tons of methanol daily

Sasol is expected to reach full output of synthetic fuels 'shortly, thus reducing considerably the country's dependence on imported oil', says the department.

Forecasting Sasol Four it adds that 'the possibility that additional facilities may be built in future cannot be ruled out.'

Sasol uses over 33m tons of coal a year from its collieries to produce a vast range of chemicals

Doctors critical of restraints on drug dispensing

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Doctors have slammed legal restraints laid down by the South African Medical and Dental Council (SAMDC) on the dispensing of medicines

The restraints follow a recent SAMDC and South African Pharmacy Council investigation into allegations that family doctors are making large profits by dispensing medicines

In a statement released after a meeting in Johannesburg at the weekend, the Society of Dispensing Doctors rejected the SAMDC conditions

"We oppose the implementation of these conditions," said the statement

"We ask the SAMDC to

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STAR
repeal these laws We ask that the Medical and Dental and Supplementary House Services Professions Act of 1974 should not be watered down in any way"

The SAMDC last month said dispensing of medicines by doctors should be "incidental to their practice and should not generate more than 10 percent of their net income"

Dispensing of medicines should be done subject to legal requirements Disciplinary action would be taken against doctors who were "trading" by selling, dispensing or buying medicines outside the context of the doctor's practice, the SAMDC said

Unions warn of industrial action

THE Federation of South African Trade Unions has warned a plastic bag manufacturing company in Industria, Transpoly, to reinstate 80 sacked workers or face industrial action from companies it supplies with products.

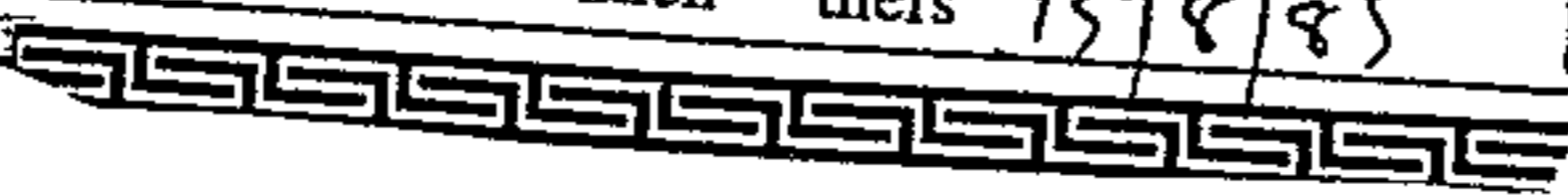
The 80 members of the Fosatu-affiliate Paper Wood and Allied Workers Union (Pwawu), were dismissed because they refused to work overtime and belonged to a trade union.

The workers claimed the company has refused to negotiate with their union in "good faith" over wages and union recognition. They stopped work and management said they had dismissed themselves.

In a statement Fosatu's Transvaal shop steward council said they demanded the immediate reinstatement of the workers and opening of doors for negotiation.

They warned that if this was ignored by the company workers at plants which are supplied by Transpoly will be called out to support in their dismissed brothers.

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'Prices must go up as the dollar price increases'

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Fertiliser giants may rationalise — AECI

RATIONALISATION could be imminent for the over-traded fertiliser industry, says AECI director Chris von Solms

He says some fertiliser companies may consider rationalising their operations — but adds he is happy with subsidiary Kynoch's present size

Five manufacturers are competing for the depressed fertiliser business — Kynoch, Sasol, Triomf, Fedmis and Omnia Von Solms says the industry is oversubscribed and the continuing overcapacity will ensure competitive prices

"Consumers are squeezing manufacturers, but if they squeeze too much they will end up

By ALAN RUDDOCK

dependent on imported fertilisers"

Industry observers agree Omnia and Fedmis are the two companies most threatened Omnia's resurgent share price in the past few weeks — despite heavy interim losses — has given rise to speculation that it is in line for a takeover

Triomf — one of the troubled manufacturers — was thrown a lifeline in June by Nampo, the National Maize Producers' Organisation, which said it wanted to prevent the industry being dominated by Sasol and Kynoch

While Von Solms expects demand for fertiliser to grow 12% this year, he points to the rand's depreciation as cause for concern

"Prices will have to go up as the dollar price of raw materials rises"

The impact of rising raw material cost will be felt most by those companies without access to locally-produced nitrogen — which represents "a significant cost"

Again, it is Omnia, Fedmis and Triomf which must rely on imported supplies of nitrogen, although Fedmis has a limited local supply Sasol and AECI provide their own production requirements

CAPE TIME
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Cape Time

Sasol profits up by 21,6%


JOHANNESBURG — Sasol has lifted attributable income for the year to June by 21,6 percent. A final dividend of 22,5c a share was declared (19c), bringing the total for the year to 39c (33c). The company's profit statement for the year shows an attributable income of R501,4m compared with R412,4m for the same period last year. The profit attributable to Sasol includes R25m which is the company's share of dividends declared by Sasol Three the results of this company not being equity ac-

counted Sasol Three's before and after tax profit for the year was R435,2m compared with R108,4 m in the previous year. Sasol's net operating income for this year was R1 040 3m compared with R671,8m last year. Income after taxation was R502,3m (R413,3m) — Sapa

Hong Kong gold

HONG KONG — Gold closed at \$334,10/334 60 an ounce at the Saturday morning session in Hong Kong — up from the opening \$333,20/333 70 an ounce — UPI

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and our youth will find fulfilment in their call
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CMA Times 6/9/85

Fuel price increase 'inevitable'

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Motoring Editor

OIL COMPANY spokesmen in Cape Town yesterday said it was inevitable that the price of petrol would go up because of the rand/dollar exchange rate

Speculation is that the price will jump by about 14 cents from 86 cents to more than R1 a litre. It will be the first time in South Africa that the price has gone over the R1/¢ mark and will put this country in line with most other countries in the world

Only 10 years ago petrol cost 10 cents. If the price does go above R1 this week it will mean a 1 000 percent increase in the past decade — certainly the most expensive commodity which the public has to buy on a weekly basis

Service station operators were in the dark yesterday as to when the increase would occur. However, they said they had contacted their bank managers on their overdraft facilities and had placed orders with the oil companies to fill their tanks as soon as possible

The average petrol load is 25 000 l so full tanks at the old price at the time of the increase can mean a considerable profit to the operator

Sapa reports from Pretoria that the Minister of Mineral and Energy Affairs Mr Danie Steyn, yesterday said the price of petrol would have to go up soon if the dollar/rand exchange rate did not improve

'Cushion' funds exhausted

Speaking to reporters after a meeting in Pretoria of energy ministers of Transkei, Bophuthatswana, Venda and Ciskei (TBVC) states he said funds the government had available to "cushion" the impact of a price hike on the consumer were exhausted

Mr Steyn declined to say specifically what exchange rate would be required to prevent an increase, but pointed out that the present price of fuel was based on a rate of 50 US cents to the rand, a figure the rand has not seen for a long time

Mr Steyn emphasized that any change in the price of petrol had to be approved by the Cabinet which is scheduled to hold its next meeting on Wednesday

The minister declined to comment on speculation that a price hike could be announced next week

Replying to another question, he emphasized that the by-elections on October 30 would not delay the announcement of any increase

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TRUSERS
CABINET

Do we produce our own morphine for pain-killing?

The extraordinary possibility that morphine is not just a product of the opium poppy but is synthesised by many animals and even by the human has been raised by scientists at the Roche Research Centre in New Jersey, United States

They are confident that they have identified morphine in the skin of toads, have good evidence that it is also present in rat, cow and rabbit skin and organs and believe its chief function is as a natural pain-killer. According to Dr Sydney-Spector,

who along with Dr Kazuhro Oka and Dr Joel Kantowitz make up the team at Roche which has isolated animal morphine, the identification of morphine in toad skin while not yet definitive, is — as measured by chemical, pharmacological and immunological means — indistinguishable from morphine

How does the morphine arrive in these tissues? One possibility is that it comes from the diet. That could be true of the cow, which at least

Science

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eats plants, if not poppies. But laboratory rats are fed only on rat food and the Roche scientists can detect no morphine there

Instead they believe that animals have the ability to synthesise their own morphine. "There is no direct evidence that they can do so," Dr Spector says, "but then no one has looked for that evidence yet"

He believes that starting with the amino acid, tyrosine, it is possible for animals to build the complex morphine molecule and he claims to have evidence for several of the necessary steps already

But what about addiction? If people become addicted to medicinal or illegal poppy morphine, why not to the natural morphine they probably synthesise? There is no good answer yet but at least there is a precedent "Opiods", the substance which

plays a complex role in the production of morphine in animals, when synthesised and fed to animals in large quantities, has been found to be addictive. But clearly the subject is then receiving the substance out of its natural context

And why is morphine made by animals? On that point Dr Spector says he can only assume that it is made to be part of a mechanism for natural pain killing, or behaviour control — Science Editor, *The Times*

Chemicals can make you feel nothing

Anaesthesia

1983

Anaesthetics are defined as chemical substances which make you unconscious, insensible or otherwise incapable of feeling pain. Like absinth, for example. The word anaesthesia is derived from three Greek words "an-" is a prefix which means "without", the root "aesth-" means "feeling anything", and "-esia" means "or not much anyway". Actually, in ancient Greek, the "aesthos" bit didn't just mean feeling, it also meant "appreciating" and "Fine Art," which is why, to this day, you need an anaesthetist's salary to buy any Fine Art.

The father of modern anaesthetics was undoubtedly that truly great Scottish pioneer physician-scientist, whose name I've forgotten, it wasn't Lister, it was the other one — something like Maxwell Flyfe-Robertson or something. Anyway, he discovered the anaesthetic properties of chloroform at a party he gave for three other pioneer physician-gourmets. The next day, he claimed to have invented the first ever general anaesthetic, while his three friends at first claimed the stuff was planted by the police and they didn't know nothing about it. After that, chloroform was used as an anaesthetic by being dripped on to a pad of cotton held over the nose — and actually absinth tastes better that way, too.

Nowadays, technology has advanced considerably and even glue-sniffers can do better than that. However, chloroform had some advantages as an anaesthetic — it was readily available, easily portable, a highly lipid soluble and could also remove greasy stains from the bedclothes etc. But it had disadvantages in that it made the heart sensitive to the effects of adrenalin. Which was all right unless the patient got ner-

Some people envy anaesthetists, mainly because they are the only profession whose clients are asleep during working hours.

Nevertheless, anaesthetics is a highly complex technical science, so they tell me, and I think you'll be ever so interested to find out how it all works. And stuff like that. Here we go, then, writes **ROBERT BUCKMAN** of *Punch* magazine.

vous, in which case the heart would go into funny rhythms which meant that old-time kindly anaesthetists would lean over their patients in the anaesthetic room and say "Please do not get nervous, because if you get very nervous, you will die very suddenly." Which I'm sure helped a lot.

Laughing gas

There's nothing funny about laughing gas, really. In fact, when it was originally introduced, it was tested on every conceivable kind of animal and it got its name when they tested it on four black toads who were later found chucking at On The Buses. A lot of people have had laughing gas since then, but none of them said it helped them laugh at On The Buses.

Now, the way in which anaesthetics work is terrifically interesting. A bit. What happens is that they are absorbed into the blood stream, and they have a particular effect on a part of the brain which is responsible for keeping us awake. This part of the brain is called the reticular formation activating system, and what the anaesthetics do to it is, well, they anaesthetise it. I hope that it isn't too technical for you.

The point about laughing gas is that it's safe to administer and easy to adjust the anaesthetic



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dose. This makes it ideal for use during childbirth (for the mother, that is — the doctor is supposed to bring his own), though some "natural childbirth" enthusiasts eschew any synthetic agent, and get very sniffy about laughing gas. I can't remember what they recommend — perhaps it's e North Sea Gas, or Ferrer or something. Anyway, it's all good stuff, and a friend of mine who had a small feminine operation in Harley Street (she had her bunions fixed) had to have two anaesthetics — one for the operation, and one when she got the anaesthetist's bill.

Local anaesthetics

Local anaesthetics are completely different from general anaesthetics in that they do not affect cerebral perception of pain, are not absorbed into the blood stream and cost much less. What they do is affect the nerve fibres that carry the pain messages in the area in which they are injected, in a way it's a bit like shooting the sentries at Fort Knox so the alarm won't get raised. Sort of.

Of course, the most common local anaesthetics are those used in dentistry. A few decades ago, dentists found they could reduce the pain of their drilling and pulling operations to an absolute mini-

mum by injecting novocaine into the gums. Fortunately, they managed to compensate by making the injection of the anaesthetic an incredibly painful experience in itself. It is worth recalling that when you are in a dentist's chair you are virtually powerless and they are in total command. They can say all kinds of nasty things about your teeth and oral hygiene and then proceed to hurt you, legally and for money. The only retaliatory action you can take is to point out that during the operation you could see right up his nose and there were some pretty worrying bogies which would need attention soon if he wasn't to lose the whole nostril. It doesn't help much, but it's a gesture in the right direction.

There are all kinds of things that can be done under local anaesthetic, including hernias, vasectomies, mugging and many other kinds of grievous bodily harm. If in doubt, don't ask, run.

Acupuncture

Now I know what the closed-minded Western-civilisation sceptic is going to say — "What's the point of acupuncture?" Well, the answer is a lot. The most important question is "How does it work?" After all, the Chinese have been putting each other to sleep with little needles for thousands of years, com-

pared to which we've only got Perry Como.

So how does it work? Well, one theory was that the brain spent so much time receiving information about painful needles in the thumb and neck and bottom and so on, and got so worried about where the next needle was going to be stuck in, that it didn't have enough time to spot the real pain, eg of having the gall-bladder hacked out or similar. Attractive though this theory was (in a gruesome sort of way), it didn't explain why the brain didn't "learn" during the operation — especially if it was a Chinese brain. The theory now, though, is that the acupuncture needles soothe the brain into releasing special pain-killing substances called endorphins which are nature's own narcotic chemicals. However, they do not occur as a white powder, so if you get busted it's no use claiming that the stuff is endorphins and your brain made it of its own accord without your knowing about it.

Anyway, that's how acupuncture works and in India they have their own version in which they perform a painless vasectomy and the only anaesthetic needed is the promise of a radio. Certainly much more research is needed in this subject, ie I don't know any more but then I only attended four lectures on anaesthetics and unfortunately I slept through three of them.

THE DOCTOR

ANSWERS YOUR QUESTIONS

Q My wife and I are happy but we seem to be totally obsessed with sex. We talk about it, think about, even write about it and spend a great deal of time actually fulfilling our fantasies.

A I'm terribly sorry, I don't see the problem here at all — From *Punch* magazine

CAP: Trades 25/4/8:
Trek earnings
1/82
a share up 76%

By PRISCILLA WHYTE
JOHANNESBURG — Gencor's senior general manager and director of Trek, Mr Dirk Jacobs said yesterday "The prospects for increased second-half profits is in the hands of government. If the rand/dollar exchange rate deteriorates further, and there is no compensatory petrol price increase we will not be able to maintain profits."

Turnover advanced by 39 percent to R315.9m with operating profit considerably higher at R19m (R7.3m), an improved operating profit margin of six percent (3.2 percent). The higher turnover was due mainly to the increase in the controlled price of petroleum products and improved sales.

Mr Jacobs said that government allows the oil industry a 15 percent return on assets but at a three percent operating profit margin the industry was under-recovering.

Income from investments grew by over 90 percent to R2.6m and the tax bill was much higher at R12.6m (R5.5m).

The conservative interim dividend policy means that retained income is considerable at R12.3m (R5.7m).

Sasol has plans for another synthetic fuel plant

By Peter Farley

Sasol is preparing the way for the establishment of a fourth synthetic fuel plant, but because of current financial commitments will not be ready to launch such a project for the next few years

Chairman Mr David de Villiers writes in the group's annual report that good progress is being made on both technical and financial fronts in preparation for such a project, particularly in respect of gasification and synthesis techniques

Mr de Villiers stresses, however, that Sasol welcomes the renewed interest shown in such

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fuel projects by other private sector organisations

He said the participation of others in these projects would not only be in the best interests of the country, but it would also reduce the pressure on Sasol to launch another massive project before it is ready to do so

He points out that a practical structure for investment in new synthetic fuel projects has been established and adds that he is confident that this structure would be applied uniformly to all such projects

The main reason Sasol finds itself unable to go ahead at this

1/10/85
stage with a new plant is the repayment of loans following the acquisition of Sasol 2 and the additional commitments that will arise from the future acquisition of Sasol 3

Mr de Villiers points out that Sasol's repayments — along with interest and dividends — has added almost R2,6 billion to State coffers over the past two years. This outstrips the total capital cost of Sasol 2

Commenting on the group's moves into fertilizer and explosives Mr de Villiers says that the fertilizer operations lost money last year, but he is confident that, given favourable

conditions, the division should break even this year

On the explosives side he says that trials are still continuing and that tests have confirmed their confidence in this new venture, which he expects to be operational by the end of this financial year

Looking to the current financial year Mr de Villiers notes that, provided there are no drastic deviations from the historical pattern of crude oil prices and rand/dollar rate, increased volumes and reduced interest commitments should enable sound profit growth to be maintained

SASOL

SASOL LIMITED CHAIRMAN'S REVIEW

It is with gratitude that we at Sasol look back upon yet another successful year. I am especially pleased to report a further increase in the production of liquid fuels from coal.

The depressed economic conditions with continuing high inflation and the unremitting drought in the northern areas have not passed us by and several of our operating divisions have been adversely affected. However, good operating results, effective limiting of cost increases and other compensating factors have enabled our group to achieve important new financial milestones.

- The most important of these are
 - sales of Sasol products, including those of Sasol Three, increased from R3 436 million to R4 835 million,
 - earnings attributable to shareholders increased from R412.4 million (73.3c per share) to R501.4 million (89.1c per share),
 - dividends have been increased by 18% from 33c to 39c per share,
 - Sasol currently saves the country more than R3 000 million per annum in foreign exchange,
 - Sasol products to the value of R117 million were exported during the year,
 - at the year end the parent company repaid R400 million, and Sasol Three R300 million, of their long-term state loans,
 - these repayments, together with interest and dividends, brought the total contribution of the Sasol companies to the financial resources of the state to nearly R2 600 million over the past two years - an amount exceeding the total capital cost of Sasol Two.
- Our gratitude and satisfaction with these fine results were, however, dampened early in the new year by a tragic accident at our Middelburg

made when the feasibility of the Sasol Two and Sasol Three projects were evaluated. In terms of the agreement between Sasol and the government, as contained in the 1979 prospectus, the additional levy rebate of 3.6 cents per litre on petrol and diesel produced from coal could be revised upwards or downwards if these assumptions should change materially. In view of this, an agreement was reached with the government that the levy rebate would be suspended with effect from 1 January 1985. At the same time the circumstances under which the levy rebate would be phased in again were determined.

During March 1985 the excise benefit of 0.9 cents per litre of petrol produced from indigenous raw materials was abolished. This item of excise protection dates back to the 1930's long before Sasol One came into being.

As a result of the suspension of these incentive measures for domestic producers, Sasol's indigenous fuels, although produced by means of highly sophisticated and capital-intensive processes, now compete without protection with the same products produced from imported crude oil.

The collective effect of all these factors on the results of the group (including Sasol Three) for the past year was that a return on total assets before interest and before tax of approximately 15% was achieved, calculated on the basis used by the Government to measure the profitability of the oil industry.

Since the drastic increase in the retail prices of liquid fuels during January 1985 domestic pricing received considerable publicity. It is unfortunate that the public is

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established structure will be applied uniformly to all synthetic fuel projects. A uniform application of this nature will ensure that the various participants in the industry will compete equitably and that no individual concern would be tempted to use precious indigenous resources in processes which are not economical or competitive.

However, we are currently being held back by our financial commitments. Loans are being repaid rapidly but due to the extent of existing loan commitments which arose from the acquisition of Sasol Two and the additional commitments which will of necessity arise from the future acquisition of Sasol Three, we shall not be ready to launch a large project during the next few years.

The preparations for a future project which I referred to are of a technical as well as a financial nature. Good progress is being made with research and development work, notably in respect of gasification and synthesis. The much larger, cost-effective Mark V Lurgi gasifier is now a commercial proposition while the development of a fixed fluidised bed synthesis reactor also promises significant capital and operational cost savings. Studies regarding the viability of alternative process routes are undertaken regularly.

As regards the financial aspect, I mentioned large repayments of loans in order to continue with this and also to retain the confidence of the investing public (whether it is for the acquisition of Sasol Three or a future, new project) it is necessary to maintain our pattern of profit growth. Serious efforts are being made to achieve this, the following being the most important -

- The debt-reducing programme at

tons of coal which is 0.5 million less than in the previous financial year. The level of production achieved and the arrangements being made for the further purchasing of coal makes it possible to divert attention from increasing production volumes to cost saving actions.

As mentioned at the outset, the main feature with regard to operations was the improved performance of Sasol One, Two and Three. At all three centres production volumes were increased while the increase in operating costs was well below the inflation rate.

After years of development work the first of four sulphur recovery streams at Secunda was successfully put into operation towards the end of the financial year. It is anticipated that the remaining three streams will be in operation before the end of 1986.

Notwithstanding an increase in the market demand for liquid fuels, the higher than anticipated production of the three oil-from-coal factories resulted in crude-oil throughput at Natref being more or less on the same level as in the previous year. As a result, inter alia, of higher production yields per unit of crude oil processed, as well as the utilisation of excess fuel gases from Secunda which released for marketing fuel oil previously used as refinery fuel, the oil refining division achieved satisfactory financial results.

The fuels marketing division sold 5% more liquid fuels during the year. However, industrial gas consumers to the depressed economic conditions. Gas consumers anticipate that their consumption will begin to increase early in 1986. Reference has already been made to the large increase in exports and the chemicals division contributed R106 million to the total

all is well in our mines and at the work-places of our various plants.

This can be attributed to the fact that our people are well motivated and are backed by excellent research and effective management practices.

Earlier in this review I dealt in detail with the major factors beyond our control which influence profit prospects. With regard to interest costs the position of the group has naturally been improved significantly by advancing the repayment of loans and we are also optimistic that rates will drop. The outstanding loan debt of Sasol Limited to the government was reduced to approximately R1 100 million and that of Sasol Three to approximately R2 300 million. This in itself will have a beneficial effect on profit before taxation.

Falling international crude-oil prices and the uncertain rand/dollar exchange rate are the two remaining factors which are of the utmost importance. These two factors in particular affect the results of our oil-from-coal operations and, to a lesser extent, those of oil-refining. In the past oil prices and the international value of the rand have usually moved in the same direction and consequently had a compensatory effect on financial results.

Provided that no drastic deviations from this historical pattern should occur, the expected increase in production volume as well as reduced interest commitments, should in themselves enable a sound growth in profit to be maintained.

Since its inception Sasol has been what industrial psychologists refer to as a people-orientated organisation. That this is still the case is evident from the emphasis being placed on training and the development of employees of all population groups.

death of thirty-two of our employees. I would like on this occasion once again to express the sympathy of the whole group with the next of kin of the deceased

Events such as these stimulate management with renewed determination to build on our proud record of safe operation and to improve upon safety measures. It is indeed tragic that this accident occurred so soon after the end of a year during which the Sasol group received no fewer than twenty-one awards for operational safety and the coveted NOSA five star grading for safety achievement was awarded to Middelbult, the mine concerned

The financial structure of Sasol and the nature of its operations expose its profitability to a number of factors beyond its control. The most important of these are the international dollar price of oil, the rand/dollar exchange rate and interest rates. Of these three factors beyond our control two developed unfavourably for Sasol in recent years, namely the international oil price and interest rates. When Sasol shares were offered to the public in 1979 it was generally expected that international oil prices would continue to follow a rising trend. This was not the case in recent years and the international dollar price of oil is at present 35% lower than the highest level attained since 1979. It was already clear in 1979 when the principles for the future acquisition of Sasol Two and Sasol Three were laid down, that large loans would have to be raised and that interest rates would therefore play an important role. Just how important this role is, becomes apparent when account is taken of the high level of interest rates during the past financial year and of the fact that interest payments of the group together with those of Sasol Three amounted to R1 106 million during the past two years.

The third factor, namely the exchange rate which dropped from an average of 85 USA cents per rand during the previous financial year to an average of 57 cents in the past year, resulted in increased producer prices of products competing with imports and in improved export earnings, thereby more than compensating for the other two unfavourable factors.

The dramatic fall in the value of the rand also materially altered the original assumptions which were

totally price-controlled industry where prices are in the main based on costs, consequently, leaving the producers and refiners with no incentive to improve efficiency and reduce costs. The fact of the matter is that the producer price, which comprises the major portion of the retail price, is determined from month to month by international market prices and consequently fluctuates in unison with international prices and exchange rates. The producer price is therefore in all respects a competitive market price. Domestic producers and crude-oil refiners are therefore constantly exposed to market risks as that portion of the total retail price which accrues to them, is determined by the international market. Domestic production costs are for the risk of the producer and play no role in the determination of prices. Only the marketing margin of fuel marketers and the margin of filling stations which amount in total to approximately 10c/litre in the case of petrol, are subject to price control. In addition taxes and levies amount to 24.5 cents per litre of the present retail price of 93 RON petrol on the Witwatersrand. The consumer of petroleum products therefore remains assured that any cost inefficiencies in the local production and refining industry will not affect the price which he pays.

Sasol welcomes the renewed interest being shown in indigenous liquid fuel projects. On several occasions during the past few years some of my Sasol colleagues and I have expressed the wish that others in the private sector enter the synthetic fuel industry as Sasol has done.

The reasons for Sasol's attitude in this regard are obvious. Firstly, it is in the best interests of the country. The fuel consumption of the Republic of South Africa is increasing and the ability of Sasol to bring about production increases in its three existing factories will decrease in time. This makes South Africa more dependent on imported petroleum.

The second reason why Sasol would welcome the entry of others to its industry at an early date, is of a more selfish nature. It would reduce the pressure on Sasol to launch another large project until it is ready to do so. Fortunately, a practical structure for investment in new synthetic fuel projects has already been established. Sasol is preparing on several fronts for a future project confident that this

purpose of this programme, which was announced last year, is to increase production capacity by 6% and will in the near future begin to yield dividends. In addition the possibility of further smaller development projects which are economically justifiable are being investigated constantly.

At the Secunda mines production now exceeds the originally planned level and management can increasingly shift its attention from development to improvement of efficiency and cost saving.

An ongoing quality improvement process has been introduced group-wide and throughout the organisation on all levels. The quality concept not only applies to products but also to all management, service and technical activities in the group. The management of Sasol is convinced that this approach will elevate Sasol's work performance to a new level of excellence and that it will improve the profit position of the group.

The recent reduction of long-term loans by more than R550 million by Sasol Limited, and approximately R450 million by Sasol Three, will reduce interest commitments and have a positive influence on pre-tax profits.

Strenuous efforts are being made to bring our younger fertilizer and explosives operations to profitability.

I now return to the actual results for the past year, beginning with our mining activities. At Sasolburg the Sigma mine met all the coal requirements of the factory and the mine's production of 6,1 million tons is the highest yet achieved. In view of the fact that mining activities are constantly being extended, there is an increase in the distances between the workings and the shafts, and the cost of transporting personnel and materials. To counter these increased costs, an additional access shaft has been established in the northern part of the mine during the past year.

At Secunda mines 28,8 million tons of coal were mined, which is 8% higher than the production of the previous year. The Sasol Two and Sasol Three factories performed better than was budgeted for and as in the previous financial year coal consumption has once again exceeded coal production. It was necessary to buy in 1,1 million

to note that hard waxes are already being marketed by us in 33 countries.

The Secunda plant of the fertilizer division has completed its first full production year. Most of the initial commissioning problems have been solved and the plant now produces a high quality product at the required rate. With regard to our wholesale marketing, the domestic supply and demand of the basic nitrogen feedstock, namely ammonia, were fairly well balanced and sales to fertilizer manufacturers proceeded satisfactorily. However, it is a well-known fact that severe competition in retail markets and the after-effects of the drought have adversely affected the entire fertilizer industry. The financial results of Sasol Fertilizers were therefore also disappointing. However, such is the progress made by Sasol Fertilizers that the break-even point can be expected during the year should favourable climatic conditions prevail during the coming summer season.

Our explosives division commissioned its first decentralised bulk production plant and field tests confirmed confidence in the new technology. The main plants for the manufacture of cartridge explosives at Secunda and porous ammonium nitrate at Sasolburg will be in operation before the end of the current financial year.

Details of the financial results are dealt with elsewhere, but I do wish to point out that the profit attributable to shareholders of R501,4 million referred to previously was achieved in spite of a considerable increase in the tax liability of the group. Normal taxation plus provisions for deferred taxation has increased from R17,9 million in the previous year to R34,2 million.

The profit after interest of Sasol Three amounted to R435,2 million against R108,4 million last year. The company was not yet liable for taxation during the past year. In view of the sensitivity of our industry to fluctuations in international oil prices and exchange rates, a flexible policy is being maintained in respect of the distribution of dividends from Sasol Three. An unchanged dividend of R50 million has been declared by Sasol Three of which R25 million accrued to Sasol Limited.

When considering the prospects for profit during the current financial year it is very reassuring to know that

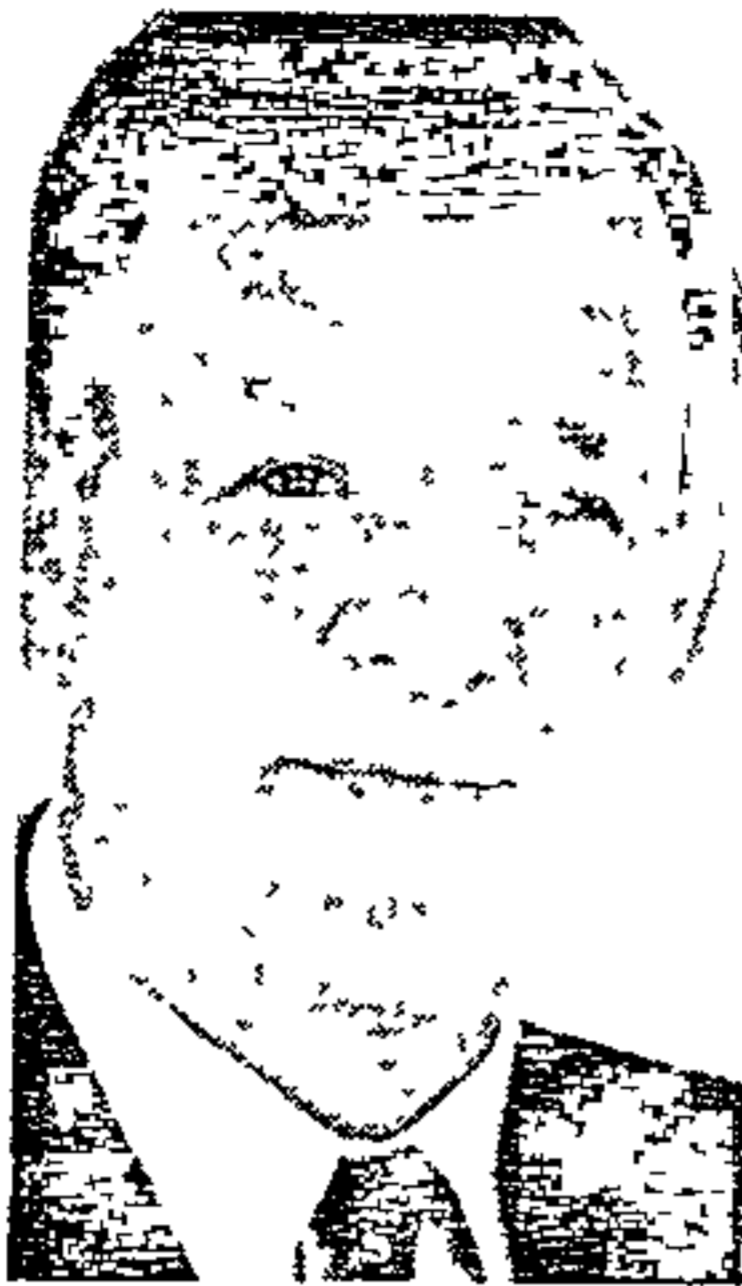
middle and senior personnel, but is also aimed at providing unskilled and semi-skilled workers with the necessary skills and to equip them for the sophisticated industrial world of today, is the basis for the success of our group. At the same time large numbers of South Africans are being equipped to make greater economic contributions on a national level. Sound labour relations have always been of primary importance at Sasol and we have reflected with pride on a history of 35 years without serious labour incidents. Therefore it was not easy for us at Sasol to witness the dismissal in November last year of more than 5 000 factory employees at Secunda after a stay-away action which had no connection with any industrial relations issues.

Since then more than 70% of the employees who had been dismissed and re-employed for their jobs, have been re-employed. The firm action by Sasol in this case is directly related to the necessity of ensuring continuity and reliability of operations at its highly sophisticated plants in the interests of safety and for the prevention of accidents. A well-trained and reliable labour force is absolutely essential if this is to be achieved. We believe that the understanding reached since this event with the employees concerned and also with the trade union concerned has led to a better appreciation of the essential requirement of workforce reliability at our highly sophisticated facilities.

Keeping the factories at Secunda in operation with a drastically reduced labour complement, without any production loss, required exceptional effort and sacrifices by the remaining employees. We sincerely appreciate this and are grateful for their loyal support.

I would like to extend my heartfelt thanks to my co-directors for their loyalty, co-operation and support at all times. Our managing director, Mr J A Stegmann, is backed by a team of managers with exceptional ability and dedication. On behalf of all shareholders I thank them and congratulate them and all the employees of the group on another year of exceptional achievements.

D P de Villiers
Chairman



Mr Jeff le Roux has been appointed an alternate director of Standard Bank Assurance Brokers with responsibility for corporate and commercial business

CAT TRIPS 2/10/85

Sasol expects to maintain profit growth

By PRISCILLA WHYTE
JOHANNESBURG — Sasol should maintain profit growth this year says the chairman, Mr David de Villiers, in the annual report

He says "The expected increase in production volume as well as reduced interest commitments, should in themselves enable a sound growth in profit to be maintained"

In the past, oil prices and the international value of the rand have usually moved in the same direction and consequently had a compensatory effect on financial results

South African fuel consumption is increasing and the ability of

Sasol to achieve production increases at its existing three factories will decrease in time

"However we are currently being held back by our financial commitments," said Mr De Villiers

Existing loan commitments on Sasol Two and additional future commitments from the acquisition of Sasol Three mean that Sasol will not be ready to launch a large project for "the next few years"

Confidence

In order to repay these loans and to retain investor confidence, "whether it is for the acquisition of Sasol Three or a future new project, it is necessary to maintain our pattern of profit growth"

For the year to end-June, a 15 percent return on total assets before interest and tax was achieved

The profit after interest of Sasol Three

amounted to R435.2m (R108.4m) The company was not yet liable for tax payments

Mr De Villiers said "An unchanged dividend of R50m has been declared by Sasol Three of which R25m accrued to Sasol Ltd"

The recent R550m reduction in long-term Sasol Ltd loans and about R450m for Sasol Three will reduce interest commitments and have a positive impact on pre-tax profits

The outstanding loan debt of Sasol Ltd to the government has been reduced to about R1 100m and that of Sasol Three to around R2 300m

The chemicals division contributed R106m to total exports of R117m

The Secunda fertilizer plant has completed its first year of production. The drought adversely affected the entire fertilizer industry and Sasol Fertilizer's financial results "were therefore also disappointing"

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B. Day

8/10/85

Fertiliser price war may end with latest rises

THE latest round of fertiliser price increases is expected to bring to an end — temporarily, at least — the damaging price war.

Four of the five fertiliser manufacturers — Fedmis, Kynoch, Triomf and Omnia — are to increase their prices by an average 4%-6% Sasol, still evaluat-

CHERYLYN IRETON

ing the state of the market, looks like following

The price rises are a result of the industry's inability to absorb further increases in raw material costs, say manufacturers. The cost of imported items such as potash, ammoma and sulphur

have spiralled because of the weak rand and manufacturers are unable to absorb further increases

The industry's weakened condition follows intensive price-cutting earlier this year which forced manufacturers to sacrifice profit margins in order to hold onto their share of the shrinking market

Kynoch MD John Skeen says he doesn't know whether the increase will pull the industry from the doldrums "but we are hoping it will prevent bankruptcies"

"With increased seasonal demand for fertiliser, there is no necessity for manufacturers to carry on cutting each others throats," says Skeen

reinstated yesterday

183 B. Day 8/10/85

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"With increased seasonal demand for fertiliser, there is no necessity for manufacturers to carry on cutting each others' throats," says Skeen.

Fertiliser price war may end with latest rises



It took firemen nearly two hours to extinguish the blaze at a petro-chemical factory in Spartan yesterday



A member of the Kempton Park Fire Department breaks through a factory window

Workers flee as chemicals explode in factory fire

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By Don Holliday,
East Rand Bureau

STAR

8/10/85

cases each containing 28 cans of petro-chemical products

Five workers at a Kempton Park petro-chemical factory had to run a gauntlet of flying and exploding aerosol cans to get to safety yesterday when a fire broke out at the factory

The fire started shortly before midday at Metropolitan Oils (Pty) Ltd in Plane Road, Spartan, and gutted the factory. One worker was treated for minor burn wounds on his hands.

A company spokesman, Mr Tienie Fouche, said it was not possible to give an exact damage figure, but it would "run into millions of rands".

He said five workers had been in the factory mixing a solution of volatile chemicals when the mixture ignited spontaneously. The factory was filled with highly inflammable chemicals, including 3 800

"The fire spread incredibly quickly, reaching the aerosol cans. One of the cans exploded causing a chain reaction of explosions."

"I shouted to everybody to get out quickly and we had to dodge these exploding missiles to get out of the factory," said Mr Fouche.

The factory as well as the adjoining office block were evacuated in less than five minutes. The explosions sent cans flying in all directions, some landing in neighbouring properties about 50 m away.

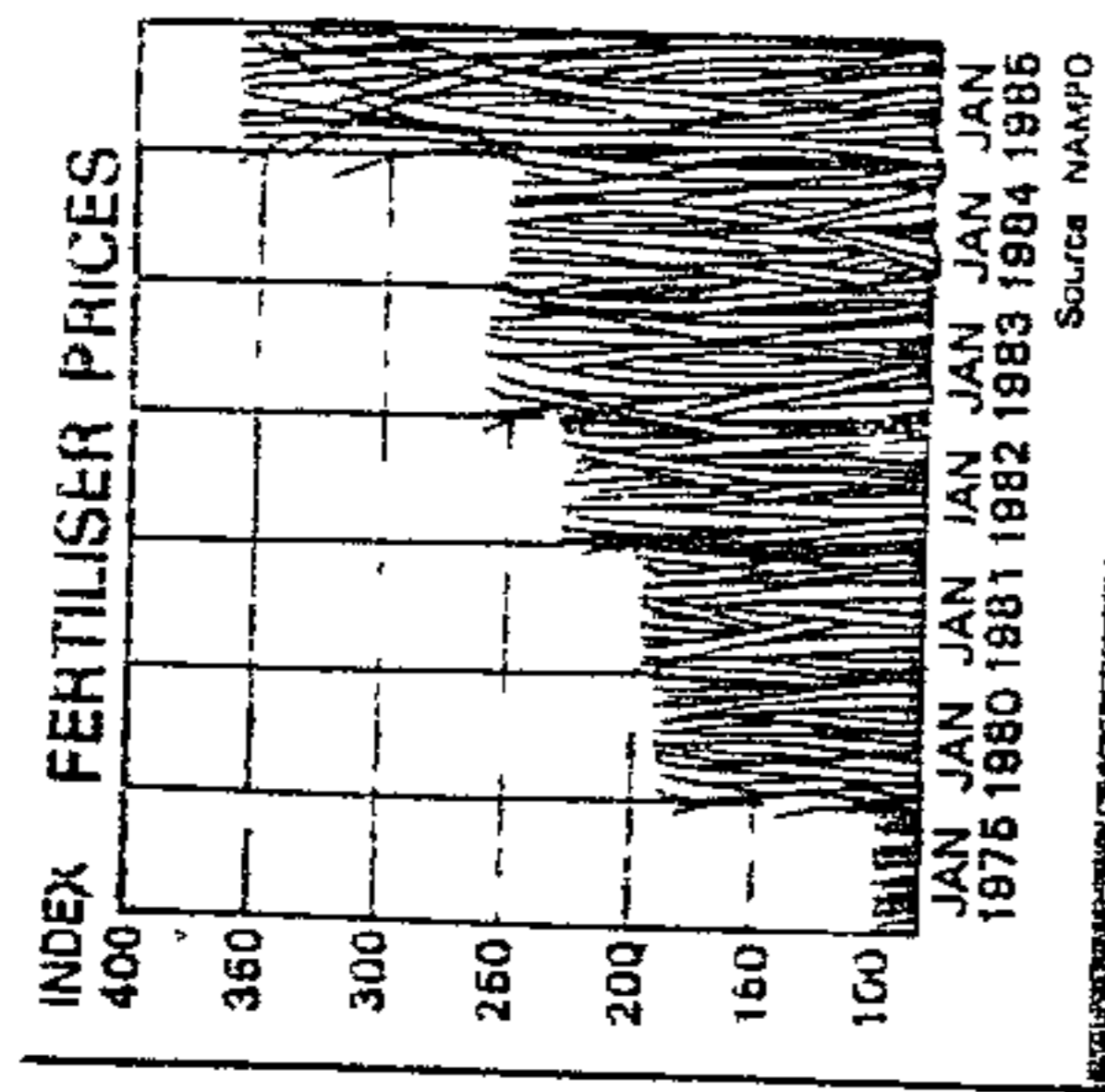
Five motor cars were also slightly damaged by the heat of the fire.

Kempton Park's Fire Department battled for about two hours to get the blaze under control.

Mr Fouche said the company should be back in full production in three to five weeks.

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 13 Dec 1985
 Guy ter B. Ellic

Fertiliser mixture costs could rise 30%



FARMERS could face 30% increases in their bills for fertiliser mixtures. This is becoming apparent in the wake of the recent ending of the price war involving discounts for fertilisers and the average 6%-8% rise in prices announced last week.

Agricultural sources confirm that the brakes have been applied to unofficial price-cutting which sliced up to 35% off manufacturers' quoted prices during the past eight months.

Discounting is an accepted industry practice used to move stocks before the

CHERYLYN IRETON

peak fertiliser buying periods. But this year many farmers, faced with high interest rates and problems stemming from the drought, failed to do their fertiliser shopping early. Now they could pay up to 30% more for fertiliser mixtures, say spokesmen for the major co-operatives.

"A lot of farmers in the Transvaal have budgeted on previous prices for fertiliser and were not expecting the increases," says South African Agricultural Union (SAAU) spokesman Gerrie Smit.

Now, with summer rains expected, farmers have no option but to pay the higher prices for fertiliser mixes. Transvaal co-operatives serve about 15 000 farmers. Of those, almost 14 000 are grain farmers who use a tremendous amount of fertiliser. They were getting good deals.

While farmers are concerned about the possible fertiliser prices, manufacturers are relieved that "the discounting craziness has subsided".

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B. Day

Propen workers on strike

THE entire workforce of about 500 workers at a cosmetics manufacturing company, Twins Propen Holdings in Isando, downed tools yesterday over a wage dispute.

The strike follows a four-month negotiation battle between management of Propen Holdings and the South African Chemical Workers Union over a demand for a R25 a week increase for every worker, irrespective of job title.

However, according to the spokesman for the union, Manene Samela, Propen management was only prepared to offer an increase of R18 across the board, in spite of an Industrial Council disputes sub-committee recommendation for a R20 increase across the board.

Propen's Human Resources director H Beirnat confirmed the strike but could not give further details.

Investigations by *Business Day* revealed that a series of wage negotiations between union representatives and management started in June

SIPHO NGCOBO

As management was adamant on its offer of R18 a week increase, and the union pressing for R25, negotiations reached a deadlock and the union declared a dispute in terms of its recognition agreement with management.

The matter was then referred to mediation and handled by a labour expert from the Johannesburg's Legal Resource Centre, but could still not yield results. It was then taken to the Industrial Council disputes sub-committee.

The Industrial Council recommended that the matter be settled with R20 a week across the board.

"After consulting our members, we as a union wrote to the Industrial Council accepting the R20 a week increase recommended."

"Propen management stuck to their R18 a week increase. On Monday last week, we decided to conduct a ballot. The majority favoured a strike," said Samela.

trauma, and the balance continues free of premium to death or maturity."

Bob adds "It has generated considerable interest, with local imitators and with buyers abroad — we've launched it in the UK on a direct-response basis. Locally, we have 14 times as many applications for it this year as we did last year."

The Rowands both came to life assurance through broking. Their father founded the broking firm of A R Rowand in the Forties. "I was six years old at the time," Bob remembers "but that was when I had my first insurance lesson."

Willis Faber UK bought 50% of A R Rowand. After their degrees — at the University of Cape Town Don did a Legal BA and Bob majored in politics and economics — both brothers joined it.

In 1972 the brothers sold their share of the business to Safmarine. Don explains "Once I was no longer a shareholder, I felt the urge to be my own proprietor. I left Willis Faber after 20 years in 1977, though I remained on the board, and started my own reinsurance broking business, International Reinsurance Brokers (IRE)."

IRE used Willis Faber London for its international service. Don says "By 1980, Willis Faber in SA felt that it should be in reinsurance broking, and offered to buy me out. David Brown, chairman of Crusader Life, was looking for an MD, and I indicated I'd be interested if we could acquire a stake."

Bob agreed that prospects in life assurance were good, and when negotiations were finalised in 1981, he moved over from his position as Willis Faber marketing director to work as deputy under his brother.

The brothers complement each other, Bob with his marketing skills and public relations aptitude, and Don with his financial and technical expertise. Or that's how Bob tells it. "I'm essentially a jack of all trades, more of a generalist," is how Don describes himself. However they put it together, it seems this is a team that works. ■

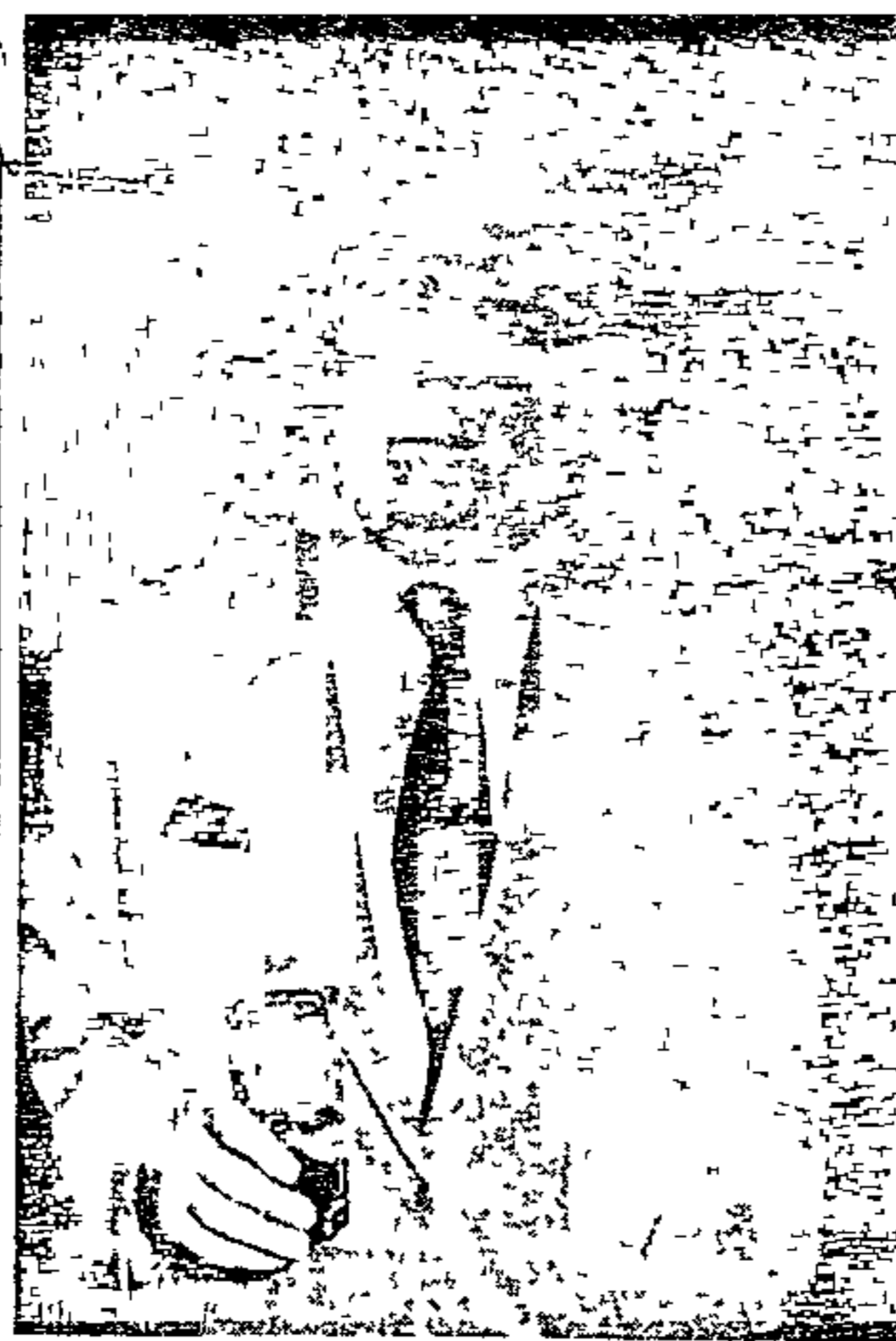
SIR KENNETH DURHAM

Keeping fit

Sir Kenneth Durham, chairman of Unilever, is just the sort of man to bring a sigh of relief from those reform-minded South Africans who despair of ever getting a positive international audience.

Durham's recent visit to this country confirmed his opposition to disinvestment and left him with the impression that "things have happened here which are quite significant. My feeling is that your State President is a very decent man who really wants reform. This is something that can be built on."

Durham is the old-style British executive. Looking vigorously healthy beneath the Mala Mala tan at the Jan Smuts VIP lounge on his way back to London, the ex-RAF bomber pilot had the easy-going style of a



Durham ... 'your State President is a very decent man'

man who doesn't feel the need to impress.

This springs, no doubt, from the fact that Unilever operates in economies of just about every scale and style across the globe. As a result, Durham may have learnt some realities at the business and politics turnstyle.

"I am personally conservative, but that doesn't mean Unilever is. We have people on the board from the opposite end of the spectrum. Unilever is not conservative. We work with any government, of any complexion anywhere."

Durham headed a research team at Levers before switching to the management team. The company is one of the largest in Europe and is increasingly acquisition-minded in the US.

It may seem a bit old-fashioned among the crisp new hi-tech companies that clutter the industrial boards. But in the quarter-century after the war, Unilever wrote the book on branded domestic product marketing in Britain and Europe. And the legacy in this country is it still completely dominates the detergent, margarine and various other markets.

On the multinationals' role on the South African political scene, Durham says "It's not our business to be involved in politics. I think we do have a role to play in bridge-building between the various communities here, and more important between SA and the international community. I think we have to be a force for good."

He is against the proposed moves to make the European Economic Community's code of employment practice for this country more stringent. "I don't need a code. I have a thing called a conscience, and so has my top management. We not merely obey the codes, we're better than the codes and have been for some time. We don't have to be told how to behave by these people."

But Lever Bros in this country has found that politics inevitably restricts the best intentions of the employer.

"It's very difficult for us to pursue a policy of black advancement, partly because of

where these people have to live. For example, a black manager goes home at night to a different area — he doesn't share an area with his other managerial colleagues and so he has to completely reorient himself every morning when he comes in.

Durham understands the fears some whites have that reform could lead to economic-business changes in which their standard of living and role in business will be lost. But he says "My impression is that the fear is misplaced. The black people I spoke to agreed that a black professional middle class is essential. In fact one chap told me 'You're absolutely right — what we want to get is the framework in which we participate in the free enterprise system.' That gave me a great deal of hope."

Unilever's determination to stay in this country is certainly supported by the strength of its business here. Durham is favourably impressed with the quality of the retailing business here, and is particularly struck by the black consumer's preference for quality merchandise.

With operations from Nigeria to South East Asia, the chairman of Unilever is not exactly desk-bound. In fact, in the last 30 days he and his wife have logged over 25 000 miles at cruising altitude in the first class cabin. This possibly explains why, when asked what credentials are necessary in the modern multinational executive, he promptly responds "The first thing is stamina. If you can't take the stress and the pressure you won't make it."

"But really it's intellect and integrity — an eclectic ability. It doesn't really matter which discipline you come through."

ROCKY RIDGWAY

Leading the way

Rocky Ridgway, newly-elected Assocom president and a Port Elizabeth businessman, is an unusually short man with a twinkling expression and a disarming ability to say simply "I don't know" when he doesn't know.

At 60 he is MD of Giddy's, the furniture and appliance chain with 10 outlets, nine of them in the Cape.

It seems almost poetic that at this time Assocom should be headed by someone from a city that always seems to contract a more virulent strain of whatever ailment besets the nation — be it strikes, political action, consumer boycotts or economic recession.

"Yes, it does appear that the eastern Cape is a training ground for what will happen in SA in the long run. It certainly happened with the labour movement. But what is often not recognised is that we also took a leading role in developing techniques to deal with strikes — and we are certainly no longer the strike headquarters of SA," says Ridgway.

He has served as Chamber of Commerce president and as chairman of the Greater Algoa Bay Development Committee in Port Elizabeth, which commissioned a report on

Poison

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24/10/85 Mercury

warning to pet owners

British urge ANC to give up violence

LONDON—The British Foreign Secretary, Sir Geoffrey Howe, yesterday urged the African National Congress to renounce violence and create an atmosphere 'for an open dialogue on apartheid'

He rejected calls to meet leaders of the ANC until they turned their backs on violence

Britain's Opposition Labour Party leader, Mr Neil Kinnock, urged Sir Geoffrey's Parliament to meet the outlawed ANC, which supports armed struggle against South Africa's Government

Sir Geoffrey said 'We do not engage in contact with organisations of this kind which are actually engaged in violence For that reason I am urging them to make a declaration to suspend their policy of violence'

Halting violence, he said, would create the atmosphere for an open dialogue on apartheid

Sir Geoffrey defended the British Government's opposition to tough economic sanctions against South Africa.

'Far from supporting and encouraging the process of peaceful change, that would encourage the South African Government to retreat from reform and entrench itself behind the ramparts of apartheid,' he said

Labour's shadow Foreign Secretary, Mr Denis Healey, demanded a 'policy of constructive disengagement' from South Africa

'Only two people will refuse to talk to the ANC — the President of South Africa and the British Prime Minister,' he said

'We are told that sanctions would cause unemployment in Britain But the fact is that if we cannot produce a change in

the South African Government's position by peaceful means, the resulting violence will cost Britain everything it now possesses in South Africa'

Conservative MP Anthony Nelson demanded a guarantee that Britain would not impose further sanctions in six months' time when the Commonwealth was due to review the situation

Sir Geoffrey told him 'Whatever the conclusion of that meeting, the Prime Minister has made it clear that Britain is not committed to go for further steps which other governments have agreed to consider' — (Sapa-Reuter)

S A in secret talks with banks on foreign debts

London Bureau SOUTH Africa and its creditor banks opened talks in secret here ves-

gation was headed by Dr Chris Stals, Director General of Finance, and the meeting was held in strict

plus on current account would be insufficient to meet short-term obligations of about R28 billion

Mercury Reporter

PET owners were warned yesterday of new flea preparations that, improperly used, could kill animals and poison children although they were freely available to the public

One potentially toxic brand had proved so popular that suppliers in the city had run out of stocks

Durban vets are so concerned about the sales of the anti-flea 'wonder' substances that they have called for controls governing insecticides to be thoroughly revised

Two vets said yesterday that a preparation called Tiguvon could cause severe poisoning when used incorrectly

But while Tiguvon is supplied only under the supervision of a veterinary surgeon a substance which is similar but marketed under the name Spot On can be bought across the counter

Every pharmacy approached by the Mercury yesterday said it had run out of stocks of Spot On, which had been on the market only for about a month

'It has proved so popular we can't get enough of it and have to wait for more stocks, which will take anything from one to two weeks,' said one pharmacy assistant

A Berea vet said the preparation used in the correct way was not toxic but it was often misused

He was treating dogs that had been poisoned by Spot On, and in one case a dog had died because the preparation had not been used correctly

'I am anticipating that there will be more poisonings soon because the product has only just become available,' said the vet

Tiguvon, which is absorbed through the skin, is safe when used in quantities of between 4 mg and 20 mg/kg weight of the infected dog

'It would appear that Tiguvon is most effective and has the least side effects when 8 mg/kg is used,' said the vet

The toxic level is 80 mg/kg

'However, if taken by mouth it can cause poisoning and the effects can be disastrous'

The infected dog could lick the substance or it could be taken in by another dog licking the area or a child could play with the dog and get the substance in its mouth.

Tiguvon used in conjunction with a dog shampoo that contains

preparations that, if properly used, would kill animals and poison children though they were freely available to the public.

The most toxic brand had proved so popular that suppliers in the city had run out of stock.

They are so concerned about the sales of the 'Mercury' substances that they have called for a ban on insecticides to be thoroughly re-examined.

It was yesterday that a preparation called Tiguvon caused severe poisoning when used in a dog.

Tiguvon is supplied only under the supervision of a veterinary surgeon, a substance which is marketed under the name Spot On can be bought over the counter.

The pharmacy approached by the Mercury yesterday had run out of stocks of Spot On, which had been in stock only for about a month.

'It is so popular we can't get enough of it for more stocks, which will take anywhere from two weeks,' said one pharmacy.

The preparation used in the correct way is safe, but it was often misused. In one case a dog had died because the preparation had been used incorrectly.

It is thought that there will be more poisonings as the product has only just become available.

Tiguvon, which is absorbed through the skin, is safe in quantities of between 4 mg and 20 mg/kg in a healthy dog.

'It is that Tiguvon is most effective and has the fewest side effects when 8 mg/kg is used,' said the vet.

The toxic level is 80 mg/kg.

'However, if taken by mouth it can cause poisoning and the effects can be disastrous.'

The infected dog could lick the substance or it could be taken in by another dog licking the area or a child could play with the dog and get the substance in its mouth.

'Tiguvon used in conjunction with a dog shampoo that contains insecticides is also likely to be poisonous.'

Repellants

Even using insect repellants such as cockroach spray around an animal that has been treated with Tiguvon could cause poisoning.

If an animal is to be treated with preparations such as Tiguvon, no other insecticide should be used three weeks before the treatment or six weeks after.

People do not realise that when using insecticides they are using a dangerous chemical,' said the vet.

He was totally opposed to preparations like Spot On being sold off the shelf.

'It shouldn't be marketed that way because it is too toxic a



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Warning to pet owners

The manufacturers of Tiguvon and Spot On, Mr Colin Chater, the only person authorised to comment, according to Bayer, has not been available for comment since Monday.

'The problem is that people do not read instructions properly and therefore serious complications can occur,' he said.

'The use of this preparation should be completely controlled by a vet because there is a danger of a toxic reaction in humans.'

The Mercury tried repeatedly without success to get comment from Bayer-Miles Pty Ltd, the

FROM PAGE 1
preparation, especially where young children are concerned

'The way it is sold leads the public to believe they are dealing with something which is as harmless as aspirin'

A Westville vet agreed that while Spot On was a very effective product, it should be available only through veterinary surgeons

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TURN OF PAGE

Anti-flea product dispensed carelessly

Vets, chemists

rapped by firm

MERCURY

183

25/10/85

Mercury Reporter

SOME Durban veterinary surgeons and chemists have been criticised by the manufacturers of the potentially toxic anti-flea product Tiguvon for dispensing it in a 'careless and indiscriminate way' which could result in death

The manager of Bayer South Africa (Pty) Ltd (household division), Mr Bill Richards, was reacting to complaints by vets that anti-flea wonder products which could cause severe poisoning were freely available to the public

The specific product the vets were referring to was Spotton, also manufactured by Bayer, which contains the same active ingredient as Tiguvon and therefore can be highly toxic if used incorrectly

But while Tiguvon is not sold across the counter Spotton is and

has proved to be a best seller with most stocks in the Durban area sold out.

However, Mr Richards said the way in which some vets dispensed Tiguvon was far more dangerous than the way in which Spotton was sold

He said the packaging for Spotton complied with the very strict regulations laid down by the South African authorities and each Spotton container was child-proof

Unaware

In spite of this, several Durban vets were still adamant yesterday that Spotton should not be sold across the counter

A Berea vet said his call for the controls governing insecticides to be thoroughly revised stood

'In spite of the warnings carried on the Spotton packaging, the public is generally unaware of the dangers of the product,' said a Westville vet

'It should be controlled by a veterinary surgeon who can emphasise its dangers to the pet owner'

But Mr Richards pointed out that the Spotton packaging also carried a poison label and specific instructions which, if followed correctly, made the product 100 percent safe

Certain vets, on the other hand, were dispensing Tiguvon in a very dangerous way by decanting it into bottles that were not clearly marked he said

He described one case in which somebody had been given a bottle of Tiguvon by a Durban veterinary surgeon's receptionist which carried no warning on it

Dispensed

The bottle had a lid which could easily be removed and the label said 'For animal use only Use drops on skin once weekly for flea control'

In another case Tiguvon was dispensed in the same kind of bottle, but this did carry a poison label

'This is what we object to because it would be so easy for a child to drink the substance or for the pet to be overdosed,' said Mr Richards

He admitted that Spot-

ton could be misused in spite of the strict safety precautions taken by Bayer

'We know that some people do not read instructions and poisoning could occur but that could be the case with so many household products,' he said

Safer

'That is why we have included the ignorance factor to make certain Spotton doses are not acute and therefore in a case of poisoning the animal should not die'

To try to minimise the problem of vets dispensing Tiguvon, Bayer would be marketing a professional Spotton package which would be available to professional users in November

'Obviously vets can still use Tiguvon if they are going to be applying the treatment themselves, but in cases where they would like to give the preparation to the pet owner they will now be able to dispense the safer Spotton'

The 'veterinary' Spotton will be sold in tubes in a small box and vets will be able to apply their own labels if necessary

AY

Claims of dogs dying after flea treatment

183

Mercury

28/10/85

Mercury Reporter

WHILE some vets have said the Tiguvon scare was 'just a storm in a teacup' several people have claimed that their dogs had died after being treated with the toxic anti-flea preparation

The controversy over Tiguvon and a similar preparation called Spotton — both described as wonder remedies for fleas — began with several Durban vets calling for controls governing insecticides to be revised because of the high toxicity of the substances

Manufacturers of Tiguvon and Spotton, Bayer South Africa (Pty) Ltd, were criticised by certain vets for allowing

Spotton to be sold across the counter

However, Bayer retaliated by accusing some vets of indiscriminately selling Tiguvon to the public in containers that were not clearly marked and which could easily be opened by children

One of the Durban vets specifically named by Bayer for this type of 'carelessness' said at the weekend that as far as he was concerned both sides were being 'ridiculous' and the controversy had turned into a 'storm in a teacup'

'I give the public specific instructions as to how to use Tiguvon as do Bayer by means of the instructions on their pack-

aging,' said the vet who cannot be named for professional reasons

'However people will do stupid things and whether they have Tiguvon or Spotton no form is safer than the other'

The vet said he had an example of a woman who poisoned her dog because she did not follow his instructions

'I told her to use a quarter of a cc of Tiguvon on her 1 kg dog but when the fleas hadn't disappeared she decided to use 2 cc which was a very big overdose and caused the animal to get very sick'

Dr Bruce Jones, chairman of the Natal branch of the South African Veterinary Association, said Tiguvon was a good product and its danger had been overstated

Several dog breeders have said some of their dogs had died after they had treated them with Tiguvon

Dr Jones emphasised that vets were allowed by law to decant Tiguvon — a preparation registered for use on cattle — and dispense it at their discretion

However, he said pharmacists were prohibited by law to sell Tiguvon as an anti-flea preparation for pets

Petrol up to R1,10?

CAPE TOWN 7/1/83
~~2/1/83~~ 183
Own Correspondent

DURBAN — A government spokesman yesterday would not deny speculation in the motor industry that the price of petrol may rise as high as R1,10 a litre within a week.

Mr Theuns Burger, chief of information and liaison in the Department of Mineral and Energy Affairs, said the Cabinet sat yesterday

"It is possible there may be a statement in the near future about the price of petrol," he said

If the new price is higher than the 99,9 cents a litre the pumps can register, the display will reflect half the price per litre and motorists will pay double the indicated cost of their fuel

Conciliation boards can't cope with applications

By Mike Siluma

Staff shortages in the Department of Manpower are leading to delays in the processing of applications for conciliation boards to resolve a number of labour disputes

Now about 500 members of the South African Chemical Workers' Union (Sacwu) at Fedmis in Phalaborwa are poised to go on a legal strike after applying for a board on September 23

In terms of the Labour Relations Act workers can go on a legal strike if the Minister fails to appoint a board within 30 days of applying for one

Sacwu's general secretary, Mr Mike Tsotetsi, said 423 out of 531 members had recently voted in favour of industrial action to resolve their nine-month long dispute with the company

He said the union would set a strike date shortly

PROCESSING SLOW

The Department's chief director of labour relations, Mr J D Fourie, said applications could not be processed quickly enough because of a shortage of staff. Another reason was the increase in applications — from 23 for the whole of 1980 to 279 from January to September this year

The dispute at Fedmis, a division of Centrachem, centred on the company's failure to reinstate some workers dismissed after a strike in February

Mr Tsotetsi said when the union approached the Department of Manpower, more than three weeks ago, officials promised that a board would be appointed within "a couple of days"

He blamed the Minister for the delay in resolving the dispute because, he said, even Fedmis had agreed to the appointment of a board

The decision to hold a ballot followed Sacwu's criticism last week of the Minister's delay in appointing conciliation boards to resolve the Fedmis dispute and two others at Karbochem and Air Products

New law today on petrol sales

183
12/11/85
Cape Town

Staff Reporter

CONFUSION reigned yesterday as some City petrol stations switched to selling petrol by half-litres, while others stuck to the old system after press and radio reports said it was not necessary for coastal pumps to use the new system.

However, a spokesman for the Department of Trade and Industries in Pretoria said yesterday that a Government Gazette, amending the Trade Metrology Act, would appear today. In terms of this notice it will be illegal to sell petrol in litres.

The spokesman said the half-litre system was a purely temporary measure aimed at eliminating confusion.

A Motor Industries Federation (MIF) spokesman said a large number of garages in the Peninsula had not changed to the new system.

'Double price'

He attributed this to press and radio reports which said that as coastal prices had not exceeded R1, it was not necessary for coastal stations to change.

Under the new system, all petrol pumps will sell petrol in half-litres and motorists will pay double the price reflected on the pump.

This became necessary because some petrol pumps are unable to reflect prices higher than R1 a litre — which is the new inland price after petrol, diesel and paraffin prices increased yesterday.

A survey of Cape Town

garages showed that many had not switched to the new half-litre system and most were concerned or angry about the change.

Mr R Eintracht, owner of a Newlands garage, said "I've got the equipment to handle the increases. Why should we be penalized because everybody can't do it?"

Mr Robin Guest, owner of a Bloubergstrand petrol station, called the new system "messy".

Petrol stations which had changed over to the new system said they had not experienced any serious difficulties.

Mr Peter Pickup, owner of a Woodstock garage, said there had been "a couple of complaints, but they seemed mainly to abuse the government".

CWU victorious at 3 plants

THE Chemical Workers Industrial Union yesterday announced victory after its first national negotiations held jointly with three companies ended in improved wages and working conditions.

A spokesman for the union Mr Chris Bonner said negotiations were held between the union and Pilkington — Shatterprufe. The company had earlier rejected the idea of joint negotiations, but finally gave in.

The plants two in Port Elizabeth and one in Springs were represented by two stewards from each plant and

By SOWETAN Reporter

official from each branch and the union's national organiser. Meetings were held in Johannesburg and Port Elizabeth.

Mr Bonner said "Negotiations were tough and very complicated as conditions in all plants were not the same. Wages at the biggest plant in Port Elizabeth were far below those at the other two plants. The talks therefore had to focus on equalising wages and conditions as well as improving wages and conditions in all three plants.

After a long fight settlement was reached but not before work stoppages took place at all three plants and a ban on overtime was put into effect.

He said the settlement reached included

- Equalisation of the minimum wage to R3 04 an hour. This meant that workers at the lowest paying plant received 26 cents an hour more than the other two plants.
- Annual bonus increased to four weeks wages, twice at two plants, and
- Extra public holidays including May Day at all three plants.

Meanwhile Mr Bonner said more than 1 000 Sasol workers attended a meeting at Embalenhle township in remembrance of the mass dismissals that took place during the stay-away on November 6 last year.

2 badly hurt by petrol bomb

CAPE TIMES 15/11/85
Staff Reporter 274

TWO men sustained serious burns when a petrol bomb was thrown through the open window of their car near George yesterday.

The incident happened shortly after 1pm as two 20-year-old Oudtshoorn men drove through the Lawaai-kamp township outside George.

A police spokesman in Pretoria last night said police did not know what Mr M Swigelaar and Mr Deon van Schalkwyk had been doing in the township, but that the matter was being investigated. He said no arrests had been made.

Mr Swigelaar, who received serious burns, was yesterday afternoon flown to the Tygerberg Hospital in Parow. He was being given intensive care, a hospital spokesman said.

Stoning

The other occupant of the car, Mr Deon van Schalkwyk, was admitted to the George Hospital.

● In Soweto one person died when SAP members opened fire with shotguns on a group of people stoning a delivery vehicle, Sapa reports from Johannesburg.

Other incidents of petrol-bombing, arson and stonethrowing occurred in parts of the Western Province, the Eastern and Northern Cape, the Boland, Port Natal and in Soweto.

● More unrest reports, unrest map, page 2

Multi-million Mossel Bay boom ahead

CAPE TIMES 15/11/85
By BARRY STREEK Political Staff

THE go-ahead for a boom in the Southern Cape has been given by the government's announcement yesterday that the initial phases of the multi-million rand Mossel Bay gas project is to take place.

President P W Botha, who announced the go-ahead for the gas project in the President's Council yesterday, said the capital costs of the projects would be "in the region of approximately R3 500-million" — and that some 10 000 new jobs would be created during the peak of the construction phase.

He also said the number of new jobs could be doubled "if the satellite industries are taken into account".

'Property'

Even before Mr Botha had made his announcement, Sapa reported that the possible exploitation of the gas fields had resulted in a tremendous property boom in the past two weeks.

Last night the Town Clerk of Mossel Bay, Mr Willem van Heerden, said the announcement had caused a lot of excitement despite the fact that everybody has been expecting it.

He said the council had been approached with regard to what it had to offer developers in the line of land, residential areas, schools and water.

Mr Van Heerden said the council was adamant that the character of the town would in no way be spoilt and no eight-storey office blocks

would scar the skyline. In his speech, Mr Botha said "The decision was taken after comprehensive studies proved that the gas reserves are of an economically exploitable quality and quantity."

He said the project "will be financed without resorting to loans. The financing of these projects will come to a large extent from the available resources of the Central Energy Fund and will be further supported by anticipated private sector participation."

Meanwhile, Patrick Cull reported yesterday that it had been reliably learnt that the refinery which would process the gas would be established at Stilbaai.

It is understood one major source of finance for the project could be AECI.

● PC move 'too late', page 13

● Mossel Bay gas — share buying spree ahead, page 16

crack of dawn



"I'm sorry, Madam, I can't confirm unconfirmed detentions unless they've been confirmed"

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Mossel Bay fuel could flow

by 1991

Political Correspondent

FUEL could flow from the huge gas extraction and conversion project at Mossel Bay by 1991 and could include a considerable volume of diesel oil which South Africa lacks.

Meanwhile the search for further gas supplies in the sea near Mossel Bay is continuing and the operations may be expanded further along the Eastern Cape coast and in the direction of Plettenberg Bay.

This was confirmed today by the Minister of Mineral and Energy Affairs Mr Danie Steyn.

The R3 500-million scheme to convert offshore gas at Mossel Bay into fuel was announced yesterday by President P W Botha.

The new scheme could provide 10 percent of South Africa's fuel needs and could with improved base installation provide between 40 and 50 percent of South Africa's fuel.

Mr Steyn declined to confirm these calculations today. He said fuel supplies were regarded as being of a strategic nature.

MEETING

He is to address a National Party meeting in Mossel Bay on November 23 where he will give further details.

Today he said the new scheme was expected to produce the equivalent of 24 000 barrels of petrol and diesel fuel a day.

The conversion process being considered was adjustable and could produce more than 50 percent diesel oil. South Africa was particularly short of diesel fuel, he said.

The process would also produce a condensate of thousands of barrels a day in the form of light oil which could go to refineries.

The site of the conversion plant near Mossel Bay had yet to be decided.

MAN'S SHOP
WOODSTOCK. Ph 47 4313

at one of Derek Kemm's plump catches at Bok Point on the West

CAPE TIMES 16/11/85
Gas project: Boom in W Cape expected

183
Chief-Reporter
MR Robert Kaplan, president of the Cape Chamber of Industries, said yesterday that the government go-ahead for a multi-million-rand gas project at Mossel Bay could mean the creation of a petro-chemical industry in the Western Cape, as well as large-scale employment of workers from this region

Mr Peile said not only was the Western Cape in a "highly-competitive" position to supply skills, materials and labour needed, it was also well-placed logistically, with road, air and sea links with Mossel Bay

Both Mr Kaplan and Mr Andrew Peile, president of the Cape Town Chamber of Commerce, welcomed the move and said they believed the gas project would give a much-needed boost to the Western Cape's flagging economy

Meanwhile, our Port Elizabeth correspondent reports that Mossel Bay's town clerk, Mr Willem van Heerden, believes that more than half of the R3 500 million allocated for the project will be spent in Port Elizabeth
"The government has already indicated that most of the manufacturing work for the construction phase will be done in Port Elizabeth," he said
"We do not know what percentage of the 10 000 jobs to be created by the development will come here"

In announcing the government's decision on Thursday the State President, Mr P W Botha, said capital costs of the project would be about R3 500 million and that some 10 000 new jobs would be created during the peak of the construction phase

Mr John Michler, chairman of the town's chamber of commerce, said the plant would change the entire pattern of commerce and trade in the Southern Cape

The number of new jobs could be doubled "if the satellite industries are taken into account", he added
Mr Kaplan said yesterday the Western Cape had for many years been looking for an additional resource to be exploited for the general benefit of the area, and he believed that particularly the depressed engineering industry was likely to benefit

Mossel Bay authorities expected to be briefed about details of the project by Mr Danie Steyn, the deputy Minister of Mineral and Energy Affairs, at a meeting on November 23
Mr Van Heerden said the council did not know yet where the conversion plant would be situated
It was reliably learnt, however, that the probable site was 15km from Mossel Bay on the Albertinia side

2 hours chain call

W/G Argus 16/11/85 (183)

A new era — Mossel Bay strikes it rich

ward of Thursday morning — the council had gone ahead to make provision as far as possible for the anticipated expansion the town would go through if the project went ahead

A new R10-million sewerage scheme was built and the water supply was ensured

"We have two dams, the council-owned Ernest Robertson on the Great Brak River and the Klipheuwel, a state dam on the Little Brak," said Mr Barnard

"Klipheuwel is a two-year dam, it will not run dry even after two years without rain"

The town is connected to a well-developed infrastructure including the new N2 a high-speed highway still under construction which connects the area with Port Elizabeth and Cape Town, has a small harbour which can accommodate coasters and a single railway line to the hinterland

"Very quiet"

"We don't know what South African Transport Services is planning for the railway," said Mr Barnard

"Possibly they will double it and probably someone is thinking about it, but the Government seems to have been working on a need-to-know basis and such things are being kept very quiet"

Mr Barnard, a retired school principal who has been mayor of Mossel Bay for the past 11 years, almost the whole period that oil fever has been endemic, said the project promised great things for the town

"It happened that I had to attend the opening of an engineering firm with some municipal officials on Thursday afternoon and when we heard the news about the project going ahead we made it a very thorough celebration," he said

"It is the end of 12 years of waiting and makes all the efforts of the town council worthwhile

"Someone had to pay for the sewerage scheme, at R115 a pan a year, and there were some complaints about that, but now the cost will be spread as more people come to town and residents will start reaping

the benefits of the demand for goods and services

"It is a great boost not only for Mossel Bay but the whole of the Southern Cape," he said

President of the Mossel Bay Chamber of Commerce Mr John Michler, an oilman himself, said it was one of the best bits of news the country and the region had had for a long time

"It will have a tremendous economic effect on the region and the whole of the southern Cape will start picking up

"It will become the premier growth point of the country

"The demand for goods and services will help relieve the unemployment situation in the town and it is up to the people of Mossel Bay to deliver the goods," he said

"I warned businessmen 18 months ago that they should start thinking ahead and planning for this eventuality — talking to their banks about finance and picking up good agencies

"Now it is too late. If they haven't considered the possibilities they have missed the bus"

Demand

During construction there will be local demand for almost everything — housing, entertainment, tools and equipment, construction and engineering services, food and television sets, clothing and cosmetics

"Of course, many of the people who come here will choose to live elsewhere, they'll be from Johannesburg and used to commuting 35km to work every day so they'll also move into other communities — but Mossel Bay will be the focal point and it is on us that the demand will fall," said Mr Michler

Ran wild

From time to time rumour ran wild with reports of massive oil strikes and in the middle of last year, under the impact of the latest of these, the property market temporarily went crazy

"Things have settled down at present," said Mr Barnard

"Prices are high, but they're high all along this coast. It's become a very popular area to

buy holiday cottages and also the council took some of the pressure off by opening up new erven

"We knew that Soekor had taken out options on farms along the by-pass, but that was no certain indication the project was coming here

"I understand that Port Elizabeth had also made out a very strong case which was presented to the Government and they also have the necessary infrastructure and harbour facilities

"As it is, it seems as though they will get a lot of benefit from the engineering work which will then be brought down by road"

Outsiders

Many of the 10 000 jobs expected to be created during construction will be filled with outsiders, skilled and semi-skilled migrants trained for the specialised jobs the massive project will require, who will leave once it is completed

But there will be jobs for the unemployed in the area

"We have always been looking for ways and means of creating economic development and jobs for the unemployed there," he said

"I hope the people of Mossel Bay will be glad and make full use of this opportunity"

There will also be an influx of about 2 000 permanent jobs once it is in operation, a significant addition to the little town which will now have a suddenly expanded economic base

Retirement

There are those who do not altogether welcome the prospect

But for the unemployed, among the 18 000 coloured population and the businessmen the future looks bright

It is only the beginning

Completion is projected for 1991

"Things are not going to happen overnight, but we're on our way," said Mr Michler

Port Elizabeth — 'willing, waiting'

Weekend Argus Bureau

PORT ELIZABETH — The announcement that the Government is to proceed with the exploitation of the Mossel Bay gas fields has been received enthusiastically in recession-hit Port Elizabeth whose industries stand to gain from the giant project

The mayor of Port Elizabeth, Mr Ben Olivier, said the city had the industrial capability — standing willing and waiting — to take advantage of any spin-off contracts

"We have the infrastructure and we are more able than anywhere else in the country to give a better service and execute contracts. Anything we get will be very welcome," he said

The president of the Port Elizabeth Chamber of Industries, Mr Bill Oddy, said the city's heavy industries would

benefit most from the construction of the project and added that he felt Port Elizabeth was the place best suited for the assembly of the offshore platform to be used

Heavy steel

Mr Brian Wilson, an economist with the chamber, said industries that would benefit most were those engaged in heavy steel construction, while the electrical, air conditioning and pipe making and welding firms would also have major spin off benefits

Mr Ken Akehurst, general manager of Mangolds Engineering, one of the largest engineering firms in the city, said that while no actual work on the project might start for another two years, the decision to go ahead with the exploitation of the field would give the depressed Eastern Cape a confidence boost it badly needed

6 ARGUS 16/11/88



Mossel Bay strikes it rich

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pen overnight, but we're on our
way" said Mr Michler

Port Elizabeth — 'willing, waiting'

Weekend Argus Bureau

PORT ELIZABETH — The
announcement that the Govern-
ment is to proceed with the ex-
ploitation of the Mossel Bay
gas fields has been received
enthusiastically in recession-hit
Port Elizabeth whose indus-
tries stand to gain from the gi-
ant project

The mayor of Port Elizabeth,
Mr Ben Olivier, said the city
had the industrial capability —
standing willing and waiting —
to take advantage of any spin-
off contracts

"We have the infrastructure
and we are more able than
anywhere else in the country to
give a better service and exe-
cute contracts. Anything we
get will be very welcome," he
said

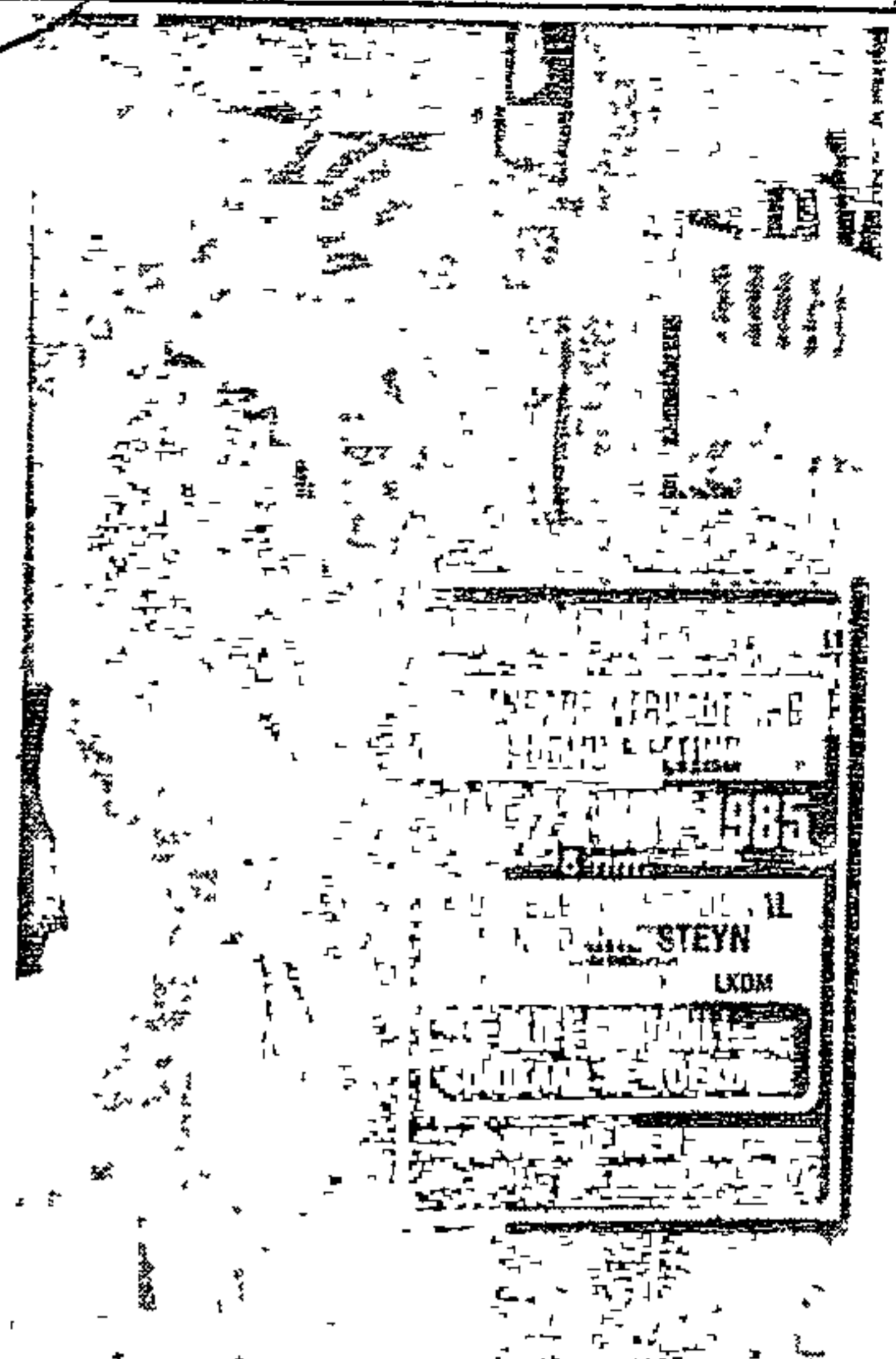
The president of the Port
Elizabeth Chamber of Indus-
tries, Mr Bill Oddy, said the
city's heavy industries would

benefit most from the con-
struction of the project and
added that he felt Port Eliza-
beth was the place best suited
for the assembly of the off-
shore platform to be used

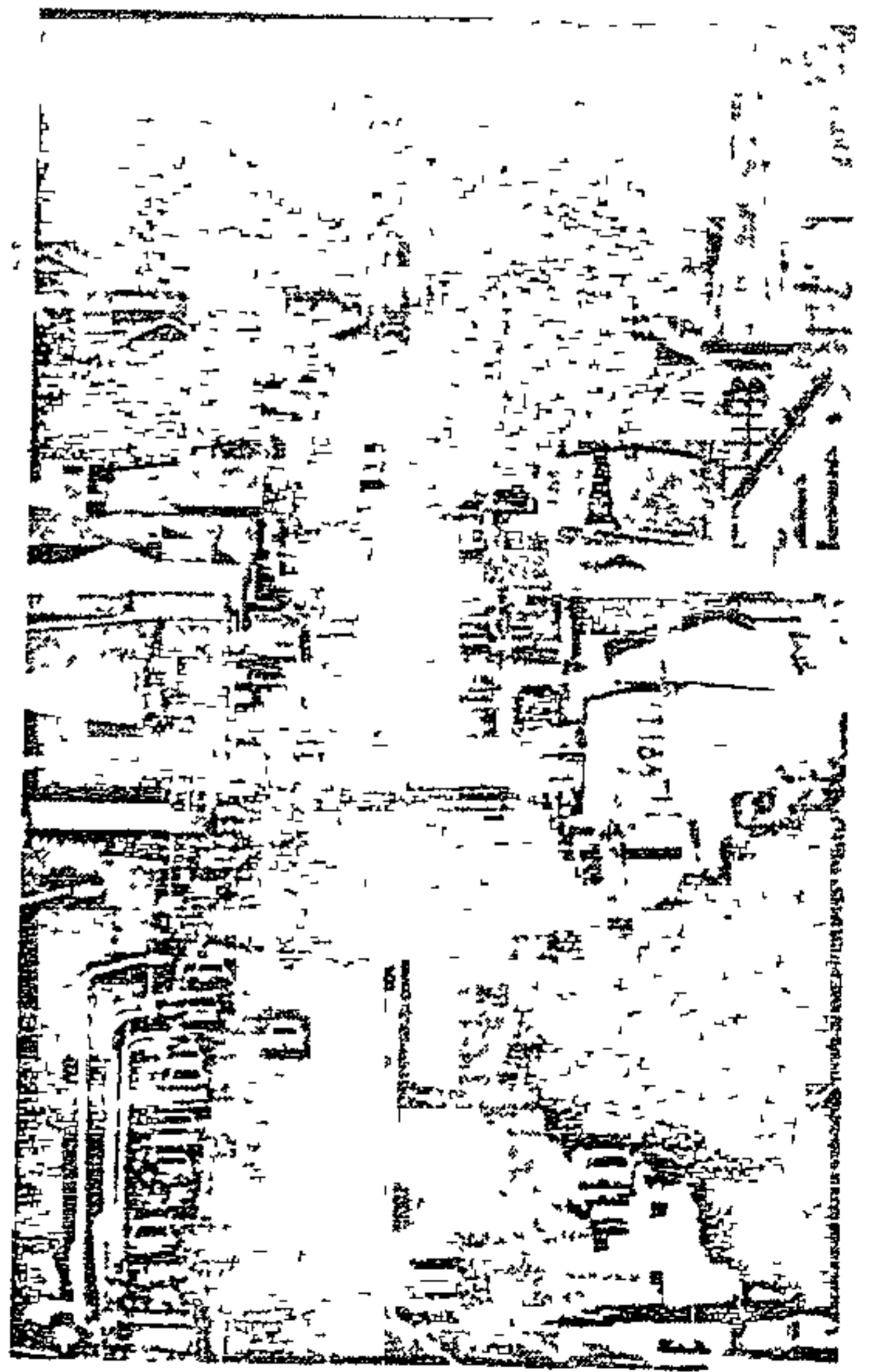
Heavy steel

Mr Brian Wilson, an econo-
mist with the chamber, said in-
dustries that would benefit
most were those engaged in
heavy steel construction, while
the electrical, air conditioning
and pipe making and welding
firms would also have major
spin off benefits

Mr Ken Akehurst, general
manager of Mangolds Engi-
neering, one of the largest en-
gineering firms in the city, said
that while no actual work on
the project might start for an-
other two years, the decision to
go ahead with the exploitation
of the field would give the de-
pressed Eastern Cape a confi-
dence boost it badly needed



The poster promises oil Caught up in the
general excitement were, from left, An-
drew and Linda Sanderson



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changes

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(183) B. Day 18/11/85

Plastics seeks Govt backing

THE R2,5bn-a-year plastics industry is to seek government support for its incentive-led export strategy. Its exports increased last year by 5,5% to R57,5m

Plastics Federation executive director Bill Naude says the federation wants transferable export grants and incentives for all sectors of the industry

Its strategy also calls for co-operation between feedstock producers (Sasol), polymer manufacturers (Sentrachem and AECI) and the many converters in order to succeed

Naude says he suspects its strategy would be much more viable and attractive to the industry with incentives

AECI MD Mike Sander told the federation last week the industry was looking for support

Industrial Staff

that allowed it to penetrate international markets, develop them and hold them secure in the knowledge that there would be back-up at home to render marginal export activities worthwhile

Sander believed that by making surplus capacity for electricity and feedstocks available to the chain of industry under a clear government-supported industrial policy, investment in downstream capacity became a reality

SA has capacity for growth and there is no shortage of coal-based chemicals for feedstocks. The converters, for instance, are thought to be running at between 70% to 73% of actual capacity, and, says Naude, would be able to respond quickly to increased demand

Bid to end strike reaches deadlock

NEGOTIATIONS between officials of the Chemical Workers' Industrial Union and management at Triple P Chemicals in Edenvale will resume on Friday after an attempt to resolve a strike at the plant reached deadlock.

About 30 workers downed tools on Monday in protest against the dismissal of a shop steward, Mr Packson Thobejane.

The union and management met on Tuesday, but discussions collapsed.

It was then decided that they meet again on Friday.

The company gave workers an ultimatum to return to work. When they refused management dismissed them. Mr V Mavuso, the union's organiser, told **The SOWETAN** this week.

Mr Thobejane was dismissed after he attended a court hearing last Friday, although management refused him time off.

Four workers from

the company were due to appear in the Germiston Magistrate's Court on charges under the Intimidation Act.

As senior shop steward Mr Thobejane was chosen by workers to attend the court hearing with a union organiser. Management dismissed Mr Thobejane on Monday.

"The union condemns the management's action in dismissing Mr Thobejane and the workers. It expects com-

panies to handle such situations sympathetically in times when workers are facing attacks by the State," Mr Mavuso said.

A company spokesman confirmed that negotiations were still taking place between management and union officials.

However, when workers returned to work yesterday they were locked out, a union official said. Police were also on standby.

CAPE TIMES 21/11/85 183
Fralex buys 49% of firms

183

JOHANNESBURG — Fralex Ltd bought 49 percent of Coal Spinners (Pty) Ltd, Residue Disposals (Pty) Ltd and certain trading operations of J G de V Leach for R1,67m Fralex ordinary shares at R2 each, Rand Merchant Bank Ltd announced yesterday

The statement said, "based on the 1985 audited results of Fralex, the deal would have cut net asset value a share to R1.18 from R1.32 the purchase is effective from November 7" — Reuter

ALBANY

Big boost for PE from gas project

Cape Times 25/11/85
183
Own Correspondent

MOSSEL BAY — Port Elizabeth is in line for a billion-rand injection from the exploitation of the huge gas deposits off Mossel Bay

Invitations to tender for the project — the total cost is R4,8 billion — will be extended this week.

Announcing this here on Saturday, the Minister of Mineral and Energy Affairs, Mr Danie Steyn, said it was intended that "a major part of the final construction of the gas production platform will take place in Port Elizabeth"

He said the project and its concomitant activities "will contribute greatly in remedying the lack of employment opportunities in the Eastern Cape".

He said the project could also "contribute significantly" in combating unrest in the area "insofar as the lack of employment opportunities is a causative factor in the unrest situation".

The minister said 1 400 employees would be directly engaged in the project while 10 000 would be involved at the peak of construction — 5 000 of them in Mossel Bay

This did not include those involved in providing services such as housing for the 1 400 permanent employees in Mossel Bay

Mr Steyn said the project would cost R4,8-billion — R3,1-billion for offshore gas development and R1,7-billion for onshore processing plant. It would be fully commissioned by 1992

Court acts on generic drugs

A body blow for Lennon

183
By Day 27/11/85

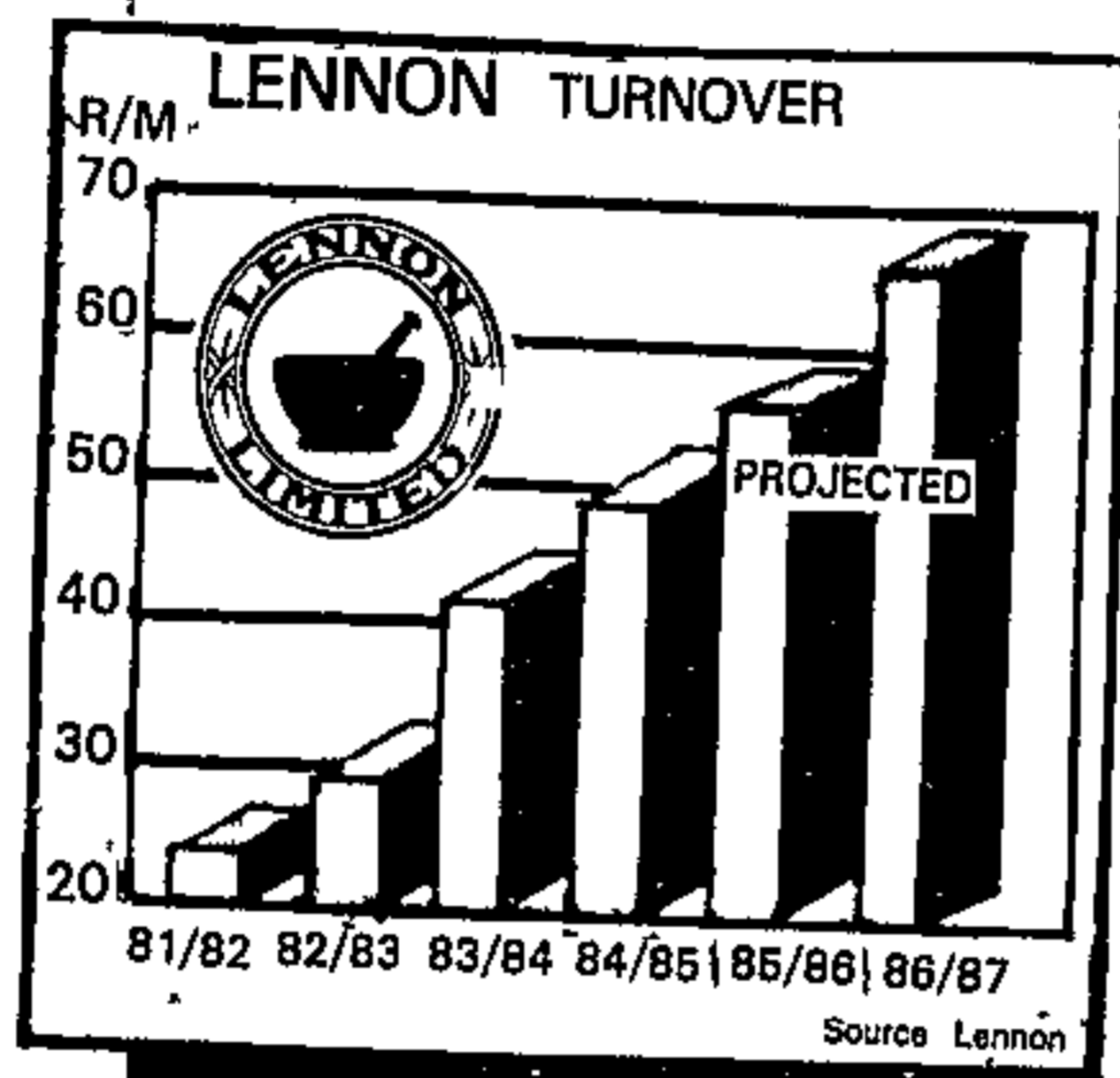
STANTON

GENERIC drug giant, Lennon, took a body blow last week when the door to generic drug substitution by retail pharmacists was shut by a ruling of the Pretoria Supreme Court.

Three days after Lennon had announced the completion of its 10-year, R30m expansion plan, the court overruled a Pharmacy Council decision allowing pharmacists to replace prescribed drugs with generic substitutes. Lennon is the manufacturing arm of SA Druggists (SAD).

With its growth potential in this sector of the retail drug market threatened, Lennon could shift its focus and market the copycat drugs through other channels.

"If we are prevented from selling generics on the local market, we could easily pick up our margins through exports



because everywhere else in the world the generic movement is gaining momentum," Lennon MD Clive Stanton said last week.

Lennon, which already sells over 80 generic products to more than 20 European and African countries, now plans to take on the US market.

Stanton is awaiting the go-ahead from the US Food and Drug Administration before embarking on the export drive, which he predicts will increase Lennon's R50m turnover by more than half.

The R30m expansion programme at the Port Elizabeth factory gives Lennon the capacity to double its output overnight.

COLLAPSE

Even with the virtual collapse of the retail pharmacy market, Stanton is confident the extra facilities will be utilised.

Lennon ranks as the top drug supplier to government health institutions, but Stanton is confident privatisation of these services will not close another market to the company.

In the event of the private sector taking over health care, Lennon believes there will be increased pressure for low-cost medicines. With district surgeons assuming greater importance, outlets for generics will continue to grow.

Stanton predicts a turnover of R55m in the current financial year, growing to R66m by the beginning of 1987.

Lennon is the biggest profit centre within SAD and any success on world or local markets will mean increased profits for the group and, ultimately, for

CHERYLYN IRETON

Federale Volksbeleggings, the holding company

Its decision to expand was taken in 1975, long before generic substitution became a debating point.

A recent inspection by officials from Britain's Department of Health and Social Security ranked the upgraded factory as one of the best manufacturing facilities in the world.

Fortunately for Lennon, its expansion was completed before the plunge of the rand so that the costly hi-tech manufacturing and laboratory equipment needed was imported at budgeted prices. In today's climate, the expansion would have been impossible.

At the time Lennon management decided to extend the Port Elizabeth facility, it decided against relocating the factory on the Reef.

There is little doubt among company officials that Lennon would have made the trek to Johannesburg had it foreseen the industrial collapse in Port Elizabeth.

Stanton does not regret staying. "In fact, it is now an advantage to be here."

New transport incentives available to manufacturers will help absorb increasing costs and unemployment in the area which assures Lennon of a low staff turnover. The company employs 900 people and invests R250 000 a year on staff training.

Lennon ranks 10th in the total private sector market. However, since 1981 it has more than doubled its turnover from R24m to R55m.

With its growing dominance of the manufacturing market, Lennon's position within the SAD group is becoming stronger.

PERFORMANCE

Its performance far outweighs that of other companies within SAD's pharmaceutical division. Observers believe it will only be a matter of time before companies within this division, including Labethica and Continental Ethicals, fall under the Lennon umbrella.

Lennon believes SA can't afford to turn its back on generics and says the ruling by the Pretoria Supreme Court will only bring a temporary halt to substitution by retail pharmacists.

When the generic drug substitution issue emerged a year ago, Lennon mobilised its communication forces to put forward a constant and convincing argument for generic substitution.

Of the R400m-a-year SA prescribed-medicines market, Stanton estimates R100m is substitutable. Generics is a lucrative market.

The copycat drugs which will continue to be sold through institutional outlets are a branded version of an original medicine whose patent has expired. After expiry, other manufacturers are allowed to reproduce a product, made up of the same active raw materials.

But because no research and development costs are incurred by generic manufacturers, their overheads are reduced. This allows them to market their products at prices substantially cheaper than the originals.

NR605 27/10/85

CLASSIFIED

Ackerman: 'We'll fight ban on self-help petrol'

Staff Reporter

THE first self-price petrol was sold in the Perinsula today and Pick 'n Pay chief Raymond Ackerman said he would defy the Government ban due to be gazetted today as long as he felt the law was on his side.

He said the Government physically tried to stop Pick 'n Pay selling petrol at 4 cents less than the normal price he would see at urgent court orders stopping them until his lawyers had investigated the matter.

He said: "We will continue selling today despite being told not to. We think the law is on our side."

Mr Ackerman said his lawyers were waiting to see if the Government Gazette described the move as a discount scheme as the Minister of Minerals and Energy, Andrius Danie Steyn had.

Can't touch us

He added: "This is not a discount scheme so it is not what they forbid. They can't touch us. We are merely paying customers to serve themselves. It is much the same as charging people less if you don't deliver groceries. That's what supermarkets are all about."

He said his lawyers were still considering what the stoppage of the gazette specifically prevented Pick 'n Pay from paying customers to serve themselves.

They were also investigating whether or not the Government had a right to promulgate a banning order in the middle of the night.

He said: "I would have broken the law. But we're going to defy the ban if we see the Government is wrong."

Pick 'n Pay would meet the Government today to discuss the ban, he said.

Hopping mad

"We are hopping mad that they banned the petrol sales before we had a chance to talk to them."

Pick 'n Pay has poured more than a R100 000 into an advertising campaign to advertise the self-service scheme.

Mr Sakkie Joubert, manager of Pick 'n Pay's Brackenfell hypermarket said the self-help petrol scheme went into operation at 7am today.

Staff were putting up banners advertising the scheme and at 7.30 the first customer pumped R5 worth of petrol for himself and received a cash refund for doing it.



Philippa Buckley of Durbanville helps herself to petrol

SOLD

20 000 litres of cut-price petrol

CAPE TOWN 28/11/85

By ARNOLD KIRKBY
FIRST-DAY sales of cheaper petrol after a year in Brackenell were more than treble the normal daily sales, as the government and a supermarket chain met to decide the future of cut-price fuel.

Mr Sakkie Joubert, director of Pick 'n Pay's Brackenell Hypermarket, said 20 000 litres of petrol had been sold yesterday, compared with an average 6 000 litres a weekday this time of the month.

At 9pm we had sold about 9 500 litres of fuel and from then on there were an average of between 25 and 30 cars on the petrol station's driveway as sales rose dramatically, he said.

But the future of the self-service scheme depends on the outcome of "two or three sensitive issues" being considered by the government, said Mr Raymond Ackerman, managing director of the supermarket chain.

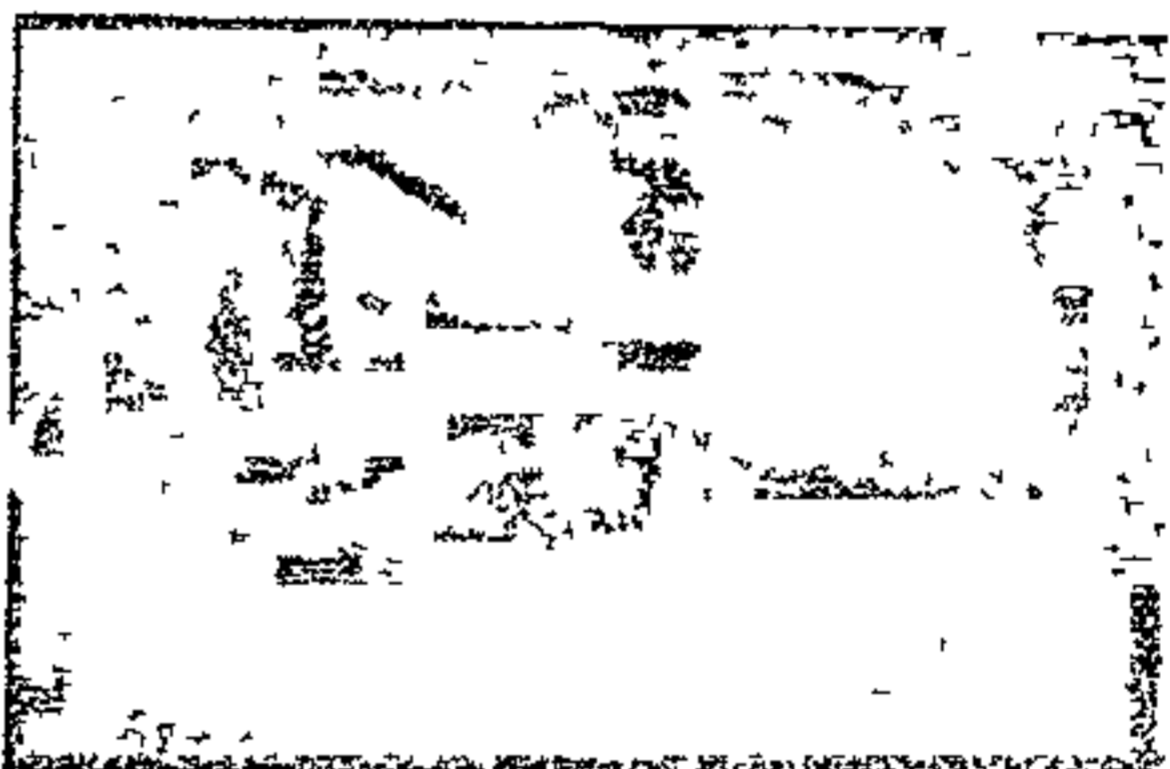
"This follows a two-hour meeting in Pretoria yesterday between four of the company's top executives, the Minister of Mineral and Energy Affairs, Mr Danie Steyn and his Director-General, Dr Louw Ackerman, which was described as "reasonably amicable".

The Department of Mineral and Energy Affairs was considering the sensitive issues and would contact the company later today, Mr Ackerman said after the meeting.

"We will then decide on any future action in any future action. In the meantime Pick 'n Pay will continue to pay motorists who serve themselves 1 cent for every litre they pump at 12 hypermarkets held throughout South Africa even though the government has not given us permission to do so," he said.

The government has issued a special Government Gazette banning the sale of petrol at discount prices.

The Pick 'n Pay negotiators were two executive directors Mr Alan Gardner and Mr Peter Love, as well as Mr Peter



Mr Ackerman

five director of the Boksburg Hypermarket and Mr Richard Ellis, chief director of sales.

Mr Johannesburg has team reports that Mr Ackerman said yesterday his company was "going for the hospital against massive cutbacks such as the oil companies and the liquor distributors".

The chain has already plunged R100 000 into advertising cut rate help yourself petrol.

Mr Ackerman said he was taking legal advice to challenge the "arbitrary" which he believed had been passed against his company's operations.

Pick 'n Pay was this week banned from selling "light beer" which Mr Ackerman said could bankrupt the independent Woodstock Breweries.

While the government is intending to inculcate cutbacks and monopolies it seems that they are prepared to see the collapse of a small concern such as Windhoek Breweries.

Mr Ackerman said he was taking legal advice to challenge the "arbitrary" which he believed had been passed against his company's operations.

It was highly unlikely that according to a statement issued yesterday the Association of Chambers of Commerce (Assocom) wants the ban on discounting petrol to be submitted to the Competition Board.

Reacting to the announcement prohibiting the discounting of petrol, Assocom reiterated its commitment to free enterprise with a minimum of control.

Mr Harry Sthuyvenberg, Progressive Federal Party spokesman on finance, said yesterday

Import surcharge 'unjustified'

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Cost of medicines likely to increase

Business Day Reporter
DAVID FURLONGER

GOVERNMENT's 10% surcharge on pharmaceutical raw materials is unjustified and is likely to increase further the cost of medicines, according to Niko Stutterheim, chairman of drug and chemicals group Noristan Holdings

In the group's annual report he said the weak rand had already pushed up prices because of the increased costs of imports

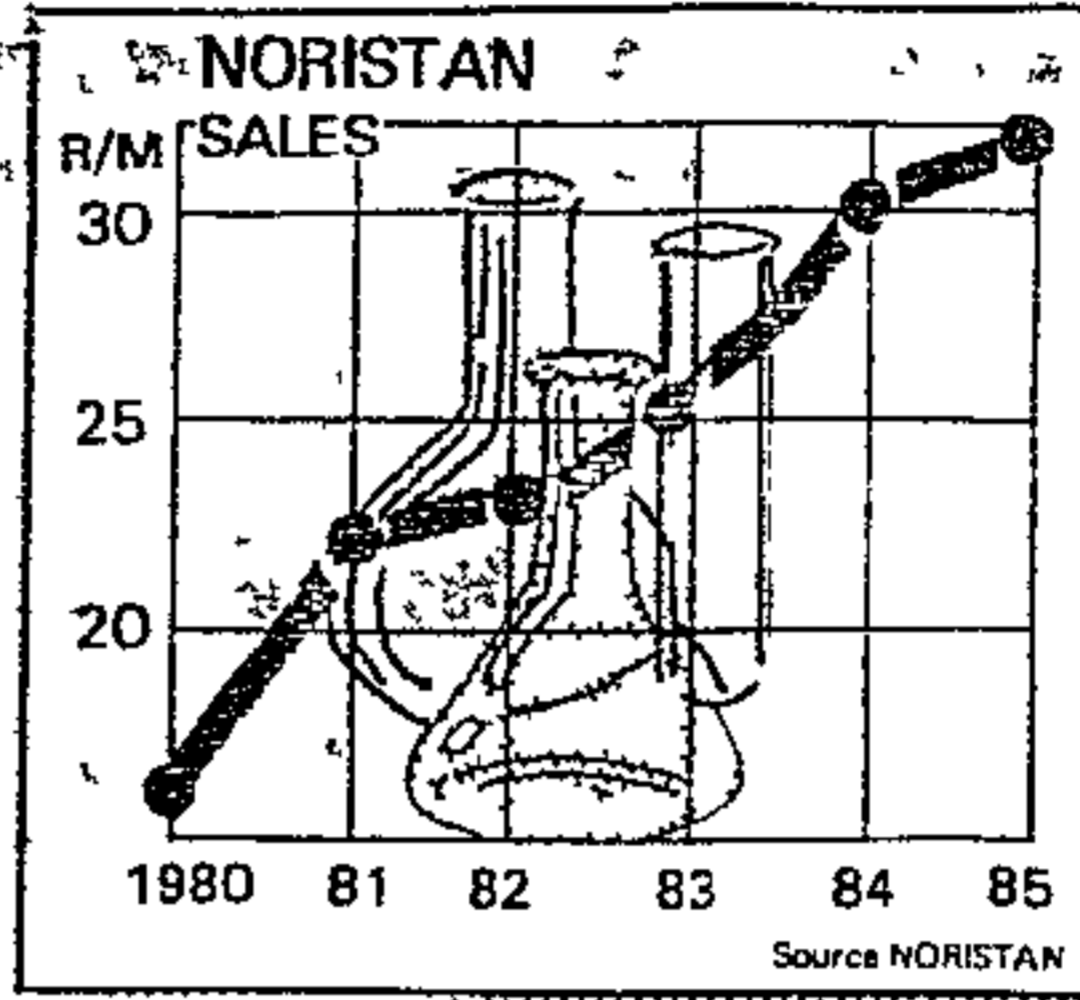
"The recently-imposed 10% surcharge on imports, which also affects pharmaceuticals and chemicals, will place further pressure on selling prices and we are of the opinion the surcharge cannot be justified on an essential item such as medicine"

Noristan MD Hugo Snyckers said yesterday the surcharge would increase medicine prices by 3%

"The state is always expressing concern at the high cost of medicines. If it so concerned, it should demonstrate it," he added

The annual report shows that Noristan, which also deals in computers, achieved an after-tax profit in the year to June of R1,3m, compared with R1,1m

This includes provision for R2,4m in foreign exchange losses on overseas loans. Total provisions for forex losses for the year were R4,7m, of which the



balance will be spread over the period of the loans

Describing Noristan's results as "quite reasonable", Snyckers said yesterday the group was not expanding

He warned that if the SA economy showed no signs of an early recovery, drug and cosmetic prices could rise sharply in the new year

Although imported ingredients made up a huge chunk of products — 100% in the case of Noristan's cosmetics — many manufacturers were continuing to absorb increased costs because of reduced public buying power and competitive pressures

"However, you can probably expect to see further increases in the new year. A number of manufacturers are awaiting the result of the rescheduling talks"

Chemical plant ⁽¹⁸³⁾ ^{Mercury} strike called off

Labour Reporter

EMPLOYEES of Nicholas
Kiwī, a chemical factory
in Pinetown, ended their
one-day strike and re-
turned to work yesterday

Miss Pat Horn, Pine-
town organiser of the
Chemical Workers' Indus-
trial Union, said the
workers had decided to
end their strike pending
the outcome of a Con-
ciliation Board meeting
on December 10

About 90 weekly-paid
employees downed tools
on Tuesday following a
dispute over wages and

working conditions

Mr Charles Toms, the
company secretary, yes-
terday confirmed that the
plant was back in full
production 'All the work-
ers have returned on
their own accord and un-
conditionally,' he added

28/11/85

now 28/11/85

Cut-price petrol stops at midnight

PRETORIA — At least one of Pick'n Pay's service petrol discounting schemes will stop tonight in terms of an agreement reached with the Government, but a three-month concession has been granted to the Boksburg Hypermarket.

In a statement today after discussions between the group and the Department of Mineral and Energy Affairs, the director-general, Dr Louw Alberts said the Government maintained its position following yesterday's banning of the rebate system.

"However the store on the East Rand has been operating a discount petrol scheme for some years and the department does not wish to abruptly end an established practice.

Although service stations in the vicinity were still complaining the following decision was taken.

"Should the supplier which provides this store with petrol be willing to renew for three months a previous contract which allows a discount (with full petrol pump service), the department will not object."

Meanwhile an investigation would be carried out and if necessary the situation would be reviewed next year Dr Alberts said.

'Shot at busting petrol cartels'

Cape Times 29/1/85

By CHRIS ERASMUS

THE Minister of Mineral and Energy Affairs Mr Danie Steyn, has agreed to meet oil companies, the Motor Industries Federation, Pick 'n Pay, consumer bodies and other interested groups in January to discuss the possible abolition of petrol-price controls

This "shot at busting the petrol cartel" was hailed yesterday by Mr Raymond Ackerman following the latest round of negotiations between Pick 'n Pay directors and Mr Steyn and members of his department over the company's cut-price petrol sales at 12 hypermarkets nationally

Mr Ackerman said a proposal to allow the hypermarkets to continue to offer a rebate on self-service petrol sales by 4 cents a litre until the end of February had been rejected

But it had been agreed that one hypermarket would be allowed to continue the practice until then

"Our Boksburg Hypermarket has never sold petrol at its full price because it was supplied petrol in terms of a contract — which expired on November 16 — in which there was no price-fixing clause

'A small victory'

"The Minister accepted that because of this fact and as those interested would be meeting in Cape Town on January 23 to discuss the possible removal of price control, it was reasonable to allow it to go on selling cut-price petrol until the end of February

"This is a small victory, but the big victory is that we have a shot at bust-

ing the petrol cartel in this country when that meeting happens," said Mr Ackerman

Dr Louw Alberts, Director-General of the Department of Mineral and Energy Affairs, said the government had with the exception of the Boksburg store, maintained its position, as reflected in this week's banning of the petrol-price rebate system

Although some service stations were still complaining, it had been decided that the department would have no objection should the wholesale operation which supplied the chain store with petrol be willing to renew for three months the expired contract

Mr Alan Gardiner, a Pick 'n Pay executive director, said all the chain store's other self-service petrol schemes ceased as from the close of business yesterday and would be fully manned with attendants from today

Motorists 'disappointed'

Trek Petroleum which was the supplier of the Boksburg store, had already been approached about the renewal of the expired contract until the end of February and the request was being considered he said

Petrol consumers in the Peninsula yesterday took advantage of the last day of cut-price sales from the Brackenfell Hypermarket where, according to the store's director Mr Sakkie Joubert, pump sales by 2pm were almost 50 percent up on the previous record-making day

"People at the pumps are very disappointed at the government's decision to stop this system," he said

BUS DAY (183)
3/12/85

Cost of ban on generics

Industrial Reporter

OUTLAWING drug substitution by pharmacists could result in a loss of millions of rands to patients.

Pharmaceutical Society of SA (PSSA) president Don Sutherland says the recent Transvaal Supreme Court ruling on the issue means that no pharmacist in the private or public sector may substitute a generic drug.

The Pharmaceutical and Chemical Manufacturers Association, representing 17 companies, succeeded last month in having set aside a ruling by the SA Pharmacy Board that allowed generic substitution.

Generic drugs are the medical equivalent of original products — protected by a patent for up to 20 years — after which manufacturers may produce a similar product.

Manufacturers claim some generic drugs can be as much as 40% cheaper than the original, patented product.

Introduction of generics in the Free State, Sutherland says, is expected to result in provincial administration savings of R1,7m (16,5%) this year — and the Cape Provincial Administration is expected to save R3,4m (16%).

10/12/85 BUS DAY 183

Nedbank comes to rescue of Triomf

NEDBANK has come up with a rescue package for Triomf, the fertiliser giant that has been facing severe financial strains.

The banking group has a debt exposure of about R200m and has agreed to convert R65m of this debt into Triomf medium-term redeemable preference shares

The move will beef up Triomf's balance sheet by bolstering its much depleted shareholders' funds, and place it on a sounder footing to provide it with the opportunity to return to profitability

Nedbank, the lead banker, believes that its client may well now be nursed back to full health.

Besides running up attributable losses of R24,3m in the 18 months to June, Triomf has incurred massive foreign exchange losses since then on uncovered short-term foreign loans of \$69,4m, the repayment of which Nedbank has guaranteed.

The bulk of the foreign loans (\$59,5m) has been converted to a five-year loan repayable at end-June 1990.

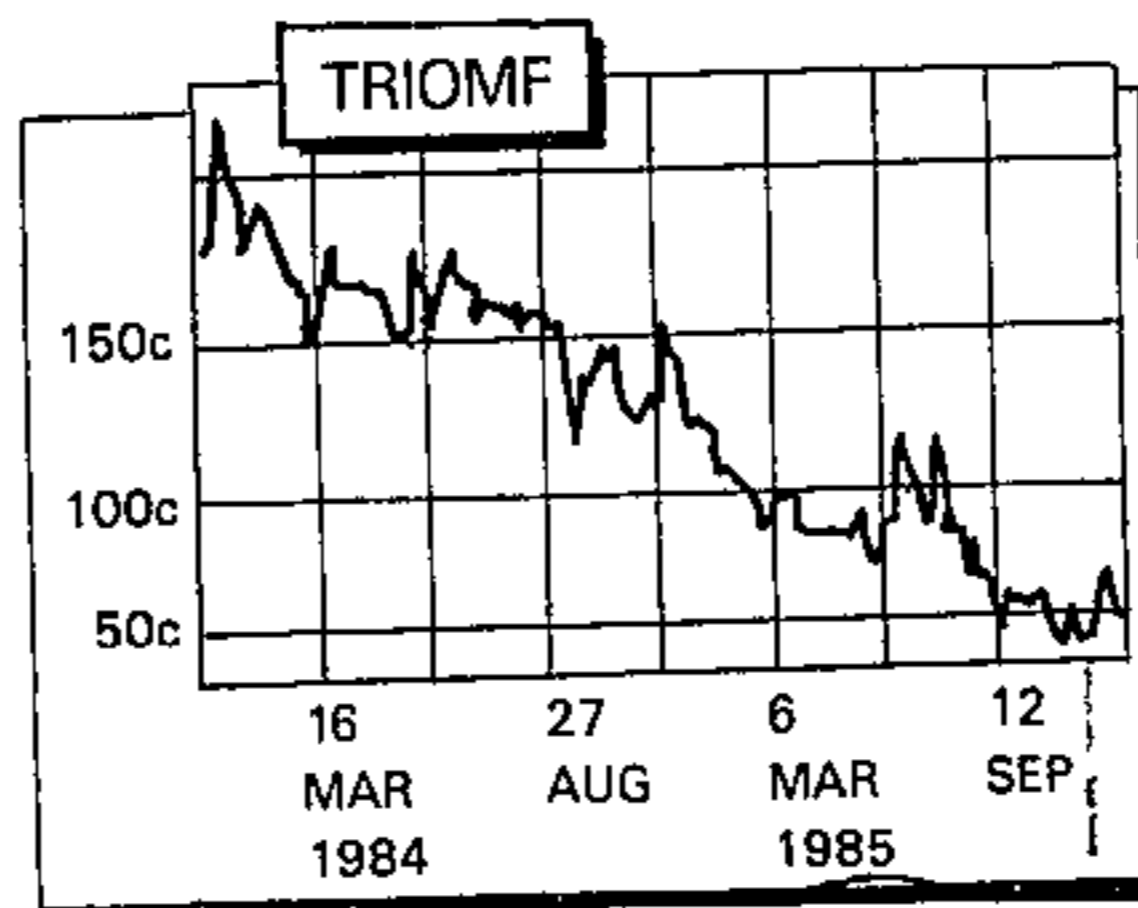
At end-June, Triomf's shareholders' funds amounted to only R70m.

BRIAN ZLOTNICK and
STEPHEN ROGERS

However, since the year end, if shareholders' funds are adjusted for the material foreign exchange losses that have mounted with the rand sliding against the dollar and continued trading losses, there is probably little left in the kitty

Clearly, the highly geared group with debt of some R300m, needed a stronger balance sheet to improve its chance of

● To Page 2 →



BUS DAY 10/12/85 183

Nedbank rescues ailing Triomf

survival in the troubled fertiliser industry.

MD Kobus Becker says that at the end-December all forward exchange contracts expire and the group will be able to take advantage of the weak rand on the export side

Furthermore, he adds that it has secured profitable three-year contracts for the export of phosphoric acid to Europe. The additional throughput will raise the Richards Bay plant capacity from a current 50% to over 75%

Negotiations with Foskor have been completed to provide Triomf with the local supply of phosphate rock, which is

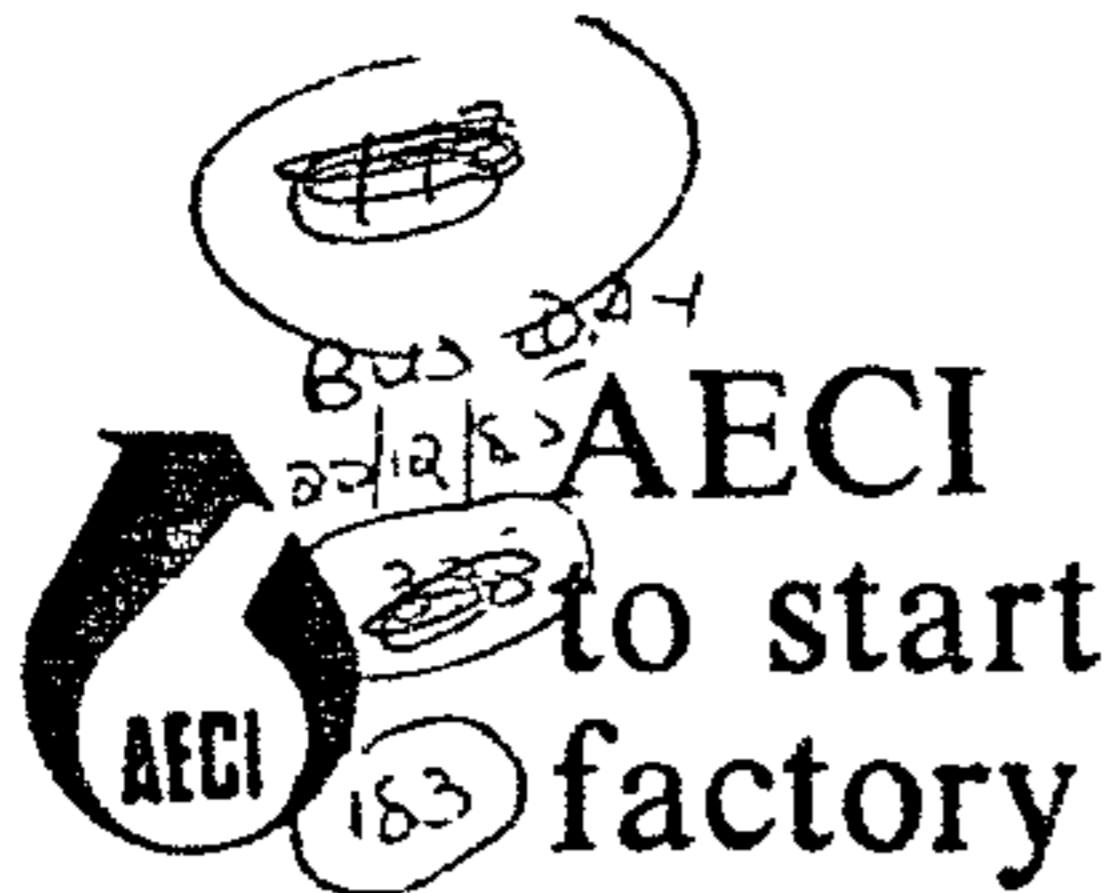
← ● From Page 1

expected to lead to a R10m annual savings.

Becker expects the group to be back in the black in the 1987 financial year

No doubt the cessation of the fertiliser price war, which has cost the industry R100m over the past year, will help matters

Tax losses at end-June amount to R221,7m and the fact that preference dividends on the R65m are not deductible for tax purposes is of little significance



Industrial Staff

CONSTRUCTION of AECI's R31.5m Free State explosives factory shelved four years ago because of the recession, is due to begin in February

The factory is expected to come on stream in August and will produce a new generation of high-tech emulsion explosives, at present produced on a small scale by the company's Modderfontein factory

The new Zomerveld factory will be built on five farms comprising 1 460ha between Welkom and Virginia and provide employment for 190 people

It will be the second of four factories to be built in the company's R100m decentralisation project. The first is already in production at Bethal and a further two are planned for Klerksdorp and Utrecht

A spokesman said the new factory would facilitate service to the mines in the area, although there were no distribution problems to the Free State from the Modderfontein factory

It will produce explosives in cartridge form for underground mining. Orders for high technology cartridge machines have been placed with overseas suppliers, although 90% of the fixed capital cost will be spent in SA

New rules for coastal projects

JANE STRACHAN

DRAFT regulations aimed at exercising control over developments along the Natal and Cape coastlines were published in yesterday's *Government Gazette*

Department of Environment Affairs Director-General J F Otto says the principle is already being applied in considering new applications, and all new development plans will be considered under the proposed rules

The department accepts, he says, that development in these coastal zones is essential, but every effort is to be made to ensure that development will not be detrimental to the environment.

The proposed regulations provide, among other suggestions, for:

- A strip of land 500m wide measured shorewards from the highwater mark, or from the offshore foot of a coastal dune, will in future be a "restricted area" where any activity which leads, or could lead, to the disturbance of the vegetation or any ecosystem may be undertaken only on the authority of a permit; and
- To make a proper evaluation of a proposed development, the authority responsible for issuing a permit may ask the applicant to submit additional information regarding the plans.



^{BUS. DAY.}
^{27/12/85}
Anger over rise
in AECI prices ¹⁸³

PACKAGING manufacturers have accused AECI of taking advantage of its monopoly of the low-density polyethylene market by raising the price by almost 30% in the past year.

They say AECI has put up prices R450/ton without real justification.

Manufacturers argue that since low-density polyethylene — used mainly in the manufacture of plastic bags — is locally produced, there is no real reason for the four price adjustments they have been forced to accept during 1985.

AECI, however, insists it has always maintained a responsible pricing policy.

"While it is true that our price has increased by over 29% during 1985, it must be seen in the correct perspective," says a spokesman for the chemical and explosives giant.

"Low-density polyethylene is an international commodity. The local price has moved in concert with the international prices for some time now. This is reflected

CHERILYN IRETON

ted in the cyclical pattern of prices in the last few years."

According to AECI, the local price dropped during 1982-1985.

"But during 1985, international prices have risen rapidly. We have adjusted our prices accordingly in an attempt to improve our business trading position."

AECI claims the local price is still significantly lower than imported equivalents and says the increases have been relatively modest.

But what has angered the packaging manufacturers is the thought of the extra R45-R50m turnover the increases would bring on the sale of the average 100 000-tons sold locally each year.

"When we are obliged to follow international prices downwards, we also have to increase prices, when feasible, in order to achieve a balanced investment position on average," says the AECI spokesman.