MANUFACTURING
IRON, STEEL, ENG,
AND
METAL

(i, 189

Steelmen bid for higher pay rates

STAR

STAR 2/1/75

Labour Reporter

Pay demands from workers in steel and engineering in[illegible] were in the offing today as many other industries received[illegible]

"I am under pressure from some members to call for revisions of pay under some two-year agreements which are only six months old," said Mr Wessel Bornman, general secretary of the 37 000-strong S A Yster, Staal en Verwante Nywerhede Unie, and vice president of the 200 000-strong White Confederation of Labour.

Specific provisions for such revisions had been made under most recent agreements and he would see employers on this issue early this year, Mr Bornman said.

He said he could not speak for the confederation, but the president of the confederation, Mr A I Nieuwoudt, stated recently that civil servants, municipal workers and railway workers had not succeeded in catching up with the rising cost of living.

BANK RISE

Workers receiving pay increases effective from today or yesterday include:

- The 18 000 members of the South African Society of Bank Officials who get an across-the-board rise of 12,5 percent.
- The 20 000 members of the SA Typographical Union whose basic rate rises by 11 percent
- Salaried Escom staff who get a 7,2 percent increase in return for working 30 minutes more a day.
- Explosives industry workers whose 9 000 Blacks now receive a minimum starting wage of R110 a month.
- East London sweet-workers who get R25-a-week minimum

MANUFACTURING
IRON, STEEL, ENGN, AND METAL.

HANSARD 4 Q column 287.

25 February 1975.

~~1 246~~

2 189

~~3 192~~

Effect of increased steel price

118 Mr T ARONSON asked the Minister of Economic Affairs

Whether the Department of Industry has made any calculations in respect of the effect of the increased steel price on the price of (a) light, (b) medium and (c) large motor vehicle, if so, (i) what will be the price increase calculated on a steel price increase of 9,8 per cent in respect of each type of vehicle and (ii) on what basis are the calculations made

The MINISTER OF ECONOMIC AFFAIRS

The selling prices of motor-cars are not controlled and it is not possible to say whether, and if so, to what extent prices for motor-cars will be adjusted as a result of the increase in steel price The following is, however, an indication of the additional cost of steel for three categories of cars

	Category	Mass of car	Steel cost increase per car
(a)	light	585 kg	R9-37
(b)	medium	885 kg	R14-18
(c)	large	1 195 kg	R19-14

HANSARD 7. Q columns. 529-30.
18 March 1975.

High-grade coal used by Iscor

*28. Mr. I. F. WOOD [illegible] Minister of Economic Affairs

(1) Whether there is an imminent shortage of high-grade coal used by Iscor; if so, what is the cause of the shortage;

(2) whether it will be necessary to import high-grade coal, if so, (a) what quantity, (b) from which countries and (c) at what additional cost

The MINISTER OF ECONOMIC AFFAIRS

(1) Yes, the varying quality of high-grade South African coal necessitates that the coal mines concerned must [illegible] at maximum [illegible] demand [illegible] coal [illegible] at certain [illegible] made it impossible [illegible] to keep up with the demand and the position has been aggravated by transport problems despite the excellent co-operation on the part of the South African Railways. There are also unforeseen delays in the delivery of high-grade coal from Mozambique

(2) Yes

(a) Between 0,50 and 1,00 million tons per annum

(b) and (c) Offers on inquiries sent out recently have not yet been received and accordingly particulars cannot as yet be furnished.

2. [illegible]

FM 21/3/75

189

ISCOR — 2

Bigger orders, please

Iscor intends to increase minimum tonnages for orders which steel users place directly with the Corporation, particularly for flat products from the Vanderbijlpark works

Users and steel merchants will hear from Iscor soon, but it's unlikely that the new tonnages will be brought into effect before July

It's certainly not before time By steel industry standards the minimum orders, both for production and for delivery, which Iscor accepts are ridiculously small and are a contributing factor to the Corporation's lack of profitability

Anybody can ring up and order the following minimum loads, for example

- Beams, channels and angles — 3 tons per item,
- Flats and rounds — 10 tons per item,
- Reinforcing steel — 3 tons,
- Wire — 2 tons per item (but minimum order must be 10 tons of wire);
- Fencing posts — 2 tons (minimum load must be 10 tons),
- Heavy plate — 2 tons for normal commercial quality,
- Hot rolled sheet, cold rolled sheet and galvinised sheet — one ton per item for cut length, 5 tons per item for coil and strip,
- Corrugated sheet — 2 tons per item in lengths up to 3,3m and 5 tons for longer lengths.

The loads are either railed or delivered by road (by Bagley & Steventon) for Iscor and must be collected from depots — not from Iscor works

It's painfully obvious that current minimum orders are small and uneconomical and the increase is long overdue. Why, one wonders, does Iscor bother to make small "special" orders at all? Private steel-makers won't

Hansard 7 Q Column 551
21 March 1975

189

Ship repair industry Labour

*10 Mr R J LORIMER asked the Minister of Bantu Administration and Development

Whether representations have been made to him in regard to the difficulties experienced by the ship repair industry in Durban in finding Bantu labour if so, what was (a) the nature of the representations and (b) his reply thereto

†The DEPUTY MINISTER OF BANTU ADMINISTRATION AND EDUCATION:

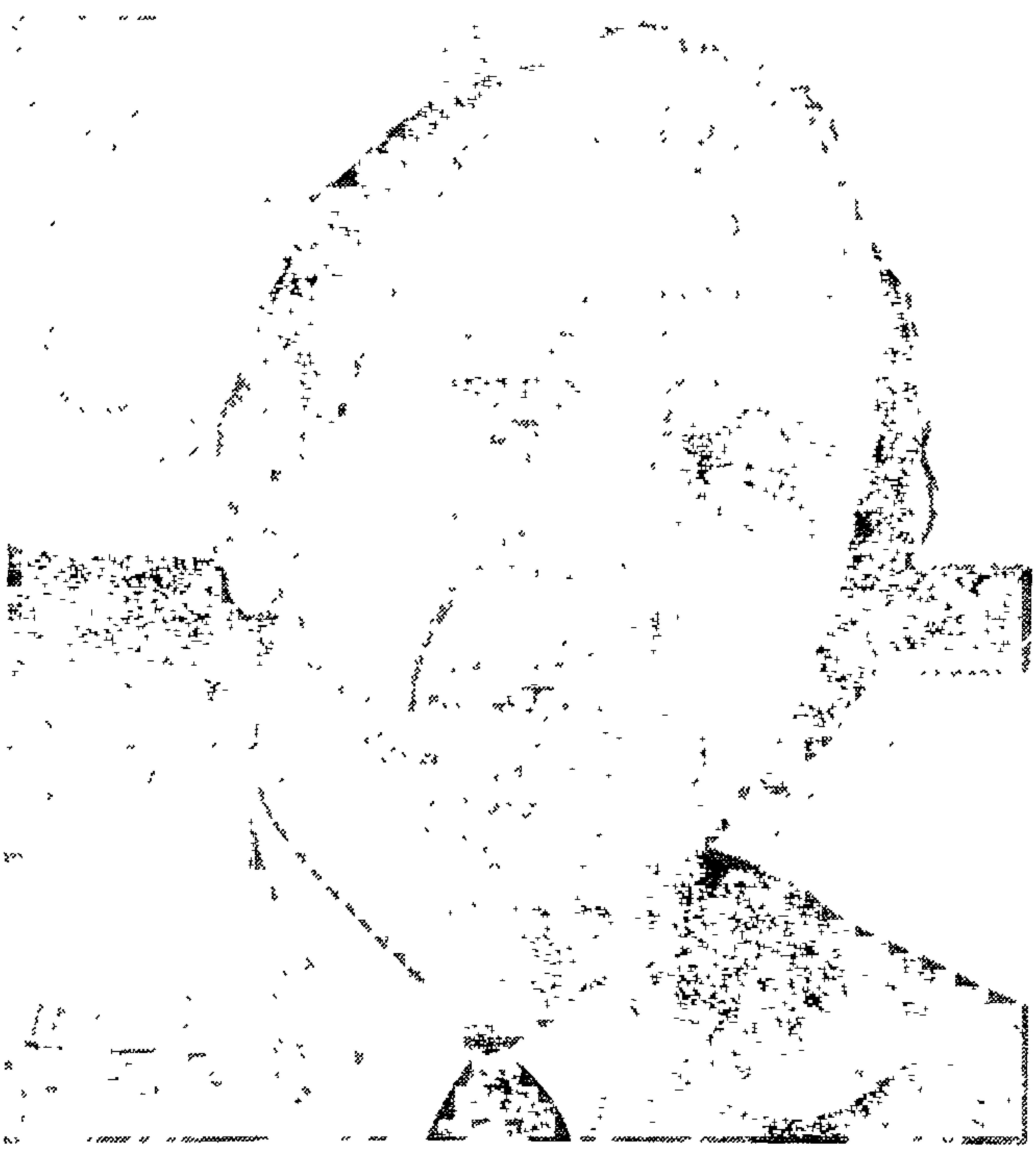
No but I am aware of certain problems which were presented to my Department of Bantu Administration and Development and which have since been solved

(a) and (b) fall away

SUNDAY TIMES, Business Times, March 23, 1975

189

Black labour turnover in engineering goes up



Olof van Schalkwijk of the Institute of Personnel Management . . . Tracking employment trends.

By JULIAN KRAFT
Labour Reporter

IN THE past five years the turnover of Black hourly paid workers employed in big engineering companies has been dropping steadily.

A slight swing from this trend occurred last year. Whether this trend is continuing has not yet been established.

From the beginning of 1970 to early last year turnover of Black workers at a representative cross-section of about 25 companies dropped by 20 per cent from 53 per cent in 1970 to 33 per cent in April last year.

This figure was established in a survey on wages and working conditions done by Olof van Schalkwijk, services director of the Institute of Personnel Management.

The earlier trend indicates the extent to which companies have improved the security of Black workers through better wages and working conditions.

Mr Van Schalkwijk said that from April to August last year there had been a reversal of the earlier trend.

In that period there had been a 7 per cent increase in the turnover of Blacks at the firms concerned from 33 to 40 per cent.

This represents only a slight upturn against the general downward trend of Black labour turnover of the last few years. The results of the next survey in May will show whether this is a temporary fluctuation.

In the case of salaried employees, Black and White, the decrease in labour turnover in the past five years has been more gradual than for Black hourly-paid employees, but consistent.

From 32 per cent in 1970 it dropped to 25 per cent last year.

The turnover of White artisans dropped steeply from 77 per cent in 1970 to a low of 63 per cent in 1972. Since then it has been rising steadily and reached 73 per cent last year.

Mr Van Schalkwijk conducted the IPM's first national survey in August last year in which 90 salaried jobs, six key artisan jobs and six Black jobs ranging from labourers to supervisors, were covered.

He updated the salaries and wages of this survey by post up to February this year, and will do another national survey in May.

A further indication of how employers have improved conditions for their Black workers is shown by the fact that 48 per cent of the employers covered in Mr Van Schalkwijk's survey in August last year provide identical pension plans for Black and White employees, and that 36 per cent of them provide medical aid cover for Blacks.

Mr Van Schalkwijk, whose survey is believed to be the first salary and wage survey in the country to include studies of employment conditions, this week also released the results of a survey he has completed on wage and salary increases for the past six months.

The survey covers 26 big engineering manufacturing companies around the country, covering 59 800 employees, of whom 16 600 are salaried workers of all races, 39 400 Black hourly-paid workers and the rest White artisans.

It reveals that in the six months ending February wages of Black hourly-paid workers rose by 23 per cent on average, that of White artisans by 9 per cent, and salaried workers about 8 per cent.

Mr Van Schalkwijk began his surveys in 1969 when he was personnel manager of a large manufacturer of earthmoving equipment.

He joined the Institute of Personnel Management last year and will conduct national surveys twice a year as well as regular regional surveys.

Unlike the conventional survey in which participants fill out a questionnaire, in the IPM survey the participant firms' personnel managers meet at a one-day conference.

There they decide among themselves which jobs to cover, discuss what each of the jobs entails and also discuss employment conditions. All the participating companies are "compatible", being of a similar size and performing similar functions.

The discussion overcomes any possible confusion over job descriptions.

Having set their terms of reference in discussion, participants then supply data on a confidential basis.

The information given is immediately averaged out by the surveys team and the survey results are given to participants at the end of the day.

Africans first for vacant 'White' jobs

Rand Daily Mail 2/4/75

, 129
133
134
134
135
136

Labour Correspondent

COLOUREDS and Indians are being debarred from moving to vacant "White" jobs.

Instead Africans who can be more easily replaced if ever a White wants the job back, are taken on

Some of the Whites-only Rightwing trade unions are blocking Coloured advancement to make way for Africans to enter unfilled "White" jobs.

One of these is the Yster en Staal Unie, 38 000-strong and represented in 16 industries.

DISCARDED

Yster en Staal's general secretary, Mr Wessel Bornmann, admitted yesterday his union was allowing Africans to take over jobs discarded by upward-moving Whites — in preference to Coloureds or Indians

"This is not because we have anything against the Coloured, but because this way provides better protection for the White worker," he said.

"Bantu are not recognised as employees under the Industrial Conciliation Act", Mr Bornmann said, "and many of our industrial agreements specifically require them to have an exemption to do certain jobs, which Coloureds and Indians don't need.

"When my union must decide whether a Coloured, an Indian or a Bantu should take over a White job, we look at the facts of the case and if it is a low-status job we prefer to give it to a Bantu under temporary exemption until a White becomes available".

Mr Bornmann conceded that many of these jobs would never again be wanted by Whites, but said: "We are extremely cautious about our labour pattern We don't want Whites to be displaced if the economy goes into a decline."

Mr Bornmann said some White workers were suspicious of Coloureds in their industry. They felt they posed a threat to their jobs

"Sometimes the White worker is more accustomed to working with the Bantu", he said. "They did not actually work shoulder-to-shoulder, but the White would have a Bantu labourer with him, and never looked on the Bantu as a threat"

Yster en Staal's outlook contrasts with the Boilermakers' Society, its Tucsa counterpart, which has Coloured as well as White members.

The Boilermakers' aim is to secure jobs for Whites first, then for Coloureds and Indians, and Africans only if other race groups cannot fill them.

In some cases of African advancement job descriptions and titles are revised to avoid the appearance of Africans doing the same jobs as Whites.

Mr Bornmann said that wherever a Black does the same job as a White he is paid at the same rate

PROTECTS

"This protects the Black man, the job, and the White man, too. You can imagine what the employers would do if they could pay lower rates to Africans — they would not take on Whites."

However, in most industries the rate-for-the-job the White unions insist on is the minimum rate. In practice White workers are paid up to twice as much.

So when Blacks take over "White" jobs they are paid as little as half the actual White rate

GEC plant in KwaZULU

RDM 2/4/75

GEC South Africa has concluded arrangements with the Bantu Investment Corporation, acting on behalf of the KwaZulu Government, to establish a factory at Isithebe in KwaZulu for the manufacture of small electric motors.

These motors are being made at the Benoni plant of GEC Machines (Pty) where the space is required for expansion of manufacturing facilities for larger motors.

It is expected that the factory will come into full production in about 12 months when it will employ 100 Blacks with an initial White supervisory staff of eight

Sund. Trib 20/4/75

(189)

Financial Reporter

PRODUCTION of ferro-chrome in the Eastern Transvaal — the major source of this export alloy — is to be stepped up with the construction of another processing plant at a cost of around R33 million.

It will be the first to be sited directly on the mining area, which is marked by two tiny dots on the map named Steelpoort and Burgersfort, and is to be constructed by Fraser and Chalmers (South Africa) (Pty) Limited for Tubatse Ferrochrome (Pty) Limited.

The first phase of the 120 000 tonnes a year capacity plant is due to be brought to operation at the end of next year and full production should be reached by the end of 1977 — unless world demand indicates that additions to furnace capacity be made during the building period.

At present production of ferro-alloys — chiefly ferro-chrome and ferro-manganese — is running at an average monthly rate of more than 55 000 tonnes, or close to 700 000 tonnes a year, and the bulk of output goes to the export market under long term contracts with buyers in the US, Western Germany, France and Britain.

Haul

The major ferro-chrome plants now in full operation are at Middelburg and Witbank in the Eastern Transvaal — RBM Alloys in the Rand Mines Group and Transalloys, owned by Anglo American Corporation — which involves a long, slow rail haul from the mining areas.

By siting the new plant directly in the chrome mining area, Tubatse Ferrochrome should be able to save on transport costs since it will be railing a semi-finished product direct to the export market and eliminating the intermediate stage of railing and processing and then rerailing.

In addition to building the chrome ore processing plant, the Fraser and Chalmers contract covers the building of roads, rail links, water and slimes storage dams and a township to be sited about eight kilometres from

Future

For the basic metal industries, this development is an expression of confidence in future world markets.

Ferro-chrome is used in the manufacture of stainless steel and several varieties of special steels. Both have been in oversupply in recent months due to the run-down of the US and European economies, but the upswing of both could be triggered at any moment

By building now for an end of 1977 design production rate, Tubatse Ferrochrome is likely to be in the position of supplying a rising world demand without having to pay the price of another two years of inflation.

189

Pay goes up for the steelmen

RDM 23/4/75

Staff Reporter

WAGE increases of up to 15 per cent for the 70 000 White and 250 000 Black employees in the iron, steel, engineering and metallurgical industry were approved in Johannesburg yesterday.

Although the wage gap between Blacks and Whites is substantially widened by the new increases, in percentage terms, Blacks, on average, have been awarded up to twice their White colleagues' rises

A special meeting of the executive committee of the national industrial council for the industry agreed to amend the provisions of the existing industrial agreements yesterday.

Their agreement now needs the approval of the Minister of Labour, but industry sources said last night they hoped the new scales would be gazetted by June 2.

In cash terms, the increases range from 15c an hour for the most skilled artisans to 6c an hour for unskilled African workers.

These increases represent a 15 per cent jump for Blacks, tapering down to an 8 per cent rise for the most skilled White workers.

It was impossible to get either official confirmation of, or comment on, these figures last night.

Sources close to the employers' side of the council pointed out that the White unions in the industry preferred that there be no comment on the wage gap.

Minimum pay scales in the industry now range from R1,90 per hour for highly skilled Whites, to 45c an hour for unskilled Blacks.

The majority of Blacks in the industry can now expect a top minimum level of 68c an hour.

ALL

According to a statement released by the council yesterday, all employees will receive at least the amount of the increases, except where increases have been granted since last September 30.

In that case, such increases will be set off against the new figure.

New employees taken on after September 30 will also not qualify for the new increases.

Apprentices in their first, second, third or fourth years will receive increases of 15 per cent, while fifth year apprentices have been awarded a rise of 15c an hour.

The metal industries group life and provident fund has also been converted into a pension fund, with employees contributing 5 per cent of their salaries and employers a similar amount.

R77,5-m more for 320 000 steel workers

Labour Reporter

STAR 23/4/75

Wage increases and additional benefits costing R77,5-million a year have been negotiated for the 320 000 hourly-paid workers in the steel and engineering industry.

The increases, which are subject to ratification by the Minister of Labour, are effective from June 2.

They range from an 8,6 percent (15c an hour) rise in basic pay for skilled artisans to 15,4 percent (6c an hour) for the lowest unskilled worker. They will raise the income of the unskilled Black worker to at least 45c an hour or R20,25 for a 45-hour week.

The industry's group life and provident fund will be converted into a pension fund with increased pensions, life cover and widows' and orphans' benefits. Employers and employees will each contribute 5 percent of pensionable income.

The wages increases do not necessarily apply to employees who joined the industry after September or who received increases since the end of that month.

"The purpose is to provide relief to meet the increases in the consumer price index, which has risen 10,3 percent since last June when the last agreement was settled," said Mr E P Drummond, director of the Steel and Engineering Industries Federation.

Mr Drummond disclosed that the new agreement was based on the first negotiations in which Black workers actively participated.

They were selected by the Central Bantu Labour Board, which also made representations on behalf of the industry's Black workers.

Prog demands rights for employees to bargain

Daily Disp 25/4/75

189

CAPE TOWN — All workers should enjoy collective bargaining and negotiating rights, the Progressive Party spokesman on labour affairs, Dr A L Boraine MP, said yesterday

He said he had consistently advocated this but the Government had as consistently refused to provide for it

To move to this point, he suggested works committees should form the first step of employee representation

Liaison committees should be reconstituted as company councils where house agreements could be negotiated between an equal number of employer and employee representatives

These committees and councils should be made compulsory in all companies with a minimum number of blacks on their payrolls

Legislation should provide for elected works committees to negotiate on an industry-wide basis either with industrial councils or employers' associations where there were no industrial councils, in which case agreements should have the same force of law as industrial council agreements.

Provision should be made for full-time officials to organise industry works committees, and the committees should be financed by a levy on employers on a capital basis

Details of the conduct of these meetings should be included in the legislation and in the event of a dispute the procedure set out is the Industrial Conciliation Act should apply

Where Coloured and Asian workers were not organised they should have representations through this structure together with the black employees

Meanwhile in Pretoria early rumblings of the wage demand explosion forecast during the past few months by leading trade unionists were being heard

Earlier this week 15 per cent increases were announced for workers in the iron, steel, engineering and metalurgical industry

Yesterday the biggest of the seven Iscor trade unions — the Iron, Steel and Allied Workers Union — had preliminary wage discussions with management From May 1 the Transvaal's 70 000 building workers are to get increases

Economists pointed out yesterday that the increases would be "ninety per cent inflationary" as they would be unaccompanied by increased output

They would help spin faster the vicious cycle of wages chasing prices — DDC

RDM Supplement

29/4/75

187

oundry is meeting _oday's challenge

.W TECHNIQUES in the ..y sophisticated indus- .l world of today have .le their mark in every ld of heavy engineering

At Unifront Founders ty) Germiston changes de ned to enable the company meet the challenge which .. the South African indry industry have now .. completed

Mr Fanie de Klerk who th Mr Basil Sprong found the company five years .. is still chairman but re are now two joint naging directors, Mr Mic- .l Brassey and Mr Hennie Klerk, Mr De Klerk's other

Mr Jack Cowland, who was .. a pioneer of the busi- ss has retired, but Mr -ong remains as sales ..ger

op-level

Three top-level appoint- ..nts have been announced Mr Arthur Matthee, a ..-yman with 20 years' ..erience in South Africa, .. taken over as production ..rvisor and Mr Heinz ..cker, a German expert ith 27 years in the industry .. been appointed techni- ' supervisor

In addition Mr Michael ..nnell a manganese steel ..pert from Britain, has ..n made chief metallur- ist

Mr Fanie de Klerk said ..s week "With this reor- ..sation we have greatly ..rengthened the administra- .. and technical direction ' the company

"Mr Brassey is a specialist .. administration and my ..other is an expert on foun- y technique.

"With the growth of the ..pany in the past five ..ars, concentrated attention .. budgeting, mechanical ..velopment and marketing ..s essential, and this can .. be achieved "

Mr Brassey was at Oxford ..d Harvard universities and ..s a commando in Burma during the war

He was associated with Unifront for a number of years as a purchaser of their products for export, before joining the company at the beginning of February

Unifront Founders is South Africa's largest privately-owned foundry It started from small beginnings and now occupies a 22-acre site at Wadeville, where 15 furnaces are in daily operation

The company is an amalgamation of Universal Iron and Steel Foundries (Pty) and Frontier Foundries (Pty)

Mr Fanie de Klerk founded Universal Iron and Steel Founders 25 years ago with Mr Cowland, Mr Sprong started Frontier Founders in 1947 The two companies merged in 1969

The company remains a family concern Six member of the De Klerk family, including Mr De Klerk's father 70-year-old Mr Tol de Klerk work at the foundry

Engineering draughtsmen today demand a foundry product reflecting the strictest attention to their designs and specifications The rough and ready castings of earlier years, when the foundryman relied on the machinist to finish the job, are long past Today the wooden patterns from which the castings are produced must be trimmed to the last scrupulous mathematical tolerances to ensure the highest possible accuracy Here a moulder at Unifront Founders (Pty) Ltd, Germiston, checks the measurements of a pattern from which a high-grade steel casting will be produced The bigger the casting the higher the degree of accuracy demanded

They're men of steel

RDM Supplement 29/4/75

189

BOHLER Bros & Co Ltd lead the way in Austrian high-grade steelmaking. Theirs being the most varied manufacturing programme in the world.

And, since 1961, Bohler Bros have been operating under their own name — Bohler Steel Africa (Pty) Ltd — in South Africa out at Isando

With a world-wide staff of about 18 500, Bohler Bros has its headquarters in Vienna. The company's smelting shops and processing plants are located at Kapfenberg and Deuchendorf (Styria) and near Waidhofen in the Ybbs Valley (Lower Austria), where Bohlerwerk, the Gerstlwerk and the Bruckbacherhütte form another group of processing plants.

Steel has been made at Kapfenberg for more than 500 years, and the present Bohler Company was founded in 1870. Since then, generations of skilled men have carried out intense research work for the benefit of high-grade steelmaking and the development of new and better speciality steels

A considerable part (about 60 per cent) of their production is shipped to practically all the countries of the world.

Bohler branches and representatives in the important markets provide direct user contact and serve as a channel permitting the works to benefit from current practical experience and also allows for customers to be given special expert advice.

Bohler Bros' links with South Africa go back to 1932 when they were represented by an agency acting as a stockist and distributor for its special steel and steel products.

Now Bohler Steel Africa (Pty) Ltd is a direct arm of the parent company and is in the process of further expansion

Since 1969 the company has been operating its own heat treatment plant in Isando Last year it opened its own branch in Natal (it has agencies in Cape Town and Port Elizabeth) and recently began promoting the sales of drilling rigs, wagon drills and pneumatic hand tools

After the recent merger of the Austrian steel industry, extensions in Isando are in progress to cater for even bigger and more diversified activities

From the tremendous number of high-grade steels available from Bohler Steel Africa, are machine knives for all types of industries, precision forged turbine blades, tubes, stainless and heat resistant, in all commercial finishes and sizes, welding rods and electrodes pneumatic tools for both metal and stone working, equipment for chemical engineering in any size or design, high pressure valves and fittings and steel wires and wire ropes

'The Specialist' takes on a modern look

IT TAKES a big company to cater for all the needs of "the smallest room" in the house

Such a company as F & M (Krugersdorp) (Pty) Ltd — cast iron sanitaryware and pipe manufacturers.

Today they are probably the only concern in South Africa doing porcelain enamelling on cast iron

It began in 1946 as a one-man business manufacturing cast iron WC cisterns, high and low level, for the building industry.

In 1970 the business was taken over by Amalgamated Industrial Investment Corporation, whose production also centred around the building service industry

One item they manufacture now is heavy duty cast iron pressure pipe fittings, used mainly in sewage disposal works, which are all made to customer specifications and generally handmoulded

Their F & M high-level cisterns and their "Glen" low level cisterns, besides being used extensively all over the Republic, are also exported to neighbouring African countries

Their high-level cistern is installed in most African houses in South Africa Their low-level cisterns are used extensively in public buildings

And, at Meyerton, is another subsidiary of AIIC, Vaal Potteries, the largest ceramic sanitary manufacturers in South Africa.

Started in 1943, it manufactures basins, toilet bowls, wash tubs and other sanitary items.

At East London is another plant supplying Vitrose china sanitary ware

And back at the grey iron foundry at Krugersdorp, 20 per cent of the output is still given to the production of components for outside companies to their specifications

189

(181)

Supplement to the Rand Daily Mail, Tuesday, April 29, 1975

Giant turns out any to railway wheels

ATE in 1973, two of South rica's largest and most ell-known engineering oups, Dorman Long frica) Ltd, and Vanderbijl gineering Corporation Ltd, algamated to form a comy named Dorman Long erbijl Corporation Limi

Known by its abbreviation Dorbyl — the amalgamat company has without a ht the strongest and best ipped engineering and faicating establishments in southern hemisphere, must rank among the ders in the world in these ivities.

Today, Dorbyl is equipped h know-how, man power, machinery to contribute the economic prosperity of th Africa by supplying ducts and services to its wing industry, the public ties and the increasing and of the export mar-

Among the industries Dor serves can be numbered iron, steel and allied stry, railways and har s power generation and tribution, shipbuilding d ship repair, mining, ical and petro-chemical, t and lime, sugar, ilding road transport

Dorbyl has the manufactu g ability and know-how to t the wide and varying s of the iron, steel allied industry

The list of plant items h Dorbyl has produced iron plants and integrat steelworks in the past ludes such items as coke machines, sinter ma s blast furnaces, pig ting machines, cranes, hot tal ladles and carriages, pedo cars, slag ladles and riages, charging machines, el melting plant, electric naces, oxygen plant ves s ladles, rolling mills and illary equipment, process g lines and shearing lines

Dorbyl's specially equipped foundry and roll turning n can satisfy the cast roll quirements of the majority of South African industries

Rolling stock construction and locomotive building form a major part of Dorbyl's activities

The group is the principal supplier to the South African Railways and Harbours of railway rolling stock and is equipped to meet the specifications laid down for any type of wagon.

Dorbyl has designed and built more than 80 000 railway wagons involving some 70 types, and constructed 365 diesel electric main line, shunting and industrial locomotives to date

Cranes

Other products include harbour cranes, material handling equipment, cast steel railway wheels and axles, the building of railway workshops and goods sheds, rail and road over rail bridges.

Dorbyl has been associated with the design, fabrication and erection of major building steelwork and ancillary structures of all major South African power stations

Equipment manufacturing in Dorbyl includes condensers, high and low pressure heaters, LP castings and boilers. In the boiler field Dorbyl manufacture drums, heaters, tubing and pipework for furnace and superheating

The group is currently building equipment for South Africa's first six 500 megawatt sets due to be installed at Kriel These will be built to the designs of Brown Boveri and Co, of Baden, Switzerland

Dorbyl also manufacture auxiliary plant in form of circulating water pumps, boiler feed pumps and pulverising fuel mills

In the hydro-electric field, Dorbyl has supplied components used at the Hendrik Verwoerd Dam

The group has been engaged in shipbuilding since the Second World War, when it constructed a 17 000 ton floating dock for the British Admiralty

Dorbyl has the largest shipbuilding complex in Africa. To date, a diverse range of vessels has been built, including a highly specialised naval vessel, three Voith Schneider propelled tugs, various types of deep sea fishing vessels, pilot boats, floating docks, and two 7 400 ton general purpose cargo carriers These being the largest ships yet built in Africa

In addition to shipbuilding and repair, components for oil drilling rigs are also manufactured and Dorbyl is presently extending its operations in this field

In the mining industry too, Dorbyl plays an important role

Plant structures and buildings, shaft steelwork, headgear, skips, winders, reduction mills, tanks, ore handling equipment, copper converters, anode casting wheels, furnaces and ladles are on the long list of equipment the group manufactures for this vital industry

Mines

As structural designers, fabricators and erectors, the group has been a major contractor for many years to the local mines and those in other states of Africa

The group supplies highly-sophisticated winders and mills through its wholly-owned subsidiary, Vecor These winders and mills are generally made to locally produced designs which have been tailored to suit the needs of the mining industry

Export is an important factor in the group's business Vecor mills and winders can be found operating in a number of African states as well as in Australia, Canada, South America and the United Kingdom

Dorbyl has the expertise and experience to design and manufacture a large range of equipment for the chemical and petro-chemical industry

Rigid

A variety of vessels, heat exchangers, distillation columns, scrubbers, reactors, regenerators prefractionators, splitters, debutanisers, crude columns, floating and fixed roof storage tanks, and other vessels have been built for the industry

Dorbyl manufactures vessels in mild steel, stainless and clay materials, are to be found in every refinery in the Republic

Facilities are available for all methods of non-destructive testing and rigid inspection and quality control ensures manufacture to the highest standards

Dorbyl's involvement in the cement and lime industry dates back to 1948 The equipment then manufactured was the first of many kilns, mills, coolers, driers and granulators made to the order and design of large international companies

Dorbyl manufactured plant and equipment is to be found at every major cement producer's factory throughout the Republic

The group also designs, supplies, erects and installs structures, buildings, milling and material handling equipment for this industry

Dorbyl has manufactured and installed mechancial and process plant for many sugar mills, including the first crushing mill train completely manufactured in South Africa

Factory buildings have been erected throughout the Republic's sugar belt on the North Coast and in the Eastern Transvaal, and across the borders in Swaziland, Mozambique and Rhodesia

Many years of experience and licence agreements with well-known overseas principals, enable the group to supply up to date quality equipment for the sugar industry

Dorbyl has a network of structural workshops throughout the country with supporting erection facilities A central office provides structural designs to suit customer requirements

Structural workshops are equipped with machinery to cope with every conceivable structural steel assignment

As structural designers, fabricators and erectors, Dorbyl has handled contracts for every major industry in South Africa

Dorbyl has the majority share interest in Bus Bodies SA Ltd — the largest organisation of its kind in the southern hemisphere

Strategic

This company, with its branches and subsidiaries situated at strategic centres throughout South Africa, manufactures a wide range of products in the passenger and commercial vehicle field.

It specialises in the manufacture of steel, aluminium alloy, as well as fibreglass bodywork and is the leading producer of insulated and refrigerated bodies in the Republic

Components for the auto motive industry, such as crankshafts, wheels, seats, various pressings and forgings, are manufactured by subsidiary and associated companies and is another important facet of Dorbyl's operations

The design, fabrication and erection of structural steel forms a major part of Dorbyl's activity The group is able to undertake major projects both in Southern Africa, and other parts of the world

189

Iscor scour Europe for steel technicians

Daily Disp 30/4/75

PRETORIA — Iscor is scouring Europe for technical personnel in a bid to solve the chronic and serious shortage of skilled steel workers.

A spokesman at Iscor headquarters in Pretoria said there was a shortage of several thousand technical workers at Iscor's three steel works and seven mines.

The need for skilled workers was continually increasing because of the dynamic expansion programmes throughout the Iscor empire

Earlier this month an advertisement for workers inserted in a national British newspaper drew 3 000 replies A similar advertisement in a German daily resulted in 1 300 inquiries

These, the Iscor official said, would be processed at Iscor's permanent London recruiting headquarters

Iscor's need for technical staff is symptomatic of the acute shortage of skilled white workers throughout the economy, trade union executives commented.

All skilled trades — electricians, plumbers, building trade artisans — were seriously undermanned.

Local recruits from the white section to these trades were totally inadequate to meet the need.

The only solution, they stated, was an acceleration of the training programme for blacks, and in the disappearance of work apartheid and the barriers which held blacks back from advancing to more highly skilled and better paid occupations

Currently Iscor has 266 students at SA Universities on corporation bursaries, last year 2 808 apprentices were in Iscor training schools; and 495 completed their courses.

Since the beginning of this year 363 skilled immigrant workers have joined Iscor's technical staff — DDC

Steeling profits

FM 2/5/75 189

Industry is being subsidised by the steel producers especially Iscor. It would be better if they were allowed to make reasonable profits

The Loan Account in the 1975-76 Budget provided R70m for the purchase of "additional shares" in Iscor It should have attracted more comment

When government borrows money, pays the interest out of taxation, and re-lends it as equity, there's an element of subsidy unless revenue from dividends cover interest payments In Iscor's case, there's no present intention they should

In 1972-73 the government waived dividends totalling R7,5m Last year the figure was R8,8m The reason, as quoted in Iscor's 1974 report, was "to keep the domestic sales price of steel to a minimum."

So there's no question that the government has been subsidising Iscor for economic reasons It will almost certainly have to do so again this year, despite two increases in steel prices since last June

One reason for the general lack of criticism could be the halving of the R130m earmarked for government share purchases last year This suggests that Iscor's need for support is declining, although Finance Minister Owen Horwood did warn that "a further substantial amount" may be needed later

The R130m was itself a massive increase on the regular annual R20m promised up to 1980 81 It accounted for more than half the "very large" R251m increase in the 1974-75 Loan Account

A more likely explanation for apathy is the growing impression that public corporations like Iscor cannot survive without massive assistance That's just not so Iscor could get along unaided, although probably not with its present price list

Iscor incurred a loss of R37,60m in 1973-74, compared with a profit of R3,95m in the previous year Result "no earnings on shareholders equity available for ploughback "

Main reason Iscor is unable to generate enough profit to finance its own capital needs is price control Currently this is holding steel prices to nearly 50% below world levels

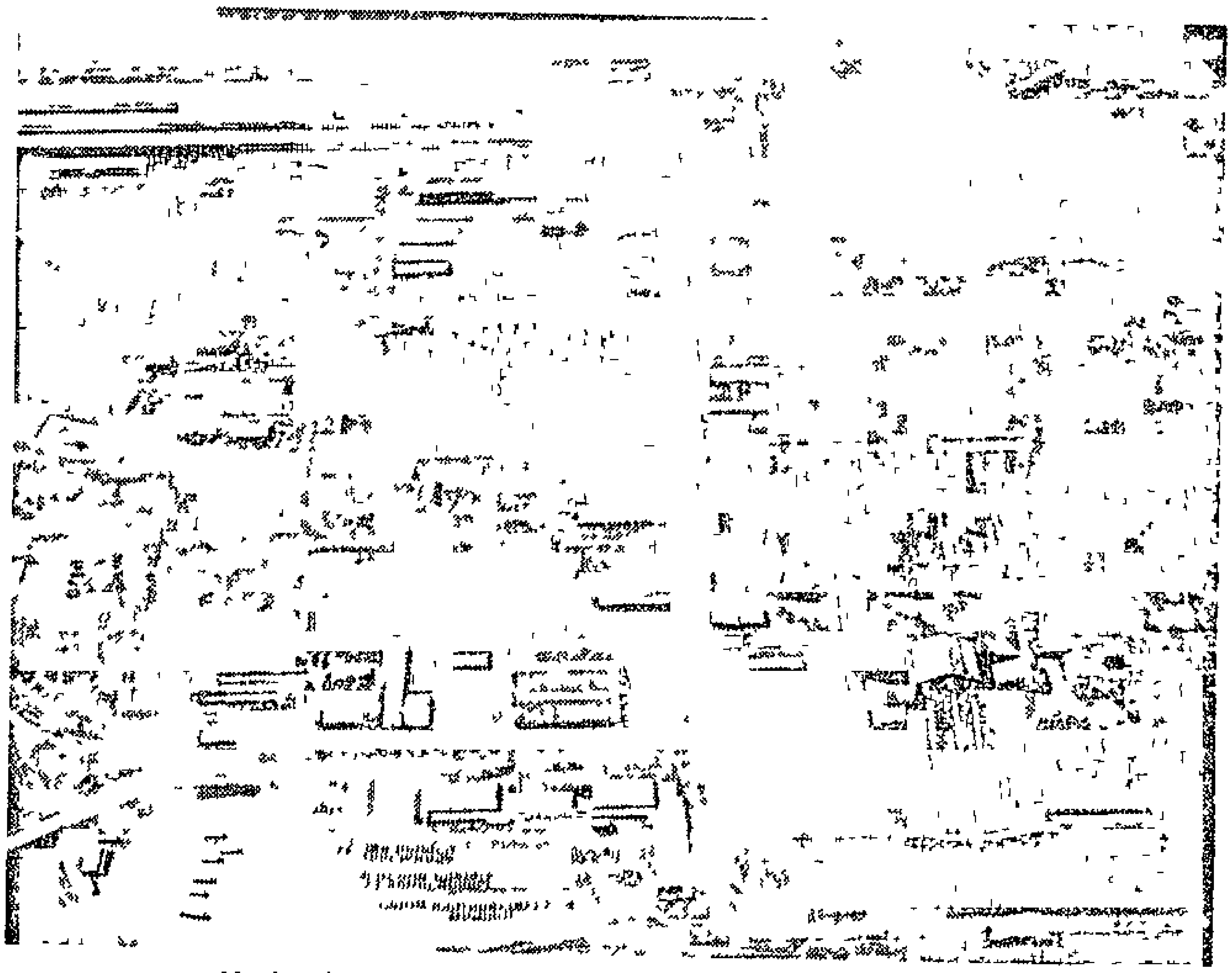
Anglo's Highveld is doing better, but not well enough Compared with Iscor's 1974 output of 4m tons, Highveld's 400 000 tons is small stuff So, for a start, the operations are not on a comparable scale

Normally this would be a point in Iscor's favour Unit costs in steel production tend to diminish directly with output

In fact it probably signifies the opposite owing to the wasteful practice, forced on Iscor, of having to supply any number of small orders Concentrating output on a more limited range would yield much greater economies (*FM* February 21)

Highveld enjoys three important advantages First, it's a closely integrated operation with one manufacturing plant and a single source of raw material.

This facilitates tighter management By contrast, Iscor has three mills and seven sources. It's not so easy to manage such a sprawling empire



Highveld . . . profits would suffer without vanadium

Second, Highveld exports a higher proportion of its steel than Iscor, although this was down to 13% in 1974 from 29% the previous year Iscor's exports earned only R28,2m in 1973/74 compared with a total turnover of R469m, ie 6%

As Iscor's modernisation and expansion programme advances it's expected exports can be increased. But these will, it seems, still be confined to products surplus to home market requirements.

Thirdly Highveld is the world's largest producer of vanadium, accounting for nearly half the total

Exports provided over 40% of Highveld's 1974 turnover, although more than three-quarters of this was vanadium. It's produced both as a by-product of steel-making and directly from the Vantra roastleach operation.

But even Highveld is not making satisfactory profits at current controlled prices It's been reporting for five years. The first year, which included the start-up period, showed a loss of R6,17m A pre-tax profit of R2,12m in 1971 was followed by a loss of R1,63m, explained mainly by poor trading conditions

Only since 1973 does steady profitability appear to have been achieved A net surplus of R7,49m was followed by

R 17m in 1974 This latter figure represents about 20% on capital employed

"It's still not enough", says Highveld's GM, Leslie Boyd "We need 25% before tax just to break even To beat inflation it must go higher"

Steel makers have the same complaint as other industries (coal, cement) subject to price control — the formula used to determine controlled prices is based on historic costs, and does not allow sufficient for plant replacement

So far Highveld has not faced any replacement problems Expansion is currently the burden on profits

Dunswart's chairman, Dr Fred Zoellner, in his 1974 report said his company had "been given to understand" that the Department of Industries had accepted the principle that assets be depreciated on a replacement cost basis

In practice the basis used is historic cost plus an element of escalation linked to the consumer price index This is still not satisfactory In 1973-74 Iscor had to provide an extra R21,63m, in addition to depreciation of R35,74m, to meet "increased replacement cost of fixed assets"

Dunswart's profit record is more sustained than Highveld's, and probably comes nearer to the desired level As a proportion of share capital plus reserves it was around 30% in 1973 and 1974

But with a 1974 output of only 294 782 tons, it's small even on Highveld's standards, and its circumstances are different

It's only partly integrated, unlike either Highveld or Iscor Main raw material is still scrap, although the proportion of sponge iron is increasing and would already have been higher but for plant breakdowns Altogether it's cost structure is simpler

So what alternatives could be applied to the steel industry in general, and to Iscor in particular? The easiest would probably be a higher controlled price Already the government appears to have accepted the principle of two price increases a year

The 25% across the board increase announced last June (an effective 21,6% after deducting an extra R5 for the import levy) came too late to help results for 1973-74 Both this increase and the further 9,8% on January 1 1975 should, however, help profitability in the current year

Iscor's chairman, Dr Tom Muller, predicted last June that the 25% price increase would not get Iscor out of the red this year It's possible the January increase might just do so It has more than compensated for inflation over the six-month period.

Another possibility would be to allow Iscor to modify it's public utility function There's no good reason why it should be forced to supply such an uneconomic range of products in such small quantities, although it recently increased the minimum tonnage for orders

There's more profit in supplying larger orders both at home and abroad A larger export share of output would also probably result in more steel imports. But the higher foreign exchange earnings would help compensate and the improvement in Iscor's profitability would cut the need for subsidies and thus the tax burden

Finally, the government could drop price control altogether That would mean SA steel prices rising to world levels. This would certainly cause a painful increase in industrial costs and eventually retail prices

But there's no obvious reason why steel users should be subsidised by steel producers If a subsidy is politically unavoidable there are other methods which would produce less overall distortion

Of course, it might well be in the economy's interest to allow complete freedom in steel no export restrictions, no import control, and no price control. But what would happen then is anybody's guess

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F.M 2/5/75

189

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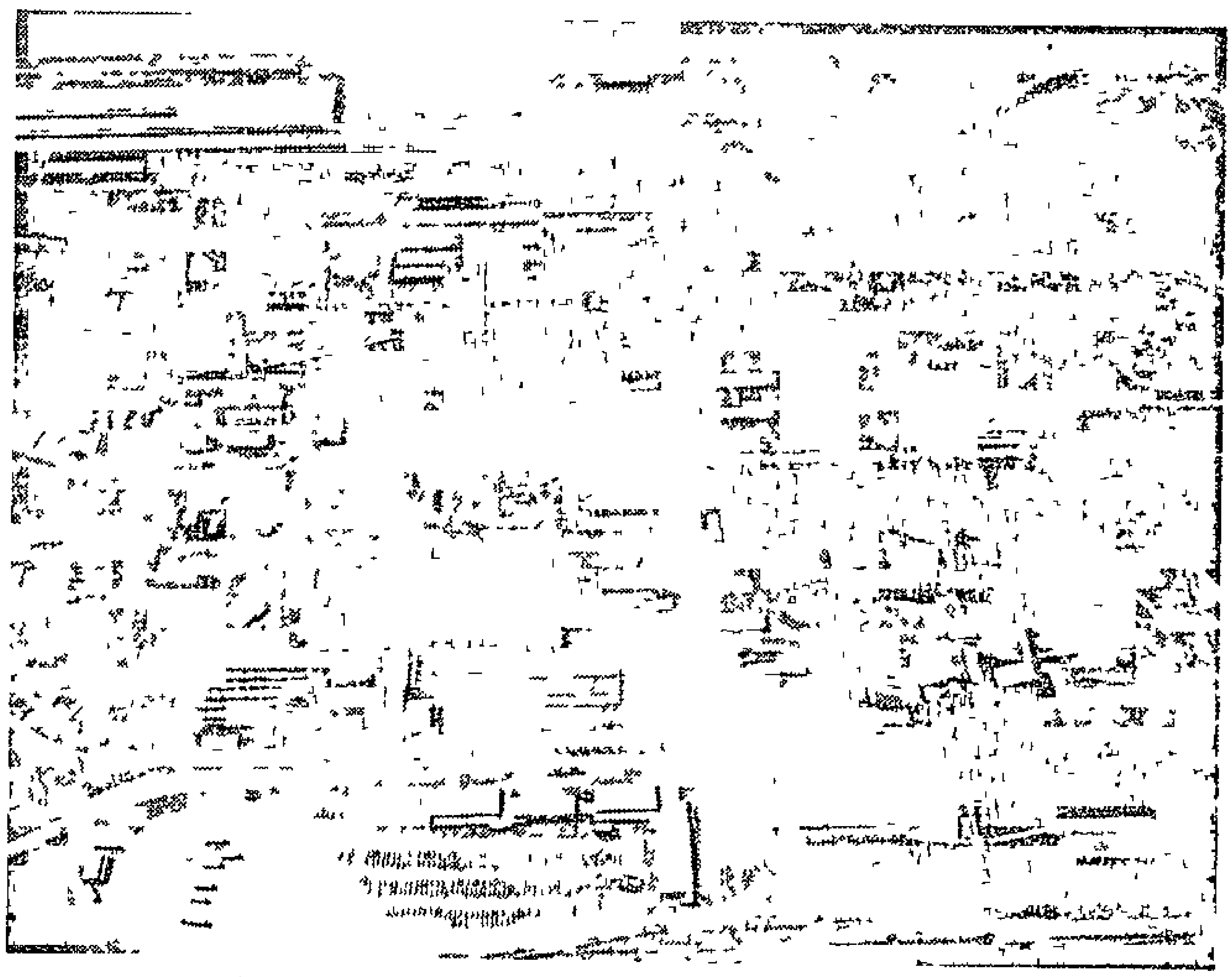

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(189)

SA steel output well up

STAR 12/5/75

Industrial Editor

Though steel production in South Africa has shown a sharp upward move in recent months, raw steel output on a world scale remained in a steep slide.

Statistics just published by the International Iron and Steel Institute (IISI) show that in the first three months of this year production in member countries, at 113 633m was 6,6 percent less than the 121 605m tons in the first three months of 1974.

The Iron Curtain countries and China are not included.

March production showed the biggest drop yet since the downward curve started and, at 38 560 000 tons, was 8,2 percent below the 42 006 000 tons in March 1974

Significant is the 18,3 percent drop in production by the original Community of Six in March Their production dropped by 12 percent in the first quarter of the year

UK production is improving after previous setbacks and is now about 17 percent above that of last year But Japanese output is falling faster, and production levels are now more than 10 percent below those of last year

Production in West Germany has dropped by a quarter since last year in March, France by 17 percent and Belgium by 16,5 percent.

South African production however, according to the IISI figures, shows a healthy increase of 15,7 percent in March and 21,3 percent in the first three months of this year

This reflects the commissioning of more production facilities, particularly by Iscor at Vanderbijlpark and Newcastle

In a review of total world steel production, including that of the USSR, the Iron Curtain countries and Red China, the IISI says there has been a 5,5 percent a year growth since 1961.

Western Europe just maintained first place in 1974 with 26,3 percent share in production, followed closely by Eastern Europe and the USSR with 26,1 percent. Asia, mainly Japan, took third place with a 22,3 percent share in production while North America produced 20,5 percent

DAILY DISP 12/5/75 (189)

EAST LONDON — A double boost for East London — improved concessions for industrialists and the establishment of a steel distribution centre — were announced here on Saturday by the Prime Minister, Mr Vorster.

Unveiling the name plaque for the new John Vorster Bridge over the Buffalo River, the Prime Minister said details of the concessions for industrialists in the East London area would be announced shortly.

The Government was concerned about the city's industrial future, he said, and added "The Government is very conscious of the need for a strong self-generating industrial cover here and to this end has already created a strong infra-structure of rail, harbour and communication links.

"Full statistics for the area are unfortunately not available. However, a survey carried out by the Decentralisation Board in 1973 showed there were 104 factories representing a capital investment of R73 million and employing 22 000 people in the city in 1971.

"In 1973 this had increased to 122 factories with an investment of R134 million and employing 27 000 people so it is obvious good progress is being made," Mr Vorster said.

This progress was made possible by the "liberal" concessions the Government had given to industry.

"We have decided again to improve these concessions" and he would announce further details shortly.

In addition the department of Industry and the Decentralisation Board were actively bringing East London to the attention of industrialists

Turning to Iscor, the Prime Minister said the iron and steel corporation would start building a steel distribution centre in East London immediately.

Speaking to an audience which included many of the city's leading industrialists, he said the Government had conducted a "careful investigation into the industrial future of East London."

"The ready availability of steel here at prices competitive with the Reef will be a strong stimulus to expansion.

"After investigating the best way of integrating Iscor's activities into this area, we have decided to ask Iscor to start work immediately on establishing a steel distribution centre at East London.

"You will agree that this is something worthwhile for the city," Mr Vorster told his audience. "However, in the final analysis, the future of East London depends on the confidence that you as leaders of commerce and industry have in your city.

The announcement has been welcomed by commerce and industry in East London

"At long last Iscor are going to show their faces," Mr T. Peters, president of the Chamber of Commerce, said "This will benefit the whole area by attracting ancilliary industries to the area."

He described the announcement as "the first step on the ladder of the future development of East London

Vorster for coming to East London to give us this great news Today is the culmination of all my efforts," he said.

Interviewed yesterday, Mr De Lange said the announcement meant industrialists in East London would be able to compete with any in the country.

"This is of tremendous value and proves that East London is on the way up. The concessions which are coming will also give industry here a tremendous boost," he said.

He revealed that the City Council had been having secret negotiations for some time before the announcement was made

Mr Vorster's announcement was also welcomed yesterday by the Mayor of King William's Town, Mr C. B. Jennings "This is something we have been waiting for for many years. Not only East London but the whole area will see the benefits and repercussions.

"It is of vital interest to all of us," Mr Jennings said. — DDR

Daily Disp. 14/5/75 189

Steel centre may be ready soon says Iscor

EAST LONDON — The Iscor distribution centre announced for East London is likely to be a large warehouse with cranes and handling and cutting equipment.

An Iscor technical manager, Mr J. P de Vos, said from Pretoria yesterday that the principal of a distribution centre in East London had been cleared by both Iscor and the Government.

"In other words, the government has agreed to subsidise the transport of the steel and the financing of the project," Mr De Vos said.

"We now have to do a detailed study and if we get cracking, it shouldn't be too long before the project gets underway."

Mr De Vos said Iscor had undertaken a feasibility study for a cold mill in East London, but this had turned out to be uneconomic and the distribution centre was the alternative which the corporation had suggested to the Cabinet.

"There is still a lot of bone crunching to be done, but now we have the support of the government, we can get the project going."

The distribution centre will be the first in South Africa outside the Reef and Mr De Vos said it would carry the widest range of steels possible to stimulate secondary industry on the Border.

By subsidising the transport of heavy steel, the government is ensuring that Border industry will get steel at the same price as on the Reef, and at a railage cost of about R35 a tonne the distribution centre will save existing industry on the Border thousands of rand a year.

Nobody could confirm yesterday where the distribution centre will be built in East London. Iscor has about 2 600 hectare of land available to it on the West Bank, but if large tonnages of steel are going to be moved to and from the distribution centre, the single rail line across the Buffalo River may not be able to cope with an Iscor warehouse on the West Bank.

The System Manager for Railways, Mr H. J. Fritz, said yesterday there was still spare capacity on the line over the Buffalo River, but if Iscor intended moving large tonnages, the railways could have a big problem.

"But we won't know until we hear what sort of tonnages Iscor has in mind," Mr Fritz said.

If the tonnages are too large, Iscor may have to return some of the West Bank land to the municipality and site its distribution centre in Berlin.

The question also arises whether industries outside the Border area, such as the big motor factories in Port Elizabeth, will be able to draw steel from East London and so cut down on their own railage costs.

Yesterday East London's Mayor, Mr R L de Lange, reiterated his view that the announcement was "the turning point in the history of the city," and said that details of the new concessions to industrialists could be expected by May 20.

"Our industrial ground is of the cheapest in South Africa. Add to this steel available at prices competitive with the Reef, and concessions which at the moment are 40 per cent on railage and 25 per cent on shipping, and the implications of the Prime Minister's announcement are obvious," the Mayor said.

He added that Iscor was at the moment investigating means of subsidising the steel. — DDR.

Training centre opens for Coloureds

RDM 14/5/75

EAST RAND: ROY DEVENISH

ABOUT 350 of the Rand's top industrialists will be among the guests at the opening of the technical planning centre at St Anthony's in Reiger Park tomorrow afternoon

The main speakers will be Mr Harry Oppenheimer, Mr Sonny Leon, chairman of the Coloured Peoples' Representative Council, and Mr Peter Loveday, managing director of Standard Telephones and Cables.

Although the centre will cater mainly for the training of Coloureds, a small number of Africans will also be trained.

The three-storey building was erected and equipped at a cost of about R200 000 after a group of industrialists on the East Rand decided in July 1973 that there was a great need for industrial training, particularly amongst the Coloured population in the area.

A number of companies who had each donated more than R40 000 to the project were then set up as a board of trustees for the project known as EASTER (Education and Skills Training on the East Rand).

It is estimated that about 1 600 people will be trained in technical subjects at the centre each year.

Training will be given in pre-identified fields such as basic schools, material working and certain types of artisanship, as well as in the development of supervisory and management potential.

Among specific trades which will be taught are basic electronics, engineering and welding.

Kempton Park

THE TOWN COUNCIL of Kempton Park is apparently not happy about the way the Department of Transport refers to Jan Smuts Airport.

It has decided to write to the Minister of Transport requesting that where his department refers to the airport in publications, the Press and radio reports from South African Airways, the airport should be referred to as Jan Smuts Airport, Kempton Park, and not as Jan Smuts Airport, Johannesburg, as is at present the case.

The council has also decided to find out what the department's views are on the holding of collections at the airport.

A recent decision taken by the council states in part, "that the council does not regard it as desirable for overseas visitors to be confronted on their arrival in South Africa by collection boxes."

POLITICAL COMMENT in this issue by Raymond Louw, Rex Gibson, Benjamin Pogrund and Ralph Cohen, newsbills by J. C. Viviers, headlines and sub-editing by Patrick Carfax all of 171 Main Street, Johannesburg.

Keep Portuguese, urges Seifsa chief

Staff Reporter

ORGANISED industry is putting heavy pressure on the Government to take the brakes off recruitment of White artisans from Mozambique.

Industrialists are also asking the Department of the Interior that the hundreds of Portuguese workers taken on since last September's riots in Lourenco Marques be allowed to stay.

The pressure from industry hits at a most sensitive area of South Africa-Mozambique relations as Frelimo tries to ensure that it retains the diminishing number of skilled Whites on the eve of the territory's independence.

Yesterday, Mr Errol Drummond, the director of the Steel and Engineering Industries Federation of South Africa (Seifsa), confirmed he had acted on the requests of his members.

He said that last week Seifsa and the Department of the Interior had "final discussions on clarifying the manner in which Portuguese labour may be employed in South Africa."

"Many of the people who took part in the exodus from Mozambique in the last seven months have taken up work with members of Seifsa. The matter has now been greatly clarified," he said.

He said he would soon be issuing a statement of Seifsa members on what the discussion achieved.

But the Secretary for the Interior, Mr J. L. S. Fourie, yesterday would not comment when asked for details of the discussions and of what was agreed

Spokesmen for several industries affiliated to Seifsa yesterday confirmed they had written to Mr Drummond both on before behalf of Portuguese employees on temporary residence permits and of those queueing up in Lourenco Marques for permission to cross the border.

One spokesman explained: "Since last year's rioting, the authorities have tightened up on the control of Mozambique artisans.

"The normal high education requirement, which had been waived prior to the riots, was reimposed, disqualifying most of the workers.

"But industry needs these workers, and so does the country, if, for example, Sasol 2 is ever going to be built."

It has been estimated by one Portuguese labour expert that up to 40 000 Portuguese were living illegally in South Africa before last year's riots.

Since then an estimated 50 000 had left Mozambique — most of them for South Africa, he said.

187

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329

RDM 21/5/75

113 sacked in pay row

DURBAN—More than 100 African and Indian workers at Defy Industry's Jacobs factory were yesterday dismissed after a row with management over a production bonus scheme.

The 113 men stopped work on Monday after claiming that they had only received half their normal weekly production bonus last week. Management then gave them an ultimatum to return to work or be dismissed.

HANSARD 15 Q. 1032-4
23 May 1975.

~~L 780~~
2. 189

Steel exported/imported X

The MINISTER OF ECONOMIC AFFAIRS replied to Question *32, by Mr. H E J van Rensburg:

Question:

(a) What quantities of steel were (i) exported and (ii) imported during the latest period of 12 months for which figures are available and (b) what was the average price per ton in each case.

†Reply:

(a) (i) and (ii) and (b)

Product	Tons exported	Average f.o.b. price per ton	Tons imported	Average f.o.b. price per ton
Profile products	282 661	R142-20	330 247	R252-24
flat products	316 522	R181-23	750 967	R239-34

More jobs for Blacks

Sun Trib (Fin) 25/5/75

Financial Reporter

BASIC industries are to open more job opportunities to Black workers — chiefly in the metal and engineering trades — as a result of this week's agreement between employers and the trade unions that job reservation is a thing of the past.

The agreement came in a meeting of the National Industrial Council for the Iron, Steel, Engineering and Metallurgical Industries (Tribune Finance last week) when trade unions accepted that the best solution to the labour shortage was to bring Black workers in at the bottom of the scale and retrain Whites to higher skills.

Draft proposals on job allocations, including the use of displaced Portuguese workers from Mocambique, are now being examined by the trade unions and employers and a final workable formula is scheduled to be completed within the next month or two.

Steel industry pours R2000-m into future

25/5/75 Sun Times (Bus Times)

ABOUT R2 000-million is expected to be invested in the iron and steel industry between 1973-79, with Iscor — producer of 72 per cent of South Africa's steel — bearing the brunt.

The basic steel industry is capital-intensive and unlike the long-term demand for its products — which increases at a relatively even rate — production capacity increases in a series of steps

Before each enlargement of productive capacity, local supply is often unable to meet local demand This switches to over-capacity as expansions are made, resulting in a continuing yo-yo situation.

Since 1969 the local steel industry has had increasing difficulty in meeting the expanding local demand.

More steel has had to be imported — from a relatively low value of R38-million in 1969 to R110-million in 1973.

Indications are that steel imports last year and this will be even higher.

One of the problems is that steel mills of international standard take several years to come on-stream.

New schemes need careful planning and timing

In the State's new Economic Development Programme, large expansion projects will gradually come on-stream and will enable the industry to cope with new demands.

EDP planners have projected an increase in production of 10,2 per cent a year until 1979.

The planners believe that imports will decline from the high level of R110-million in 1973 to only R51-million in 1979.

Exports of basic steel products increased rapidly — by 12,1 per cent — between 1963 and 1973. Apart from the large contribution that came from the export of basic steel, the growth in the export of ferro-alloys also played an important part in the industry's commendable export performance.

Taking into account the planned large extensions to local productive capacity of steel in particular, coupled with the strong possibility of an export-oriented steel mill to be located at Saldanha Bay, the export target growth rate of 12,2 per cent a year — envisaged by the EDP —seems to to be within the industry's grasp over the next five-year period.

Domestic demand is expected to expand at a much slower rate than that of production and its growth has been set at only 7,1 per cent a year over the 1974-79 period

This large growth differential is mainly attributed to the high rate of import replacement as well as the expected rapid growth in exports

The main domestic industrial consumers of basic iron and steel products, in order of importance, are:

- Metal products;
- Machinery (other than electric),
- Electrical machinery and appliances,
- Transport equipment,
- Construction (especially civil engineering),
- Transport and communication.

Basic iron and steel products are pig iron; ferro-alloys and steel products, such as billets, blooms, slabs or bars, hot and cold rolled and drawn products, such as sheets, tin-plate, terne-plate and black-plate, strips, rails, rods, wire rods and wires; castings and forgings

To match the overall projected expansion in production, employment must grow at a rate of 6,7 per cent a year from last year to 1979

However, thanks to automation, training and better use of its labour force, a relative improvement in the semi-skilled and skilled labour position could occur

There is also the lure of recent wage rises in the iron, steel, engineering and metallurgical industries, which added up to 15 per cent to the wages of 70 000 Whites and 250 000 Black workers

On the basis of a 46-hour week, the new increases mean the top minimum wage in the industry (for Whites) is now R87,40 a week

Although the wage gap between Blacks and Whites substantially widened, in percentage terms the Blacks won rises almost twice those of White workers

189

(189)

Steel planning is good — Flekser

Sun Times (Bus Times) 28/5/75

TWO recent world tours by Mick Flekser, chairman of the Flekser Steel Group, and the managing director, Hymie Flekser, have convinced them that South Africa is ahead of other countries in its planning of steel production to keep pace with industrial growth.

Flekser Steel is based at Wadeville, Germiston.

"Iscor has been far-sighted in the way it planned its new mills years ago," said Mick Flekser.

"As its new facilities come into production, Iscor is largely able to cope with increasing demand, creating a stability which would be impossible if there was a big fluctuation between supply and demand.

"In a number of countries we found industrial progress stunted because of steel shortages There was also a tendency for steel prices to shoot up because demand could not be met," he said.

He added that South Africa could not escape the levelling off of industrial growth that has followed boom periods all over the world.

"With less industrial expansion, the next six months could see a drop in demand for steel But there will undoubtedly be a resurgence during the middle or latter part of 1976," he said.

(189)

Alusaf warned: Your price is too high

Sun Times (Bus Times) 25/5/75

THE price of aluminium from Alusaf — sole supplier in South Africa — is causing concern in the extrusions industry.

For the past three years extrusion firms have been prevented from importing aluminium and have had to buy through Alusaf.

During that time Alusaf's prices have leapt from R450 a metric ton to R700 and are about 15 per cent higher than overseas prices, according to John Muir, managing director of Aluminium Extrusions.

"Aluminium in South Africa is the most expensive in the world, and we are competing against the cheapest steel in the world.

"Alusaf could price itself out of the market because of customer resistance. I saw an example of this in Durban recently where wooden shop fronts are being used instead of aluminium.

"Our volume has gone down 25-35 per cent this year because of the slump in the building industry. It can become uneconomic for a property developer to build with aluminium," said Mr Muir.

Before Alusaf was formed, Huletts Aluminium — which holds 80 per cent of the extrusion market — and Aluminium Extrusions imported from North America.

"We have contracts with South African Railways which were taken out five years ago when we were allowed to import cheaply," said Mr Muir. "The rise in price is now more than the original price.

"People are price conscious. They are going to seek alternatives. They could even make window frames out of plastic.

"In Australia, New Zealand and the United States, 70 per cent of window frames are made from aluminium. In South Africa it is about 7 per cent — because of the low steel price here. We can never compete," he said.

Aluminium Extrusions and Huletts Aluminium are hoping to form an "Extruders Council" as a bargaining force with Alusaf.

Peter Barnitt, marketing services manager of Huletts Aluminium, said: "We think it would be of use to have a body to represent the extruders industry."

It is understood that such a body would discuss aluminium prices.

In an effort to counteract high raw material prices, Aluminium Extrusions has bought a R650 000 press from West Germany.

"It was installed last year and our productive capacity has already trebled. It extrudes sections better and faster than any other press in South Africa," Mr Muir said.

"It has a number of built-in features which allows it to produce conductors for electric cables at an economic rate.

"We can produce quickly at low cost — about 20 per cent cheaper than what is being offered today.

"Most electrical companies are turning to aluminium cable because of the price of copper. It is expected that the use of aluminium over copper in this field will increase by 300 to 400 per cent during the next two years," said Mr Muir.

"One electrical cable company has said that by the end of next year its consumption of aluminium will be more than the total consumption today," he said.

Mr Barnitt agrees: "Aluminium is taking over from copper in the long term. It has already done so in overhead lines and is doing so more and more underground."

Huletts Aluminium is starting work on a R20-million plant extension in Maritzburg which includes a second cold strip mill.

The new plant will enable the company to enlarge its range of sheet products. In particular, it will be possible to manufacture locally for the first time thin-gauge sheet for easy-open can tops and for complete aluminium cans.

"This expansion will give us sufficient additional manufacturing capacity until the early 1980s," Norman Duncan, managing director, said.

"This is based on our belief that the demand for aluminium products will grow at between 10 and 11 per cent annually during the next 10 years."

189

R1 000-m a year bill for machines in 4 years

Sun Times (Bus. Times) 25/5/75

THE machinery industry is one of the few metal consumers experiencing an upturn in demand and increase in investment.

The industry comprises the manufacture of all machinery other than electrical machinery and equipment.

Most supplies of machinery and spares are imported — about 63 per cent of domestic demand.

It is estimated that imports will increase at 9,4 per cent a year and could top R1 000-million by 1979.

The main reason for this is the inability of the local industry to compete with imports.

The only exception is South African mining machinery and equipment, which rates highly throughout the world.

Industrialists are also hesitant to make large investments in new plant capacity, especially in lines where the domestic market is small.

The import of farming equipment — mainly tractors — is expected to grow at 6,5 per cent a year, assuming that no local content programme for tractors is introduced.

Imports of other machinery is expected to increase at the rapid rate of 9,6 per cent a year.

Exports advanced rapidly in the period 1963-73 and on average grew by 15,9 per cent a year. Such exports consisted mainly of mining and agricultural machinery, implements and parts.

Despite the keener competition that is expected in foreign markets, an export target growth of 8,2 per cent seems well within the industry's capabilities.

Fixed investment in machinery and equipment amounts to R90-million a year and is expected to increase at an annual rate of 5,1 per cent between 1974 and 1979.

Two years ago R467-million of the domestic demand for "other machinery and equipment" was absorbed by industrial users for maintenance and replacements.

The biggest part of this demand consists of investment in ne...

189

SAR keeps the mills rolling

Sun Times (Bus Times) 25/5/75

SOUTH AFRICAN RAILWAYS must invest R65-million in railroad equipment if the projected annual growth of 10,7 per cent for the transport equipment industry is to be realised.

The production of railroad equipment forms most of the industry's activities. The SAR buys about 80 per cent of its needs locally.

The industry covers the manufacture and repair of aircraft, railway transport, ships and bicycles.

Production of railroad equipment constitutes about 66 per cent of the total production, followed by ship and boatbuilding and repairs (23 per cent).

Imports show large fluctuations because in some years passenger aircraft — such as jumbo jets — are bought whereas in other years there are no imports of such value

Imports are expected to grow at the high rate of 14,7 per cent a year between 1974-79, assuming that the investment demand — which has a high import content — increases as predicted.

Most export earnings are from ship repair work to foreign vessels. Export of equipment and repairs are projected to increase slowly from R22-million to R28-million in 1979 — largely based on declining sea traffic caused by the reopening of the Suez Canal.

The planned establishment of a drydock and ancillary repair facilities at Saldanha Bay will, however, represent an important breakthrough in repair work on super carriers.

Investment demand for railroad equipment is projected to increase from R199-million to R326-million in 1979.

This is largely based on planned expansion programmes by SAR, but also considers the need for new rolling stock by Iscor for its Sishen-Saldanha rail link.

Capital required for the projected increase in production of transport equipment

Sun Times (Bus Times) 2/8/78

(189)

EXPORTS of electrical machinery and appliances are expected to increase from R20-million to R37-million in the next four years

This R750-million industry, the third largest consumer of basic iron and steel, has a somewhat limited export potential — largely because of its inability to produce at competitive prices for world markets

Further, as far as the lighter side of the industry is concerned, many underdeveloped and developing countries have embarked on import substitution schemes of their own.

But as far as the heavier part of the electrical machinery and appliances industry is concerned, South Africa is well placed.

It is poised to secure a larger portion of the rapidly growing demand from the developing and underdeveloped countries, especially in Africa.

Solly Jackson, managing director of R. Jackson, the Johannesburg metal merchandiser, said "The electrical sector is experiencing quite a solid demand This is a steady sector of the industry, because as South Africa becomes more industrialised there is an increasing demand for electricity

"The big consumers in this field are General Electric, Union Carriage and the many manufacturers of switchgear The metals used are basically copper, aluminium and mild steel," he said.

The industry comprises the production of electrical equipment for the generation, storage and distribution of electrical power —generators, transformers and switchgear, electric motors; electrical apparatus, including household appliances, electric light bulbs; communication equipment — radio and telephones; batteries; and electronic valves.

The production of electric motors and apparatus (excluding cable and wire) responsible for about 28 per cent of the industry's production shows a continual downward trend.

This is due to a slowdown in domestic demand and fierce competition from imports.

This is borne out by the fact that imports as a percentage of local production have increased from 50 per cent in 1967 to about 63 per cent

Production of electrical machinery and cables at present stands at R191-million (projected at R258-million in 1979) and other electrical appliances and equipment at R255-million (R403-million in 1979)

Imports of machinery and cable are R148-million (R280-million projected for 1979) and other appliance and equipment come to R132-million (R228-million in 1979).

Most imported products consist of heavy capital goods, such as electric motors, generators, transformers, electric furnaces, transmission and reception apparatus, switches and circuit breakers.

In general the industry has a low level of protection, which limits its ability to satisfy a larger part of the local need

Total domestic demand is expected to rise from R327-million to R516-million in 1979 — a relatively rapid increase.

A substantial part of the industry's products — consisting largely of parts and components for maintenance and replacement purposes — is taken up by industrial users.

One notable exception is the construction industry, where products are used mainly for the construction of new buildings, or for the construction of overland electricity transmission lines.

Sun Times 25/5/75

By TONY STIRLING

THE insurance industry and the Steel and Engineering Industries Federation of South Africa (SEIFSA) are at daggers drawn over the introduction of a new pension scheme to supplement the federation's existing schemes covering 430 000 employees.

The insurance companies claim that because of a lack of information about the benefits of SEIFSA's new scheme, they have advised their clients, many of whom are operating private pension schemes, to apply to opt out of SEIFSA's new Metal Industries Group Life Provident Fund

But SEIFSA, according to its director, Mr Errol Drummond, is refusing to supply insurance companies and brokers with information about their scheme because of bitter past experience when, he claimed, the insurance industry tried to beat the introduction of SEIFSA-administered schemes by selling their own schemes before the federation's came into operation

"We are willing to supply any bona fide member with details of the scheme, but not the insurance companies," said Mr Drummond

Mr Errol Drummond . . . "Bitter past experience"

Climb in

The new scheme, which supplants the existing lump-sum contribution scheme of R1,20 and 90 cents payable by employer and employee respectively, comes into effect on June 2 — coinciding with general pay increases in the industry

According to Mr Drummond, it will involve about 90 000 employers and bring an additional R11-million a year to the fund, which stood at R80-million at the end of last year It requires a five per cent contribution from employers and employees

It was for this reason, he said, that detailed information about the scheme was being kept from the insurance companies, as also the reason why relatively short notice had been given to ... of their own as soon as details of SEIFSA's schemes became known.

This had occurred in 1957, when the present contribution scheme was introduced, and again when SEIFSA introduced a scheme for Africans and lower-paid workers in the industry, he said.

Those companies in the industry who had pension schemes in operation before 1957 were exempt from the revised scheme, but those who introduced schemes after 1957 would have to apply for exemption

The insurance companies estimated that about 50 per cent of the companies operating in the industry already had private pension funds. "We feel unable to advise them about SEIFSA's scheme because we simply don't know whether it is better or inferior to their existing pension arrangements," said the pensions manager of a major ...

Sun Tribune (Finance)

Financial Reporter

25/5/75

ON August 23, the University of Port Elizabeth is to confer an honorary doctorate of commerce on Mr Errol Drummond, dynamic director of Seifsa, in recognition of his contribution to the steel and engineering industries in this country.

He is one of three men who are to be honoured at a special ceremony to mark the tenth anniversary of the foundation of the university.

The other two to receive honorary doctorates are the President of the Senate, Senator Jan de Klerk and Professor A. C. Cilliers, a lecturer at the University of Stellenbosch.

Mr Drummond, who grew up in the Warner Beach area of the Natal South Coast, was educated at Durban High School and the University of Natal where he obtained bachelor degrees in commerce and economics.

The degree to be confered on him by the University of Port Elizabeth is the highest that can be awarded in the faculty of economic sciences.

Sun Times (Bus Times) 25/5/75 (189)

Castings rank with world's best

SOUTH AFRICA'S foundries have moved steadily up the export ladder in recent years with castings renowned throughout the Western world for quality and competitive prices

The reason for South Africa's success overseas is the continued insistence by foundry executives on the highest standards of workmanship, coupled with rigorous testing at all stages and the strictest attention to price levels

Three domestic factors have stimulated the foundry industry in the past five years

- The increase in domestic industrial activity, resulting in a rising demand for castings for engineering,
- The rise in the price of gold, which has given the mining industry a tremendous boost,
- The steady advance in local foundry practices and techniques, which has resulted in a rising demand for the more sophisticated foundry products previously imported from Europe

But apart from the domestic demand, the world shortage of castings has brought South Africa into sharp focus as a potential supplier

The joint managing director of Unifront Founders (Pty), Germiston, is Michael Brassey, who recently joined the company after being associated with it for several years as a buyer

He said: "The United States, South America and West Germany are in the market for castings

"South Africa can expect to play its part in meeting this demand Unifront is already making steel castings for the American automotive industry and we can expect shortly to be supplying castings for the Australian market"

South Africa's natural resources give it an important advantage over others in the production of high-grade castings at competitive prices

The oil crisis has played its part. South Africa uses coal almost exclusively for the generation of electricity and has, therefore, escaped the sharp production price rises in oil-reliant countries.

In addition, almost all the raw materials used in foundry production are indigenous to South Africa. There is also an abundance of labour which, although not cheap, is particularly suitable for heavy industrial work.

Finally, South Africa can expect to benefit from the new policy of detente. The attitude of Black Africa is changing. Countries which a year ago would not consider trading with South Africa, are now thinking otherwise.

Here again, the world economic situation is forcing countries which previously looked only west or east to look south as inflation, transport costs and sheer geographical common sense exert their influence on national economies.

"We know that the insurance companies will try to climb in with their own schemes before we can put into operation that devised by SEIFSA — in consultation with the 10 trade unions and the employers," said Mr Drummond.

Mr Drummond claimed that the insurance industry had tried to "torpedo" schemes previously introduced through SEIFSA, by pushing through schemes

"All of our clients are being advised to apply for exemption from the SEIFSA scheme," he said.

Mr Drummond said the benefits offered under SEIFSA's revised scheme were as good, or better, than those that could be offered through insurance companies. The fund was self-administered, so the administration costs were low, and no commissions were payable.

Sun Times (G.T.) 25/5/75

By FLEUR DE VILLIERS

ISCOR is expected to shed a large part of its holdings in Metkor to defuse mounting public criticism of State competition with the private sector.

This became clear following a statement this week by Iscor's chairman, Dr Tom Muller, to the annual congress of the Afrikaanse Handelsinstituut.

Speaking on the capital needs of State departments and corporations vis-a-vis those of the private sector, Dr Muller admitted that Iscor's expansion over the years had, although "justified at the time", led in certain cases to "undesirable competition with the private sector."

Metkor is to top the list of those companies in which Iscor is preparing to shed its controlling interest.

With Metkor would go a large number of other companies including Wispeco, Usco, Fowler Construction, Stewarts and Lloyds and Dorbyl (formerly Dorman Long).

While the intention is there, however, Iscor's retreat from Metkor will have to wait for a stock exchange recovery and an improvement in the performance of Metkor shares, in particular.

It is also known that Iscor is not prepared to sell off separate "chunks" of its holdings in Dorbyl or of Fowler, but would like to keep the Metkor empire intact.

Heavy going for Eveready

RDM, 26/5/75

By CHRIS CAIRNCROSS

EVEREADY South Africa, the Port Elizabeth-based battery, radio and electrical equipment manufacturer, made heavy weather of inflation and increasing costs in the 12 months to February 28 last, reflected in the fact that it was only able to push up taxed profits 2,7 per cent on the previous year.

Taxed profit for the year rose to R2 288 001 from R2 228 075 in the previous 12 months

The picture might have been worse but for the slight boost given by the sale of property which netted R173 995

The company is pegging its final dividend at 5,5c a share, although as previously reported the interim was raised 0,5c to 3c (2,5c). It is expected that the dividend payment will be made about August 29.

Eveready's shares ended last week at 125c to yield 20,8 per cent on earnings and 6,8 per cent on dividends.

On the basis of the comments by the chairman, Mr W. S. Giles, at the halfway mark it is clear that the company's profit margins have been squeezed by increasing costs. The downturn in the motor industry last year has also played its part in giving this company an uncomfortable 12 months

The big increases in raw material prices are one of the cost factors which had an adverse affect on the company, which is a subsidiary of Ever Ready of Britain.

The director's report will be issued on June 27. Because of prevailing economic conditions and the prediction that the next 12 months are not likely to show much of an improvement, it is almost certain the directors will not give shareholders any good news to chortle over.

DUGSON

DUGSON HOLDINGS increased its taxed profits for the year to December 31 last to R595 000, compared with R317 000 in the previous year

The dividend has been pegged at 10c.

The chairman, Mr M. Shein, says in his annual review he is confident that his group will experience a favourable 1975.

Daily Dsp 27/5/75.

189

Berlin preferred as site for Iscor

EAST LONDON — It would be "extremely dangerous" if the East London City Council allowed Iscor to open their distribution centre on the land they own on the West Bank.

So said Councillor J. Opperman at last night's meeting of the city council.

Mr Opperman said although the city council could not "hold a gun at the head of Iscor", he felt it would be wise to tell Iscor now that they could only be accommodated at Berlin.

The Iscor question, which was not on the agenda, was raised by the Deputy Mayor, Councillor J Yazbek, when he said he felt council should consider making a request to Iscor that the new plant be sited at Berlin "for obvious reasons" After the meeting Mr Yazbek said the "obvious reasons" referred to all the necessary facilities already having been established at Berlin.

During the meeting, Mr Yazbek said "The making of Berlin is all that counts at this moment."

The Mayor, Councillor R. L. de Lange, interjected and said if Iscor officials felt they must go to the West Bank, "then that's where they will go"

Councillor H G Kipling said the siting of Iscor at Berlin would be advantageous as all the facilities were already available at Berlin

"If they decide to go to the West Bank, it will take 18 months to two years to get all the facilities ready"

This was obviously referring to the Prime Minister's assurance that the plant would become operative "immediately".

Mr De Lange said Iscor had a man overseas getting professional advice on what sort of plant they will have at East London

It was at this point that Mr Opperman said that while the council did not want to hold a gun at the head of Iscor, he felt the council should try to persuade Iscor to open their plant at Berlin

"Couldn't we possibly say we can only accommodate them at Berlin," Mr Opperman asked

There were loud murmurs from many of the councillors present, obviously expressing their disapproval

The question of road traffic through the centre of East London was raised and when it was mentioned that the increase in traffic could cause "chaos", the Mayor interjected and asked that councillors refrain from using the word "chaos".

Mr Opperman then tried to continue but was interrupted by Councillor F Stakemire on a point of order Mr Stakemire said the matter had not appeared on the agenda and should be handled at a later stage

The Mayor ended the discussion with "Whether they go to West Bank or Berlin we will provide the services"

Mr De Lange said the Prime Minister, Mr Vorster, had given Iscor to East London "and we will accommodate them"

Mr De Lange appealed to the press to not blow up the story and said that what Mr Opperman said was in all good faith — DDR

(A9)

Uranium has R400-m boost for industry

Sun Times (B.T.) 1/6/75

By ADAM PAYNE

A BOOST of about R400-million will be given to the South African engineering and construction industries when the Uranium Enrichment Corporation builds its commercial plant in the Transvaal.

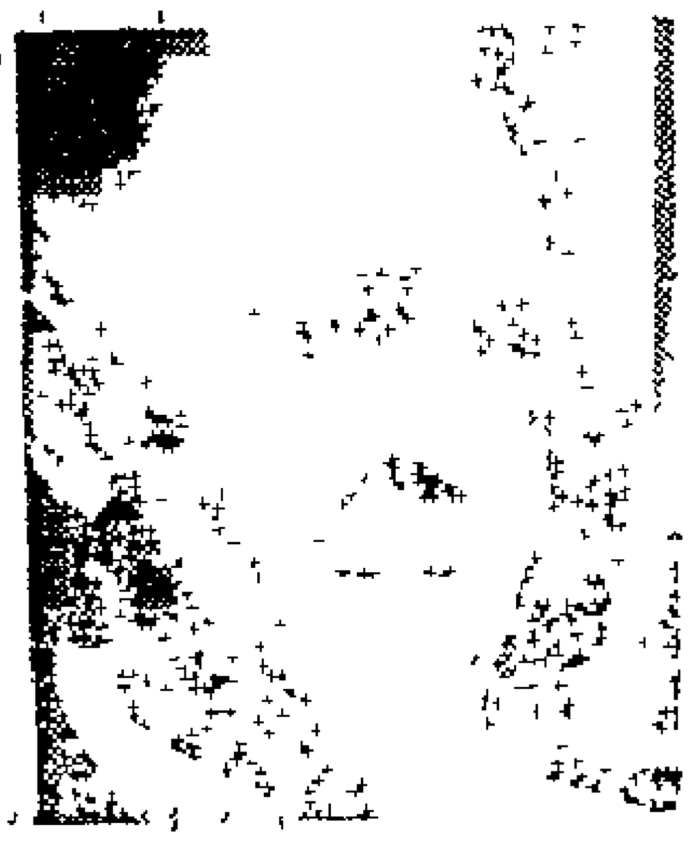
Dr A. J. A. (Ampie) Roux, president of the Atomic Energy Board and chairman of the Uranium Enrichment Corporation, said this in a special interview on the constructional and staffing aspects of the planned plant.

His replies to questions were based on the results of feasibility studies and he said they should not be interpreted as in any way implying that a decision to construct a commercial uranium enrichment plant had been taken.

However, plans for the plant are going ahead and, because of the success of the pilot plant in producing enriched uranium by a South African process, a decision to go ahead with the commercial plant is expected, although Dr Roux did not say so.

Points he made in the interview were:

- As the plant will be dependent on low-cost electricity its siting would be in the vicinity of a pit-head coal-fired power station.
- Only a small proportion of the materials needed for manufacture of the equipment here is not locally available



Dr Ampie Roux . . . There's gold in uranium.

- About R400-million — at 1974 money values — will be spent directly on plant and equipment in South Africa over 10 years.

Questions and replies in the interview were.

Q: How much of the uranium enrichment plant do you expect will be locally made?

A: It is difficult to give an accurate percentage because tenders will be invited both locally and overseas, but it is estimated that at least 60 per cent will go to local industry

In addition to having geographic advantages, local industry is in a strong position to compete because it already has experience of the sophisticated manufacture called for in the nuclear field

This experience has been gained over 14 years starting with the building of Safari 1, the Atomic Energy Board's experimental nuclear reactor, and subsequently by involvement in the construction of the pilot uranium enrichment plant at Valindaba, next to Pelindaba, near Pretoria.

A commercial uranium enrichment plant will create an opportunity to follow up this experience on an even larger scale.

Q: Assuming that it is nearly all locally made, what sort of capital expenditure do you expect to incur locally — in very approximate figures? Presumably the heavy engineering, construction industries and Iscor will benefit most?

A: Assuming the 60 per cent figure given in the reply to your first question, an amount of about R400-million will be spent directly on plant and equipment in South Africa over about 10 years. This sum does not take into account the effects of inflation and is expressed in October 1974 money values

Although heavy engineering and construction will benefit most, other sectors of the engineering industry such as the electrical industry will also benefit directly or indirectly.

Q: I presume construction

Uranium has R400-m boost

Sunday Times (Bus. Times) 1/6/75

Continued from Page 1

contracts will be placed with various firms after tenders have been called for. When do you expect the first orders to be placed for plant and equipment?

A: Your assumption is correct. Some orders for equipment needed for the development phase of the commercial plant have already been placed. The first orders for the commercial plant itself will, however, only be placed in 1978 of the pilot plant, South African welders proved they could equal the most exacting international standards.

Q: The construction of the plant will generate secondary industry activity. Presumably it will be sited conveniently to sources of equipment and materials, as well as power?

A: During the construction stage it would be convenient to have the plant sited near equipment and material supplies.

P.T.O

Q: Will this large undertaking slow industry down or will the orders be mainly in fields that can cope without difficulty?

A: Experience gained during the construction of the pilot enrichment plant leads us to think that South African industry is fully capable of coping with the project and that it will have a stimulating effect on industry.

Q: Will the materials from which equipment is locally fabricated be imported or are they available locally? Presumably instrumentation will form a large part of the equipment. Will this equipment have to be imported?

A: Only a small proportion of the materials needed for the local manufacture of equipment is not locally available. Instrumentation is technically important but only makes up a minor part of the costs.

It is envisaged that, depending on price, just over half of the instrumentation will be imported.

Q: What sort of employment will the plant provide? Presumably there will be a fair number of highly-qualified scientists. Will they have to be imported? What about the skills, such as welding, employed in building the plant?

A: The plant will be characterised by low labour-intensity. As the plant will not be research-orientated but will be a commercial plant, it will have the normal balance of engineers, scientists and technicians one finds in any modern technically advanced industry.

The pilot plant project was undertaken and executed exclusively by South Africans and while it is not mandatory that the commercial plant should also be manned exclusively by South Africans, it is believed that the necessary qualified manpower will be available in South Africa.

The skills required for the local fabrication of plant and equipment already exist in the country.

During the construction

This is, however, not the economic optimum, since for the whole of the operating life of the plant it will be vitally dependent on low-cost electricity, which can best be obtained by siting the plant in the immediate vicinity of a pit-head, coal-fired power station.

Q: Is it correct that large numbers of pressure vessels and kilometres of steel piping with flanges and other fittings will have to be used?

A: Yes.

Q: Are you able to discuss financing of the construction?

A: Although exploratory investigations have shown that financing the plant is unlikely to be a crucial factor, it would be premature to go into details at this time.

Comment: Following the boost to local industry which will be provided by a decision to go ahead with the uranium enrichment commercial plant, the long-term effects would be notable.

The plant will provide an assured market for uranium oxide sold by South African gold mines as a by-product.

The enriched uranium will be sold at two to three times the price of the uranium oxide now being exported.

Foreign earnings should be at least R255-million a year — and presumably more as inflation raises the prices of uranium oxide and enriched uranium.

Provided a decision is taken shortly to go ahead with the commercial plant, it should be in full production by 1986.

Last, but not least, the Atomic Energy Board in its annual report said the winter of uranium oxide over-supply had ended and predicted that demand would continue to rise more steeply.

This augurs well for gold mines with significant uranium oxide production, such as Buffels, Vaal Reefs, Blyvoor, Harmony, Harties and Western Deep Levels.

Future producers on a large scale will include President Brand in a joint scheme with its neighbours, Welkom and President Steyn, West Rand Consolidated, Afrikander Leases and probably Randfontein.

Metbox raises payout

RDM 3/6/75

(189)

Deputy Financial Editor

METAL BOX lifted attributable profits by 21 per cent to R7 147 000 in the year to March 31 last.

The payment of a 13c final dividend takes the year's payout to 20c, compared with 17c last year

The pedestrian results were given a neutral welcome in Hollard Street where the share price remained unchanged at 230c after publication of the preliminary results

There is evidence of an erosion of profit margins in Metal Box's performance in the review period

Turnover rose by 31 per cent from R91 453 000 to R120 089 000, and pre-interest profits by 29 per cent to R13 796 000 A 38 per cent increase in interest paid — which rose from R1 670 000 to R2 311 000 — diluted the pre-tax improvement to 27 per cent

Pre-tax profits rose from R8 983 000 to R11 485 000, and attributable profits from R5 787 000 to R7 147 000

In earnings a share, this translated into an 18 per cent improvement from 33,1c to 39,2c a share

The absence of any comment from the directors makes it difficult to pinpoint the company's prospects

At face value, the slowdown, after years of encouraging growth, means that the shares look fully priced at 230c

A dividend yield of 8,7 per cent on a stock whose profitability seems to have been eroded by squeezed margins looks about right, unless the directors can assure investors that the problems which bothered the company in the review period are being solved

Schus

A DROP in the tax charge enabled Schus Holdings, the Cape-based Chrysler and Datsun dealer, to lift attributable profits by 15 per cent to R341 714 in the year to February 28

Pre-tax profits were almost unchanged at R409 354 compared with R407 315 the previous year

A final dividend of 2c takes the total to 4c for the year — the same as last year

Unidev

UNISEC Developers & Contractors taxed profits for 1976 should improve on those of the current year, assuming reasonably steady business conditions an an evening out in the rate of inflation, says the chairman Mr D. D Morgan, in the annual report

In the present inflationary climate, the group's investment in property is irreplaceable at historic cost

These investments, Mr Morgan says, are acting as a hedge and protection against the erosion in the buying power of money as will be shown when rents move up to compensate for costs of land and buildings

Volkstrust

BETTER results for Volkskas Property Trust can be looked forward to next year because of the improvement in expected general economic conditions,' says the chairman, Dr J A Hurter, in the annual report

With an occupation factor of 99 per cent, Volkstrust is in a favourable position

There is still an oversupply of office space in most urban areas

Building activity has declined The over supply of available space is shrinking, and in the housing sector a backlog is developing, says Dr Hurter —Reuter

Bigger rise for Blacks

STAR 5/6/75

189

Pretoria Bureau

Black steel workers at Iscor's Pretoria, Vanderbijl and Newcastle plants will score considerably more than the Whites in new wage increases.

White workers will get rises of about 10 percent, administrative personnel's pay will go up by an average eight percent — and Black workers' wages will rise by 15 percent

The pay deal comes into effect immediately and will cost the corporation about R14-million.

It will push the wage bill up to well over R150-million a year.

Negotiations for higher pay for Iscor workers were started six weeks ago between representatives of the corporation and the Steelworkers Union.

The corporation offered steelmen slightly more than what they asked for in an effort to halt the spate of resignations at the three plants.

The resignations have risen to serious proportions and have led to an intensive recruitment campaign overseas

INSIDE INDUSTRY

F.M 6/6/75 189

Iscor's strip-tease

The State steel giant has far more pressing problems than divesting itself of Metkor to appease the anti-encroachment lobby

One wonders what the permanent committee appointed by Economic Affairs Minister Chris Heunis to study interference and competition from State-owned corporations makes of Dr Tommy Muller's suggestion that Iscor might sell off Metkor

That the committee exists at all is the result of the tremendous agitation against State industry encroachment on private enterprise Dr Albert Wessels calls it "creeping socialism", making it sound like a loathesome disease (which to a good capitalist it probably is)

Muller's statement at the AHI Congress in Windhoek recently could have been only motivated by his desire to placate, or at least answer, critics who claim that Iscor has wandered too far into its own marketplace, particularly with Metkor

Muller agrees that he doesn't like the criticism "Frankly I'm all for the capitalist system" But, he stresses, the idea of hiving off Metkor isn't new "We in Iscor have been thinking about it for a very long time "

And why not? After all, Metkor is hardly a strong factor in the economics of the Iscor group — though it does make a contribution to earnings (after tax profit for the six months ended December is up to almost R1,4m)

Muller's problem is that he would like to sell Iscor's controlling interest in Metkor as a one-off package "It wouldn't be in the interests of public shareholders to start breaking it up," he insists But the current share price of 48c reflects less than half break-up value Selling is hardly an attractive proposition to Iscor

"We'll have to wait for the market to pick up," Muller says wistfully

In fact, the suggestion that Metkor is for sale is little more than an effort to appease the anti-State interference lobby Iscor has far more pressing problems to worry about

For a start the Corporation is still in the red It lost R37m in the last financial year and, in spite of steel price increases in June last year and at the beginning of this year, is still not showing a profit This financial year ends on June 30 and no turnround is expected

Another steel price increase has been applied for, confirms Muller But this again may be a further instance of too little too late

What Iscor must hope for is that government will alter its pricing policy (as the *FM* has constantly suggested), allowing regular price reviews (one suggestion is that steel should be linked to the wholesale price index)

At the moment, Iscor finds itself in the position where the benefits of one hefty price increase are simultaneously eaten away by rising costs

A steel price high enough to enable the Corporation to make a profit would, many argue, do away with the need for government to pour more money into Iscor as it does each year (by increasing its equity holding)

Muller, however, disagrees "I feel we must have both More investment by government, since our gearing is all wrong — our loans are too high compared with equity — and higher prices for our steel, since Iscor must build up its capital reserves "

Iscor's capital expenditure programme

Iscor's Muller . . . waiting for better days

to June 1984 is estimated in the last annual report at R3 240m And many estimates, notably the Sishen-Saldanha scheme, have gone sky-high. Finding money is another major headache

The fact that the Corporation is running at a loss apparently has not adversely affected its position in overseas capital markets (its borrowings are guaranteed by government), but Muller admits "It certainly is an embarrassment"

Lack of capital is the major stumbling block to the proposed semis plant at Saldanha in partnership with Austria's Voest-Alpine (25,6%), West Germany's Klockner (7,5%), the Dutch and German Estelle group (6,3%) and Italy's Finsider (5%) Iscor's MD Hans Coetzee told the *FM* recently. "Long-term finance is just unobtainable"

Major partner Voest-Alpine has voted to invest some $240m for its share but so far hasn't raised the money It won't have to, of course, if Austrian Chancellor Bruno Kreisky succeeds in vetoing the State steel producer's plans Muller, however, insists that Voest officials visited Iscor in March and assured him that they would not pull out

"The semis plant," says Muller, "will go ahead regardless — in due course "

As for the Sishen-Saldanha scheme itself, Iscor's critics should get a lot more ammunition for their guns within the next week or so, when Chris Heunis presents the revised estimates to Parliament They are considerably up on the original R460m.

It's to be expected, with costs rising as fast as they are But what the anti Saldanha soldiers will question is the viability of the scheme at the new (and as yet incomplete) price

Iscor has, admittedly, hedged its bets by opening the railway line and the harbour to private enterprise and will no doubt attempt to argue that additional berths and storage facilities at the harbour and additional loops on the rail line (all for private enterprise) are reflected in the increased costs

Iscor will also argue that while costs have been rising so too has the export price of iron ore But to what extent increased export earnings will offset the rising capital costs of the operation is still anyone's guess

On the brighter side, Iscor's trading

position should improve this year as production steps up at Newcastle and Vanderbijlpark Subsequently, expensive (and port-congesting) imports of steel will diminish rapidly

But on the whole the Corporation is in for another hard year.

There's its loss position and the vexed question of the steel price, the capital-draining Sishen-Saldanha scheme the time question over the semis plant, Iscor's capital programme as a whole, and last, but by no means least, its never ending struggle to get enough good quality coking coal for its blast furnaces which, an Iscor man revealed recently, "are in danger of choking in their own dust".

Besides these imponderables, the question of how Metkor should be sold off appears an exercise in semantics

ARGUS 6/6/75

Steel may go up 10pc

The Argus Correspondent

SOUTH AFRICA faces another steel price increase estimated at more than 10 percent, after an announcement of a R14-m a year wage increase for Iscor workers.

The corporation has already applied to the Government for an increase following on the heels of the 9,8 percent general price increase announced by the then Minister of Economic Affairs at the end of December.

A 10 percent general increase in basic steel will cost the economy about R80-m a year and increase the prices of all products with steel ingredients, from stoves to referigerators to motorcars and washing machines.

Because, however, steel is only one production ingredient, it does not mean that the prices of these products will go up by anything like price increases of steel itself.

W/C ARGUS Bus Argus 7/6/75

(189)

450 sacked in city ship-repair yard

Financial Staff

FOUR HUNDRED AND FIFTY men have lost their jobs at Globe Engineering, Cape Town's leading ship repairer, because of the downturn in the tanker repair market. About 300 are skilled workers and 150 are semi-skilled labourers.

Mr H S Smith, managing director, said today that the company regretted having to lay off skilled men who would be difficult to find once business picked up again.

'Instead of overloading yourself with low-return contracts, it is better to conserve your resources and be ready for an improvement,' he said

Ship repairers for some time had looked towards the re-opening of the Suez Canal for slacker trade

But a new condition — a tremendous oil glut — had built up since January,' reducing the demand for shipping and causing large numbers of tankers to be laid up.

Many new ships were going straight from delivery to lay-up berth It might take three years before over-capacity and demand for oil adjusted themselves.

HANSARD 18 Q. 1128-30

10 June 1975.

(1) 189

(2) ~~255~~

Manufacture of steel trunks in prisons

The MINISTER OF PRISONS replied to Question *23, by Mr G W Mills

Question:

Whether the manufacture of steel trunks is undertaken in South African prisons, if so, (a) in which prisons, (b) from what sources are the materials obtained, (c) what was the cost of the materials in each financial year from 1972-'73 to 1974-'75 and (d) (i) what income was derived from the disposal of the trunks and (ii) how many trunks were manufactured in these years

†**Reply** (laid upon Table with leave of House)

The manufacture of steel trunks is undertaken for Government departments, session officers Members of Parliament and for Departmental needs

(a) Pretoria Central Prison
Zonderwater Prison
Kroonstad Prison
Victor Verster Prison

(b) Supplied by private enterprises by acquisition of tenders by the Director for State purchases

(c) 1972-'73– R4 115-00
1973-'74 – R3 514-50
1974-'75 R17 737-50

(d) (i) 1972-'73 R5 135-52
1973-'74 – R4 485-78
1974-'75 – R22 639-50

This gross income is calculated at cost of the material plus 5%, plus, where applicable, labour at the current tariffs

(d) (ii) 1972-'73—823
1973-'74—639
1974-'75—3 225

The upward tendency in respect of the 1974-'75 financial year was caused by a large order placed by the South African Police

189

Iscor raises R33m

5 TYK 11/6/75

PARIS — South Africa's Iron and Steel Industrial Corporation (Iscor) raised 50m dollars (R33m) through a private placement of floating rate notes, Credit Commercial de France has announced as co-manager

The notes carry a margin of 1⅜ percent above the six months London Eurodollar rate

Reimbursement can be called for at the option of participating banks after three years The notes can be held to a maximum of 15 years

Issued at 98,5 percent, the notes will be reimbursed at 98,6 percent on the third year, rising by annual stages to par if held up to or beyond the 10th year.—Reuter.

(189)

...e steps ...scor stake

RDM 14/6/75

By CHRIS CAIRNCROSS
Industrial Editor

THE Government will provide a further R100-million from the loan account in the current financial year to buy more shares in Iscor. This is in addition to the R70-million provided for by the Minister of Finance, Senator Horwood, in his first Budget in March.

This is shown in the supplementary estimates of expenditure from the loan account for the year to March 31, 1976, which have just been published

It means that the Government will effectively be subsidising Iscor by R170-million in the current financial year, taking up in return a total of 85-million B shares in the corporation

To this must be added the value of dividends which should be coming the Government's way this year It is almost certain the Government will continue the practice adopted in the previous two years of waiving payment.

In Iscor's financial year to June 30, 1974, the figure was R8 800 000 Taking into account the further share acquisitions made by the Government this year, the dividend total is bound to be significantly higher

PUZZLING

This further provision from the loan account is not entirely unexpected Senator Horwood gave notice in his Budget speech that a further substantial amount would be needed later

The figure of R170-million is not new either

Dr Tommy Muller, chairman of Iscor, said in his statement for the year to June 30, 1974, that the corporation would receive R170-million contribution from the Government over the financial years 1974-75 and 1975-76 Of this amount R130-million was to be made available in Iscor's current financial year, which ends on June 30

What is a bit puzzling is why Senator Horwood did not include the total figure of R170-million in the 1975-76 Budget, preferring instead to include only the R70-million

The quiet way in which the supplementary amount of R100-million has been slipped in, only a little over two months after the Budget, suggests that the authorities are hoping by this strategy to dilute any criticism which might have been coming their way on this issue

LOSS

The picture does not look bright for Iscor, for the obvious interpretation is that the public corporation cannot survive without massive and continued support from the Government

The corporation's year-end is only 16 days away and the probability is that results are going to be as red as in the previous financial year when a loss of more than R37-million was recorded

The two steel price rises over the past year have not done much to help Iscor's position at a time when costs have been rising, and high levels of inflation have been sending estimates of its capital expenditure programme sky-high

Iscor and the other steel producers are campaigning for the Government to agree to further substantial increases in the steel price Talk is that this increase is not far off, but whatever happens, it is not going to be of much help to Iscor in its current financial year

RDM 14/6/75

(189)

Cabinet agrees to increase in price of steel

Staff Reporter

THE CABINET has agreed to raise the price of Iscor steel — probably by 15 per cent from the beginning of July.

Escalating costs, including expansion costs — Iscor is committed to a R3 200-million growth programme — have bitten deeply into Iscor's trading revenue, and it is expected that a substantial loss will be announced on June 30, the end of the financial year.

Last year, too, the corporation was deep in the red, with an overall loss of nearly R38-million. This was in spite of a steel price hike of 9,8 per cent from January this year.

SLACK

The financial tightrope the corporation has been walking for the past few years is illustrated by the fact that, for 1973 and 1974, the Government waived its Iscor dividends.

Dr M. D. Marais, a director of Iscor and chairman of Union Steel Corporation (Usco) said it was unavoidable that an increase in the price of steel would affect the prices of a large number of products, including, to some extent cars and household appliances.

Already considerable slack had developed in the construction industry. A rise in the price of steel would push up building costs, already rising at an estimated one per cent a month, and this would tend to intensify the current situation.

Because of inflation, incomes were being strained to the limit in most families, and further price increases would meet with severe resistance.

SURPLUS

"We may find soon that products with a high steel content may have to raise their prices to a point where sales curves will start moving downwards."

This could lead to a situation where South Africa would have a steel surplus — something which the country had not had for many years.

Dr Marais, who has just returned from a business visit to Europe, said there were signs of recession in most industries.

Production in plastics industries was down by 18,5 per cent, the motor industry was producing 25 per cent fewer vehicles and most steel companies were faced with heavy losses this year.

There was even talk of the possibility of Japan dumping steel on world markets.

FM 20/6/75

PENSION FUNDS — THE FUR FLIES

(189)

A confrontation between Seifsa and the insurance industry has been precipitated by the introduction this month of a new pension scheme for the iron, steel, engineering and metallurgical industries

The scheme — which involved the conversion of the Metal Industries Group Life and Provident Fund into a contributory pension fund — was introduced in terms of an agreement under the Industrial Conciliation Act It is binding on the 100 000-odd workers whose trade union leaders and employers' associations are signatories to the Agreement

About 6 000 companies are involved, and an unascertainable number have up to now supplemented the now-superseded low-benefit metal industry pension scheme with domestic schemes. Should an employer wish to maintain a domestic scheme, exemption must be applied for to the Industrial Council And here friction has occurred.

Seifsa director Errol Drummond has notified Registrar of Financial Institutions Wynand Louw that consistent attempts have been made by the insurance industry to denigrate the new pension scheme, and that clients affected by the scheme have been advised to apply for exemption.

He tells the *FM* that some 350 applications for exemption have been received, but that a "negligible proportion" of requests have been granted, since "an examination reveals that in most of the domestic schemes, for which application for exemption has been made, the benefits, *per se,* would not measure up to those which the industry fund would be able to provide"

He believes opposition to the industry scheme arises from the cupidity of insurers, insurance brokers and others involved in managing pension funds, pointing out that an additional R11m a year will be paid into the Fund — which stood at over R80m before conversion — by contributors

Drummond has made (among others) the following allegations to the Registrar

- That commissions payable to insurance brokers and insurance and pension consultants by insurance companies are up to and in excess of 50% of the annual premium paid by the individual pension funds up to periods of five years (and longer in some instances) and thereafter a 5% commission in perpetuity
- That "kick-backs" occur in brokerage deals

Drummond wants the Registrar to investigate all aspects of pension fund administration with a view to introducing minimum and standard commissions

The insurance industry rebuts these accusations forcefully "Drummond," says Paul Clipsham, director of Hill Samuel's wholly-owned subsidiary African Pension Trustees, "is setting up a smokescreen" The new scheme, he argues, is a bad one "due to its outmoded benefit structure which makes minimal provision for service prior to 1975"

The metal industry scheme benefits are based on a 2,042% calculation of the member's total pensionable remuneration from the inception of the scheme (June 2 this year) to the termination of employment by retirement or otherwise This, says Clipsham, "takes no account of the effects of inflation A modern scheme bases benefits on about 2% of final salary, not 2% of average salary over the years"

As for allegations of abnormally high commission rates, they "reflect Drummond's lack of knowledge of the pension movement"

Commission for large funds, Clipsham says, is on average 4% for the first year and 2% of the premium per year thereafter Clipsham also claims that while "some of the rats and mice" of the insurance industry may indulge in kick-backs, the practice is scarcely the norm

Other brokers and insurers endorse these statements Clients have, indeed, been advised to apply for exemption, but the reason is that until very recently details of the scheme were deliberately kept unavailable

Drummond has said that this was to prevent indpendent insurers moving in with their own schemes Insurers retort that competition would be no bad thing, since the independents are highly geared to manage these funds. One leading broker questioned whether the managers of the new fund could match the financial expertise of the insurers, who, he claimed, have an outstanding track record

Meanwhile, there have been rumblings from the shop floor about the scheme Union leaders, however, claim these have been stilled following explanation of the benefits — which include full transferability of pension entitlements and rights to benefits (including employers' contributions) after 10 years continuous service

"It's a very good scheme," avers Tucsa president Tom Murray, who is chairman of the Industrial Council which set up the scheme "The thing is, we can guarantee a square deal The workers at first knew little about it, but now, after a good think, they've accepted it"

Wynand Louw has said that pension business is a "non-problematical" area (*FM*, June 6) Drummond's approach is designed to throw the cat among the pigeons and an early and public response by the Registrar — who will not comment "at this stage" — would be in everyone's interest

Steel price shock for all

STAR 20/6/75

Industrial Editor

The Government today announced price increases of up to 17 percent. Th the latest twist in the price spiral.

Items from houses and cars to fridges and cookers will now cost more as they did when the price of steel soared by around 25 per[illegible] a year ago.

Manufacturers were today studying the latest implications.

The increases vary between 13 percent and 17 percent. According to the announcement by the Secretary for Indu[illegible]s, Mr P Thuron, "sensitive" products, such as tinplate, will be increased at a lower rate than 15 percent.

In effect this means that steel used in the most commonly used durable goods will not be increased as much [illegible] for instance, structural steels

R[illegible] of thumb calculations today showed that th[illegible] content of an [illegible] motor-car may [illegible] about R30 extra, [illegible] house about R40, and an ordinary refrigerator or electric stove by just over R2.

Detailed calculations were not available.

'NO CHOICE'

Industrialists agree that it was a "Hobson's choice" as the local steel industry could no longer absorb the soaring production costs brought about by higher wages, coal prices, energy and finance costs for expansion projects.

Mr E Drummond, director of the Steel and Engineering Industries Federation, which repre-

To Page 3, Col 1

Steel price will set off fresh shocks

RDM 21/6/75

Staff Reporter

A FRESH round of price increases in articles made of steel, ranging from tin cans to cars, will follow a 15 per cent rise yesterday in the price of steel.

Consumer experts in Pretoria said manufacturers would undoubtedly pass on the increase, the second in a year, to consumers.

A spokesman for Iscor, the central steelworks complex which supplies nearly 67 per cent of the steel used in South Africa said yesterday that the increase had been inevitable.

He said steel consumption in South Africa was increasing rapidly. The per capita consumption of steel in the country was 15 times higher than in the rest of Africa.

Last year, 225 kg of steel was used per head of population, compared with about 25 kg for the rest of Africa.

Although the South African figure was about 50 per cent of that for the United Kingdom, it was more or less on a par with the average for Western Europe.

An official announ[illegible] ment by the Departm[illegible] of Industries in Pre[illegible] yesterday said shortfal[illegible] steel production had some time meant hi[illegible] price imports.

At times they [illegible] nearly 50 per cent hig[illegible]

The Government [illegible] sidered it essential the industry expanded soon as possible.

"Due to rapidly incr[illegible] ing costs the steel indu[illegible] is not able to recover f[illegible] current income its production cost for [illegible] types of steel produ[illegible] the announcement sai[illegible]

It was also necessar[illegible] derive from income a [illegible] tribution towards the [illegible] dustry's capital req[illegible] ments for expansion.

"Besides an increase [illegible] the import levy by R[illegible] a ton to recoup with[illegible] reasonable period. Lo[illegible] over the past years sales of imported st[illegible] the increases amount an average of 15 per ce[illegible]

SPREAD

The increases we[illegible] spread at different ra[illegible] over different products that on certain more s[illegible] sitive products, such tinplate, increases [illegible] lower, while on other li[illegible] the increases were sligh[illegible] more than average.

Also laid down in [illegible] Government Gazette y[illegible] terday were new maximu[illegible] prices for the sale of y[illegible] low margarine.

The maximum price which any dealer may s[illegible] yellow margarine in a [illegible] was set at 30 cents f[illegible] 250 g and the maxim[illegible] price in any other contr[illegible] er is 28 cents for 250 reports Sapa.

The weighted average the Consumer Price Ind[illegible] for food in 11 urban are[illegible] rose from 168,8 in Ap[illegible] to 168,9 in May, accordi[illegible] to the Department of St[illegible] tistics. In May, 1974 stood at 142,6.

The weighted avera[illegible] for all items increase[illegible] from 153,5 in April 154,7 in May. It stood 134,8 in May last year, Sapa.

~~266~~ (2) 187

NOW SA AIMS TO BE STEEL EXPORTER

STAR 20/6/75

189

Fanie Kruger, Industrial Editor

Increases in the price of steel varying between 13 percent and 17 percent, averaging 15 percent, were announced today by the Secretary for Industries, Mr P F Theron.

At the same time, the levy on imported steel was increased by R2,90 a ton.

Mr Theron says the South African steel industry has had to import steel at prices as much as 50 percent higher than the locally produced steel.

The average 15 percent rise is understood to be what the industry sought from the Government.

OUTPUT COSTS

One of the main reasons for the increase is that the Government wants to make South Africa not only self-sufficient, but also to become an exporter of steel when there is an upswing in the economies of the country's trading partners and the present stagnant international steel market revives.

At the same time the production costs of steel producers, the main one being Iscor, have soared.

Wage increases have raised Iscor's wage bill by about R14m while coal prices have put about R35m a year on the full bill.

The financing of the cost of each ton of steel sold has increased by 50 percent to R27 in the past year alone

A hefty increase in the steel price became inevitable when Iscor dropped heavily into the red in the year ended June, 1974 and showed a loss of R37 603 000, compared with a profit of R3 954 000 the previous year.

Despite an increase of about 25 percent in the steel price from June last year, it is expected that Iscor will again suffer substantial losses in the year ending on June 30.

Iscor is busy with multi-million rand expansion schemes, including the Sishen-Saldanha ore export project, the new works at Newcastle, big expansion at Vanderbijl and Pretoria.

The corporation is planning even further expansion in the Pretoria area, to keep pace with expected future demand after catching up with the present backlog.

During the past financial year, R504 496 000 was spent on expansions.

The increase on the levy of imported steel by R2,90 a ton is less serious. Imports totalled 531 000 tons in the last financial year.

This was expected to drop to about 106 000 tons in the first half of this year and to 85 000 tons during the second half.

After this South Africa should slowly switch to the position of an exporter of raw steel and semi-processed steel on an expected rising international market.

189

By Desmond Healey

Sun Trib 22/6/75

IT IS a drop in the ocean compared with what the steel industry needs to keep out of financial hot water and not impose a further burden on the taxpayer through the Government.

That is the immediate reaction from metal industry economists and steel dealers to the announcement that the price of steel has been raised by an average 15 percent with immediate effect — from an average R230 a tonne to an average R264,50 a tonne.

Insignificant

Neither do the experts expect that the small increase in price will have any significant inflationary repercussions, because it is thinly spread right through the economy and should not lead to dramatic rises in prices of products containing steel.

Included in the price rise, announced by the Secretary for Industries, Mr Philip Theron, in a Government Gazette notice on Friday, is an increase in the steel imports levy from R7,35 a tonne to R10,25 a tonne.

The levy is designed to equalise the price of imported steel with that of locally made steel — many imports cost 50 percent more than the equivalent local product — and it is costing the country a packet.

At the end of the last financial year — to June, 1974 — the deficit on the levy fund reflected in Iscor accounts was R35,7 million.

Deficit

The deficit, in the wake of 700 000 tonnes of steel imports in the calendar year, now stands at a huge R200 million which is being financed by the Government, because Iscor just does not have the financial resources to sustain such a debt.

This year Iscor expects to have to import 500 000 tonnes of steel products which at a levy of R10,25 a tonne will contribute just more than R5,1 million to the fund.

That means it will take more than 40 years to wipe out the deficit.

Behind the average 15 percent increase in the price of steel is a high tide of mounting costs for the steel makers, a tide which in the last financial year put Iscor more than R37 million in the red.

Iscor's current financial year ends on June 30 and the Government postponement of early requests for a steel price increase mean that an even bigger loss will be recorded. It could go up to more than R50 million, despite the additional R37 million which the Government is pumping in through the purchase of shares which do not qualify for dividends at any time.

Wages

High on the list of steel maker cost increases is wages which at the top end of the scale have been raised by 8,6 percent and at the bottom, covering Black labour, by 15,4 percent.

At the same time the prices of coal, electric power, transport and mining equipment have all risen dramatically to put the Iscor balance sheet in what an economist called an impossible situation.

In boosting the steel price, the Government has varied the percentage increases according to the various different products turned out by the steel mills in an effort to minimise the impact on manufacturing industry, commerce and the consumer.

For that reason the price of tinplate, the main material of food cans and allied food packaging, has gone up by no more than 14 percent while the biggest rise is just more than 16 percent on heavy steel plate, used in the shipbuilding and repair and civil engineering and heavy engineering construction and manufacturing industries.

Impact

That means the impact on the ordinary consumer can probably be absorbed by manufacturers of such products as tin cans, but the costs of major Government infrastructure developments, such as harbours and power stations, will rise fairly sharply.

Although Iscor began invoicing steel deliveries at the new prices as from Friday it is expected to be several weeks before the first effect is reflected in the market and in the meantime the Government is urging restraint in price rises upon manufacturers, including the car builders who have already raised prices by as much as 20 percent this year and warned that further rises are in the offing.

Added together the facts clearly reflect that Iscor no longer could continue to carry the burden of rising costs and the lowest steel price in the world without abandoning its expansion programme designed to make the country self-sufficient in steel products and eventually leave a small surplus for export.

Such expansion is regarded by the Government as being vital to the economic future of the country.

189

Metal Box backs multi-race unions

RDM 24/6/75

Financial Reporter

SUPPORT for a national multiracial trade union has come from the chairman of Metal Box South Africa, Mr B. C. Smither, in the company's annual report.

Mr Smither says Metal Box is not in favour of recognising a multiplicity of labour organisations based on "constraining ethnic or geographical groupings"

It is not the company's policy "to place obstacles in the way of the development and effective recognition of responsible, national, nonracial negotiating machinery, in which our total labour force can partıcepate or be properly represented"

Metal Box is negotiating with a "large, mixed trade union" to establish a national organisation for its total work force, including Blacks

The company has gone even further to ensure the full and equal representation of its workers by testing the acceptability of the trade union's proposals in a referendum

Mr Smither says Metal Box will carry on with its R35-million capital expansion programme over the next few years in spite of the unstable international economic scene

Inflation is affecting the real buying power of retained earnings to the point where some industries are supporting dividend payments through a reduction in their true capital positions

This, he says, is an unsustainable situation

Iscor has improved its deliveries and the need to import tinplate will reduce this year However, the longer-term problem of supply will continue until domestic production is increased

In addition to an increase in the cost of supplies, the cost of money has risen to intolerable levels while the real rate of return on capital has fallen

He says it is impossible to determine when the next upsurge in the South African economy will occur

However, he believes the downswing will be short term

Metal Box increased its attributable profit for the year to March 31 last from R5 787 000 in the previous year to R7 147 000.

Boumat

THE outlook for Boumat, linked to that of the building industry, is bright in the long term but hedged with some qualifications in the shorter term

This is the forecast of the chairman, Mr Irvine Brittan, in the annual report

Sales were 42,8 per cent up in the year, assisted by the acquisition of National Industries and the Mason Harrison Company. Pre tax profits rose 36 per cent to R3 850 000

Apart from a good contribution from these acquisitions, Boumat again achieved growth over the record profits of the previous year

A factor inhibiting profitability was the increase in bad debts as "a number of our customers were unable to survive the impact of the tight financial situation"

Target areas for increased efficiency in the current year include a reduction in inventories in line with shortened delivery time from suppliers, a tight rein on expense rises and a watch on credit "without unduly inhibiting turnovers"

Stuttaford

THE CHANCES of a dividend increase this year are reasonably good if the company achieves a meaningful profit growth, says Stuttafords chairman, Mr R B Stuttaford

The company made a taxed profit of R1 195 000 in the year to February 28, 1975, and paid a dividend of 28c

Mr Stuttaford says that as a result of economic conditions, the company has raised its dividend cover and intends to maintain it at between 2,3 and 2,5

He told the annual meeting in Cape Town the company expected the next few months would be a testing time for the stores division

Sales followed a satisfactory growth pattern in March and April, but May was poor at all centres

Everglo

INDICATIONS are that Everglo Holdings will earn at least 7c in the first half of the year and the group aims to achieve minimum earnings of at least 15c for 1975-76 compared with 17c in 1974-75, says the chairman, Mr Andy Behr

Repcor

THERE ARE good prospects of exceeding the 1975-76 prospectus forecast of earnings a share of 13,3c and dividend of 7,5c, says the Repcor chairman, Mr Behr, in his annual review

189

Sunday Times 6/1/76

By HERB ...

TV MANUFACTURERS may not poach technical staff from the Post Office and the SABC. This rule is part of an agreement between the Department of Industries and the manufacturers.

Discontented techni- ... ause of ... the rul ... are trap- ped in SABC-TV. No one else will employ ...

The Secretary for In... Mr P. F. Theron ... the agreement ... formed part of the ground ... for the television ... is aimed at ... the Post Office and ... telecommunications ... tions. ... rules have not yet been made public ... Theron has con... their contents ... Director Gen... eral of the SABC ... asked ... recent ... such an agreement ... existed, his answer was ... Absolute ... He said ... no more ... they can go ...

MR JAN SWANEPOEL

... from highly qualified SABC-TV personnel in recent months, but we have been forced to tell them ... we cannot give them jobs because of the agreement," he said.

The ... general sec... ... Council ... Africa (Tucsa), Mr R. ... Kraft, said he did not think such an agreement was legally ... anyone should ... highest bidder for his ser-...

Poaching

... Kraft also accused the corporation of not re... established rates of pay for technical staff ... and others. "The more they ... staff pennies the more ... staff end be left ...

... minimum SABC ... technician ... of R570 ... The scale ... technician ... R290 to ... R179 and R230 a month.

... starting ... for ... engineer with ... degree is R405 a month ...

The Star Friday July 11 1975

189

18

3 178A

'Strikers had no trust'

Labour Reporter

The liaison committee — elected by workers to look after their interests — had no advance warning of the walk-out of all Black staff at Transvaal Metal Merchants in Johannesburg yesterday.

"The liaison committee didn't know of it — the workers didn't trust it," said Mr J. Osrin, the manager.

More than 150 Black labourers, machine operators and lorry drivers were back at work today after downing tools following Wednesday's pay increases.

Mr Osrin denied the walk-out had been in protest against low pay. None of his workers got less than R16,25, which was in excess of the minimum laid down in the relevant wage determination.

189 FM 11/7/75

Iscor's Pretoria works

ast month's steel price
le ... me obviously
sc... minatory in favour
Iscor Worse, the
inciple could conceivably
adapted for other
ice-controlled
dustries

Steeled for the worst

at steel price increase of an average 'o announced on June 20 could prove re important for the industry's future n first appeared Close examination of list of increases reveals only Iscor is ly to gain the full stated 15%
Average for the private producers -- nswart, Highveld and Scaw Metals — be nearer 12%

his is because Iscor manufactures ually the entire list of products uded in the schedule of increases se range from a minimum of 12% for :turals and reinforcing bars to a maxm of 20% for galvanised sheet

But output of private producers is contrated in the categories of structurals reinforcing bars Thus, whereas Iscor efits from the full average increase, others get only a 12% improvement

here's no reason to suspect that this rimination in favour of Iscor is not ierate Nor that it's necessarily unfied on practical economic grounds

e private producers mostly manuire the simpler products, where costs not risen in line with the more comted ones made only by Iscor More-, Iscor is restricted by official policy 'y to meeting domestic demand, and cannot easily boost profits by divertproduction to exports It's also ed to offer an uneconomically wide of products

illing to condemn

is helps explain why such a radical ge in pricing practice from the cusry across-the-board to more selecicreases has attracted so little comwithin the industry The private icers, without exception, appear lling to condemn what they usly hope is going to be a once' expedient, which will not set a new ut

Yet such restraint could be short sighted There are many good reasons why the price control system should not be used to solve the profitability problems of a particular manufacturer prevented by government policy from operating economically These are best tackled by other means

Price differentials in SA steel products arise mainly from historic reasons based on relative production costs and on general market considerations They also have direct relevance to differentials on the world's steel market Thus, any policy of discriminating in Iscor's favour through the system of controlled prices could seriously interfere with established price relationships domestically — and with those abroad

SA steel products have in many cases already lost a substantial proportion of their price advantage over foreign steel owing to the falls caused by world recession Thanks to the selective nature of this latest review, it now seems possible that the prices of some Iscor products — cold rolled strip, for example — are already in line with, or perhaps even above, current world levels

What will happen at the next review? Or is this one intended as a one-off exercise designed to help Iscor over its current period of rapid expansion to the time when, hopefully, it can make satisfactory profits? Perhaps, though, it's intended to establish a permanent principle which, conceivably, could be adapted for price control structures in other industries

The June review gives Iscor an average price increase of R25/t of steel produced Given that production in the financial year ended June 1974 was 4 057 000 t it's thus worth about R100m, compared with a trading loss for the same year of R37,6m But it's unlikely to put Iscor into the black during a year when the current ... is expected to reach its p... So ... price hike can be re... ded as ...

Anxiety about future pricin... main point on which ... has fastened Says Federated Chamber of Industry director Dr Lenni Reynders "We must hope such discriminatory pricing does not establish a principle It can obviously be justified in certain cases But if, in fact, this has been done to favour Iscor, then it doesn't set a good precedent"

Not unhappy

Scaw Metals MD Eric Dreyer cannot believe there's been deliberate discrimination in favour of Iscor, and stresses that, anyway, Iscor's products — and thus cost structures — are radically different from those of the private producers Dunswart's chairman Dr Fred Zoellner refuses to comment

Highveld MD Leslie Boyd accepts that Iscor's cost structure is more complicated and thus justifies separate consideration But he does not believe this kind of approach through the price control system is in the long-term interests of the steel industry Says Boyd "We are not, however, unhappy with our 12%, because it should enable us to maintain our profit margins"

Boyd's comment is given added point by the fact that the profits the private producers are making cannot be regarded as excessive in these inflationary times (*FM* May 2) Highveld has not yet earned the 25% before tax which it regards as necessary to break even About 30% of Highveld's profit is, in fact, contributed by vanadium, of which it's the world's largest producer

Dunswart is better placed with around 30% in 1973 and 1974 Indeed with its comparatively simple cost structure and

WHO GETS WHAT

Category of steel	Former manufacturers maximum [illegible]	Manufacturers [illegible]	[illegible]
1 Sections			
(a) Angles and T-bars 152 4 united mm and under	137 00	153 50	12 0
(b) Channels and angles over 152 4 united mm	137 00	153 50	12 0
(c) Joists universal beams universal columns and bearing piles	137 00	153 50	12 0
2 Reinforcing bars (including coiled rounds)	137 00	153 50	12 0
3 Black bars excluding reinforcing bars			
(a) Rounds 6 mm to under 15 mm diameter (including coiled rounds)	137 00	153 50	12 0
(b) Rounds 45 mm diameter and over	137 00	153 50	12 0
(c) Squares with side up to and including 50 mm	137 00	153 50	12 0
(d) Squares with side over 50 mm up to and including 75 mm	137 00	153 50	12 0
(e) Squares with side over 75 mm	137 00	153 50	12 0
(f) Flats 200 mm to 50 mm wide	143 00	160 00	12 0
(g) Flats over 50 mm wide	143 00	160 00	12 0
(h) Flat bars	145 00	160 00	12 0
(i) Wire rod	140 00	164 00	17 0
4 Rails 10 kg/m and over	135 00	158 00	17 0
5 Plates 4 5 mm and over	141 50	162 00	14 5
6 Hot rolled sheets (coils, cut lengths and slit strip in coils)	135,50	156 50	15 5
7 Cold rolled sheets (coils, cut lengths and slit strip in coils)	161 00	187 00	16 0
8 Galvanised sheets (coils cut lengths and slit strip in coils)	183,00	220 00	20,0
9 Galvanised profile sheets (prime material)	197 00	231,50	17 5

Highveld and Dunswart make 1 Scaw Metals make 2 Highveld makes large block bars Scaw Metals and Dunswart make 3(a) and (c) Highveld makes 3(b) (d) (e) and (g) Dunswart makes 3(f) Iscor makes all categories, but 9 8 7 6 and 5 are made exclusively by Iscor

major reliance on scrap, its situation is probably comfortable enough to account for Zoellner's silence about the review

But the varying extent to which the private steel producers are affected by this discrimination is not the main point at issue

The argument is quite simply whether a system [illegible] de[illegible] [illegible] op[illegible] other [illegible] the [illegible] made [illegible] prices which on over[illegible] tion in [illegible]

Finally, the system [illegible] prices could be [illegible] in fact, the gap [illegible] those [illegible] ing, and [illegible] closed completely, [illegible] obvious need to keep [illegible] depressed

There never was a [illegible] subsidising steel users at the [illegible] of the producers, including Iscor [illegible] must eventually be allowed [illegible] world levels, and the best time [illegible] could be now, before the [illegible] economic revival starts world levels shooting up again

But whether or not such [illegible] policy changes are made, it's still important government should not repeat this discrimination against the private steel producers [illegible], nor apply the principle to [illegible]

(189)

Scrap metal workers strike over pay rises

RDM 11/7/75

Staff Reporter

MORE THAN 150 scrap metal workers in Jules Street, Jeppe, Johannesburg, downed tools yesterday over pay rises.

The workers at the Transvaal Metal Merchants scrap yard complained they were "overworked and underpaid". Police were called, but there were no incidents.

The director of the company, Mr S. Osrin, said the workers were already getting more than the "stipulated government weekly wage of R15."

The workers claim that they were offered more money but when they looked at their pay packets on Thursday, they found that some had been given R1 rises from the former R15 while others got more and some nothing.

A group stood outside the gates from morning till noon when they were told that there were no increments coming.

They were demanding a raise of R5 to bring their pay to not less than R20 a week.

189

radio men meet to form protective group

Cape Times 14/1/75

Cape Times Correspondent

JOHANNESBURG. — About 80 radio and TV dealers and technicians met here at the weekend to form a new association [illegible] rs and technicians.

Mr John Perkins, a radio and TV technician and leading member of the Jaycee Organization, was elected chairman of the new organization, provisionally called the Radio and TV Technicians Association.

[illegible] Pat Thompson, who was elected secretary, said it [illegible] union status later.

[illegible] technicians in the country, said Mr Perkins. "The manufacturers have done their share by [illegible] men for television.

[illegible] the manufacturers realize first-line service men [illegible] to be upgraded, and the association [illegible] that this is done."

TOM, DICK AND HARRY

A committee member, Mr Peter Barry, said: "Every Tom, Dick and Harry [illegible] TV sets [illegible] maintain and service [illegible]

"Most of [illegible] are not qualified for TV. We have [illegible] two days [illegible] and they are [illegible]

● [illegible] TV sets to [illegible] to old-age pensioners by one [illegible] by [illegible] couple Mr and Mrs [illegible]

[illegible] ers throughout the country [illegible] of 2119. The [illegible] advantage of the offer.

189

I've proof of staff poaching, says Rive

R.D.M. 15/7/75.

TV MAIL

By KEITH ABENDROTH

THE POSTMASTER-General, Mr Louis Rive, said in Pretoria yesterday he had "irrefutable proof" that at least four of the country's six television manufacturers had "poached" technicians and electronics experts from his department.

Mr Rive told me in an interview: "I have hit back at one of the firms, through the Department of Commerce, and have received an apology from the firm's managing director.

"But it is not so much the six manufacturers themselves who concern me. It is their outlets and all the ramifications of television marketing throughout the country which is worrying me.

"If the present pattern of poaching of trained Post Office telecommunications staff continues, we shall find ourselves in very serious troubles indeed.

"In fact, if the trend continues, there is a strong possibility of a complete telephone breakdown in some areas at least."

Mr Rive was asked to comment on a statement last week by Mr B. A. Smith, secretary of the TV Rental Association.

Mr Smith demanded an apology from Mr Rive for accusing the TV industry of poaching trained Post Office technicians.

Mr Rive said: "I have never met nor spoken to this Mr Smith in my life before. I don't know what he looks like and wouldn't recognise him if he were pointed out to me in the street.

"I don't know his organisation either. If he was looking for cheap publicity he has certainly found it — and in the process has harmed my good name."

Mr Rive said 997 technicians left the Post Offices last year. Resignations in the first five months of this year alone totalled 702.

"But even though we could take reprisals against the makers for poaching our staff — strategic staff are protected by legislation — I don't want to start a war with them.

"What I am worried about is the distribution, servicing, repairing, installation and other organisations concerned.

"If each of the makers feeds a sales organisation in every town, you have to contend with six sources of possible drain of our staff in each town.

"The drain is going on. Name the towns and it is there. Malmesbury, Kroonstad, Elliot, Knysna, Bloemfontein, East London, to name a few.

"It is even worse on the Witwatersrand. It is not only the ordinary electricians and technicians who are being wooed away. Our senior staff are going as well," Mr Rive said.

PO loses men in spite of new deal

Rand Daily Mail 16/7/75

(1) 264
(2) 172
(3) 29
(4) 189
(5) 3·14

(189)

Labour Correspondent

THE Postmaster-General, Mr Louis Rive, yesterday disclosed that the Post Office is losing 1 000 trained and semi-trained technicians and electricians a year to private enterprise.

He warned that if the private sector persisted in enticing away trained men from the Post Office, it would have to settle for second best in the quality [illegible] expected.

[illegible] salary and wage scales [illegible] Post Office [illegible] restructured [illegible] salaries and the hierarchy in the service last year. We have our limits. We gave our personnel an entirely new deal."

However, a senior Post Office technician said yesterday that technicians were being made more attractive job offers in industry and commerce.

He knew of a dozen men who were moving into TV, electro-medical, computers and technical service jobs at far better wages.

[illegible] have disclosed that [illegible] the 861 trained men the Post Office recruited overseas in the past four years [illegible] have left the service.

He said he was trying to counter these losses with large training programmes.

There are 2 800 men training as technicians, including [illegible] Blacks, and an annual recruitment of 400-500 trainee technicians and 800-900 electricians.

"I see the loss to private industry as a national waste of trained labour which is not being properly used. I pleaded with the private sector to train their own people — but we have been the training ground," said Mr Rive.

He said a vacuum had been created in the demand for trained technicians and electricians.

"Our problem is to get over this vacuum period."

The Post Office had logically been the biggest source of trained men recruited to the electronics industry, which included television and to the communications industry, both of which had developed rapidly in the past two years.

He said the Post Office had 145 trained Black electricians, and more Blacks in the training pipeline as electricians and technicians.

"Training of Blacks started in 1973. This is a field par excellence for the private sector, which is better equipped to train Blacks," he said.

189

SA EXPECTED TO CHALLENGE U.S. ON CHROME

18/7/75 The Argus Correspondent

JOHANNESBURG. — The South African Government is expected to challenge the tentative ruling of the U.S. Treasury to the effect that SA ferrochrome exports are 'subsidised.'

Finance 2

Diplomatic sources say that a reply has already been sent to the US Government.

A spokesman for the US Consulate in Johannesburg agreed that the ruling had potentially wide ramifications — particularly as it is now revealed that about 30 products from several other countries in the EEC and South America are likely to be affected.

The US move results from the passing of a new Trade Reform Act last year which was intended to clarify the US position on an international basis in readiness for the multilateral trade negotiations now taking place in Geneva.

It is also learned that many Americans are concerned that damage inflicted on the SA trade in ferrochrome could drive the US into greater reliance on supplies from the Soviet Union which, besides South Africa and Rhodesia, is the only other major supplier of chrome.

Questioned on whether the US Government had been able to establish if supplies from the Soviet Union were also 'subsidised', the US Consulate spokesman pointed out that in terms of the new Act the US Treasury only made determinations when complaints were laid.

He agreed that if a complaint were laid in respect of the Russian supplies action would have to be taken Nobody, to his knowledge, had laid such a complaint, yet.

Meanwhile, Dr H J. J. Reynders who led a commission that recommended special incentives to promote the beneficiation of South African ores, said yesterday that he believed that all these recommendations were within the provisions of the General Agreement on Tariffs and Trade.

He pointed out that the United States had its own problems with GATT over the export of agricultural products.

He believed that South Africa should continue with its policy of encouraging beneficiation — and added that he would make exactly the same recommendations even now.

189

First Sishen exports Oct '76

STAR 18/7/75

CAPE TOWN — Stockpiling of iron ore will begin at Saldanha Bay in April next year and the first exports by Iscor will be shipped from the new harbour in October 1976, Iscor's Saldanha-Sishen project general manager, Mr Gert Botha said today.

Despite construction delays he is confident Iscor will be able to fulfil its initial commitments

The tonnage of iron ore to be shipped through Saldanha is estimated at 15m tons for fiscal 1977 and 18m tons from 1978.

He said factors contributing to the increased costs of the scheme, recently revised upwards to R603m, included modification of the original design to accommodate other exports.

Assuming all Sishen exports are channelled through Saldanha the gross tonnage handled by the port could reach 35m tons in 1978, with a potential export capacity of 50m tons, including all export categories, before the end of the century.

ADVANCED

Mr Botha said negotiations are well advanced with other parties on multipurpose operations for the railway line. The relevant tariff structure has been calculated but finalisation of arrangements will depend on the future of the St Croix project.

He added that rail-laying on the line is slightly behind schedule at present but it is hoped to increase the tracking rate.

Iscor's head of harbour operations Mr J F van der Linde said unforeseen difficulties had forced adaptations but construction delays can be measured in terms of weeks only. — Reuter.

Steel giants in secret summit

STAR 18/7/75

Ivan Philip

In what amounts to a secret summit meeting of some of the world's steel giants held at Pretoria this week, problems connected with the building of a R1 500m steel semis plant at Saldanha Bay were swept away in a mood of optimism.

The talks were held between Iscor, which holds 51 percent of the shares in the venture, the Austrian state-owned steelmakers, Vereinigte Osterreichische Eisen und Stalwerke (Voest) and unnamed West German and Japanese steel companies.

Overseas participants in the talks have already left for home

Iscor comments "Everybody is very optimistic that finance will be found and the scheme will go ahead soon"

The project was originally expected to cost R660m but, by March this year, the cost had escalated to R1 000m and is now quoted at R1 500m

A great part of this increase has been due to rising costs, but it is not known if the most recent estimate includes any expansion of the project itself

Dogged by problems connected with the raising of vast capital sums, the steel semis plant has also been in the political limelight.

In March this year, Chancellor Bruno Kreisky of Austria called for a six-week postponement of Voest's participation in the venture.

Black African states had threatened economic boycotts against participating countries and a heated row developed in Austria, with the Foreign Minister strongly opposing Austria's involvement.

TIDE TURNED

But, by April, the tide had turned, partly because the Voest trade unions gave powerful support to the project This resulted in an official go-ahead from the Austrian Government.

In May, the Austrian Trade Commissioner in South Africa, Mr Lothar Puxkandl said that there was "no possibility" that Voest would pull out Their 26 percent stake was, he added, regarded as an absolute minimum.

"It will be one of Austria's biggest undertakings anywhere in the world," he added

189

R996m in new fixed capital investment

STAR 18/7/75

Own Correspondent

DURBAN — New fixed capital investment in the basic metal and engineering industries this year is set to reach R996m, for an increase of R239m above actual spending of R757m on capital projects — buildings, plant and machinery — last year.

This high level of projected investment emerges from a survey of public corporations and private enterprise firms made by the Steel and Engineering Industries Federation of South Africa (Seifsa), and only one thing can stop plans being fulfilled — money problems resulting from the rate of inflation.

This is a sharp reversal of the situation in the second half of 1973 and the first half of last year when foreign loans could be obtained at competitive rates of interest but the world shortage of steel and long delivery times for vital equipment put the brake on expansion.

Of the R996m projected investment for this year, R769m is earmarked for the basic metal industries —production of iron and steel, non-ferrous metals such as copper and aluminium and for the ferrous and non-ferrous casting foundries.

This compares with actual spending of R584m by this group last year when the projection was R733m.

The R227m balance of investment will be made by the metal fabricating industries, including engineering, mechanical and electrical machinery manufacture and production of transport equipment and components for the motor manufacturing industry.

This is a R54m jump on the R173m actually invested by this sector last year, when the projected target was attained.

189

Iscor blast-off early next year

Daily Dispatch 21/7/75

EAST LONDON—Iscor will start building, probably at Berlin, early next year. Initially a warehouse will be built.

This was the message brought by the managing director of Iscor, Mr Hans Coetzee at a civic dinner last night.

"I believe that the rest of this area's development will be guided by the installation we have in mind for East London," Mr Coetzee said.

"I also believe Iscor could manufacture in this area and we will look into this because we have no manpower to spare and if we could do some of the work that we normally do in the Southern Transvaal, it would help to overcome our manpower problems."

Mr Coetzee said that by devoting their valuable manpower hours to East London it showed that the area was in a favoured position.

Top Iscor officials inspected a prospective site in Berlin yesterday to seek a suitable site for the Iscor steel distribution centre. They were Mr Coetzee, Mr Nols Olivier, the divisional general manager for domestic marketing and Advocate M. Naude, legal advisor to Iscor.

The officials inspected about 44ha at Berlin, but said they were disappointed because the land was too uneven.

"We would prefer a much smaller site, say 10ha, which is flat, for our warehouse," Mr Coetzee said. "We can always expand to other sites within a kilometre or two, when we need to."

Mr Coetzee said he did not have money to throw about, and what he had, he would rather spend on stocks of steel than on building up uneven ground.

"But we have had a look at Berlin and we will shortly be sending down engineers to see what solution we can come to about Berlin.

"There is some solution and I am sure we can make this a historical day for the whole area," Mr Coetzee said.

But Iscor's plans of a steel distribution centre for the area is not good news for everyone. In an interview the general manager for marketing, Mr Olivier, said Iscor would not provide steel at the subsidised rate that will make it on a par with the Transvaal, to everyone.

"Our proposed warehouse will be geared to serve the immediate needs of the area in industries such as agriculture and housing.

"Our other objective is to attract secondary industry to the area because you have a large export potential, not only abroad, but also to other South African ports."

Mr Olivier said the Iscor warehouse would only serve new industry.

"Only one or two of your present industries will qualify to draw steel from the proposed warehouse but we will not serve steel dealers."

Mr Olivier said the new warehouse would only serve the East London-Berlin-King William's Town complex, the Ciskei and the Transkei.

Mr Olivier said Iscor would continue to hold the 1 200ha of land they have on the West Bank.

"Our immediate and urgent aim is to build the warehouse, probably at Berlin. Our long term aim, which could be ten to 20 years away, could mean an Iscor works on our West Bank land, which stands us in as a good investment," Mr Olivier said.

Replying on behalf of the Sakekamer, Mr F Maritz, said he did not believe that many people understood the influence the Iscor warehouse would have on the area.

Business Systems & Equipment

AUGUST 1975 Volume 6 No. 8

Blacks are to service equipment

Much of the sophisticated equipment for the growing South African business equipment industry is to be serviced and maintained by Black technicians qualifying under a new government approved training scheme. The scheme is being undertaken by the Business Equipment Association of South Africa which represents an industry employing more than 15 000 people engaged in the manufacture, marketing and maintainance of equipment ranging from adding machines and typewriters to computers.

Mr Val Andries, president of the Business Equipment Association said: "The pilot scheme is designed to provide Black employees with the basic skills and knowledge which will enable them, after further incompany training, to service the sophisticated equipment marketed by our members We are dedicated to the programme not only because we think it worthwhile to provide meaningful training and career opportunities for Blacks, but also because we know they can become a pool from which we, as an industry can satisfy our ever growing needs for trained manpower" Mr Andries said the recent initiatives of the Government through the Department of Bantu Education to promote Black training had encouraged the Association to start the scheme

The training programme was aimed at those candidates who had the necessary education and aptitude and the Association's director of training, Mr R I Marsden, is presently evaluating current selection and aptitude testing methods with a view to establishing a composite battery of modern tests

Mr Andries pointed out that

dustry's technical staff operated in customer's premises where good service and sound customer relations were vital and therefore it was necessary to have sound selection

Initial training in the scheme offers courses in basic mechanics and electrics, technical drawing and the development of manual skills The duration of the course will be 15 weeks

Permanent training premises are under construction at Chamdor, Krugersdorp, where the first government sponsored training centre for Johannesburg and the West Rand is to be established To speed up its plans the Association obtained special approval from the Department of Bantu Education and the West Rand Bantu Administration Board to move temporarily into one of two training centres built and equipped in Soweto for industrial training of Black schoolchildren.

Since the training scheme falls under the Government's provision for private industrial training, approved training costs such as the trainee's pay, will entitle employers sponsoring students to special tax con-

Costs up 25pc — Seifsa report

ARGUS 4/8/75

184

Financial Staff

FALLING orders and sharply rising costs of labour and materials hit metal and engineering businesses in June, says the monthly report of the Steel and Engineering Industries Federation.

Only 40 percent of plants reported favourably on their intake of orders compared with 44 percent in May and 75 percent in June last year.

The second steel price rise this year moved some costs up as much as 25 percent in June, steel scrap going up in sympathy.

This followed a general pay rise and higher payments by employers to the industry's pension scheme.

CONCENTRATION

'Inflation pressures were aggravated with the concentration in a single month of major cost increases,' says Seifsa. 'Business confidence must weaken unless costs can be stemmed.

'The future competitive standing of manufactured products in South African and overseas markets will be under pressure

'The vulnerability of firms to risks and under-recovery on forward commitments steadily increases with estimated and actual costs diverging widely'

The hardest-hit sectors of the industry are builders' suppliers, non-ferrous metals and domestic appliances.

TV set sales at 24 000 so far

The Argus TV Reporter 5/8/75

28
311
189

THE latest market research figures show that by mid-May only 24 000 television sets had been sold in South Africa.

This was the figure quoted yesterday by Mr Olive Corder, managing director of a market research company, at the one-day television symposium in the city.

It confirms earlier estimates that TV set sales had got off to a disappointingly sluggish start and that sales projections for the first year before the full service starts in January were highly optimistic.

It was hoped that up to 200 000 sets would be sold this year, but considerable consumer resistance, mainly because of the high price of sets, has kept scales down.

Another reason is that people are waiting for the full five hours a day service to begin before acquiring sets.

Mr Corder said it was now estimated that about 70 000 sets would have been sold by the end of the year.

The survey also showed that among Whites interviewed 22 percent said that they would have a TV set, 48 percent would not and 29 percent were undecided.

He said the survey was carried out every month and was based on 600 White homes, 1 400 African homes, 500 Asiatic homes and 800 Coloured homes.

Four percent of Coloured people said they had decided to have TV sets, 9 percent of Asiatics also said 'yes' to sets, but only 1 percent of the Africans in the survey intended to get sets.

Among the Whites 14 percent of those who had decided to get sets said they would buy them before the full service started.

Twenty-seven percent of this group would rent.

The survey showed that the main preference was for the big, 66cm colour set (46 percent), followed by 16 percent for the smaller colour set and 11 percent for black and white.

Mr Corder said that younger age groups and higher income brackets showed the greatest bias towards acquiring TV sets.

Crisis hits ship repair industry

6/8/75

Cape Times Correspondent

A CRISIS has hit ship repair companies in Cape Town and most of them have been forced to lay off staff. At least one company is working only eight to nine hours a day, compared with a 24-hour working day in normal times.

The [illegible] of one of the [illegible] repair companies said yesterday: "The situation is as bad as it could be. We are as low on work as we are ever likely to be.

"We have been hit from two sides — the reopening of the Suez Canal and the dramatic drop in tanker traffic.

"Sure we are down; but definitely not out. Things can only improve."

Said a spokesman for another large company: "We are keeping our heads above water. There is a definite slack in the amount of repair work and where we normally work a 24-hour day, we have only enough work to keep us going for nine to 10 hours.

"We have not had to lay off any significant number of workers."

Another company said that although there was not a lot of repair work and the situation looked bleak for the immediate future, things were bound to improve.

"All ship-repair companies I know of have been forced to lay off workers. Some are even looking at senior staff members, but we are keeping a nucleus of workmen.

"We are convinced the slack spell is a seasonal thing but the general feeling is that it will never again be as good as it was.

"The reasons for the slack are mainly a general decline in shipping and the reopening of the canal.

"Then, of course, it must be remembered that oil refineries in Europe have cut down considerably on their production, some as much as 30 percent.

"But it is not only the ship-repair industry that has been hit by the slack in shipping. Shipping agents are also having their problems. There seem to been a general drop in shipping."

● In their latest estimates, Lloyds said that about 360 tankers, representing more than 30 million dwt of shipping, had been laid off.

189

Heunis offers State aid to ore processors

RDM 2/10/75

By CHRIS CAIRNCROSS
Industrial Editor

PORT ELIZABETH. — The Government has devised a new export incentive scheme designed to stimulate increased activity in the processing of the country's large store-house of minerals and ores for export.

This was announced by the Minister of Economic Affairs, Mr Chris Heunis, in a speech read out for him by Mr P. J. Theron, Secretary for Industries, at a banquet last night marking the close of the Federated chamber of Industries' annual executive council meeting.

Mr Heunis, who is ill, said the scheme is the result of recommendations of a committee appointed recently by the Economic Advisory Council.

The export scheme goes into immediate effect and will last for five years.

Mr Heunis said that while it is clear little or no help is required from those corporations already processing minerals for export, there are other industries which, being only marginally profitable, may need help to develop their productivity "to the great advantage of the economy".

He said prospective processors of local minerals for export may now apply to the Department of Industries and other authorities for assistance.

Mr Heunis outlines the following forms of assistance:

- The rebate of 25 per cent on the prime bank lending rate applicable under the export promotion scheme may be extended to exports classified under the processed minerals category.

At the present prime rate, this concession amounts to a non-taxable subsidy equal to about 1,25 per cent of the value of the annual exports of processed minerals.

- Loans by the Industrial Development Corporation for part of the capital requirements of a processor at "attractive" rates, with a minimum of 6 per cent against a normal rate of 12 per cent.

The higher the portion of the product exported the lower will be the rate of interest.

- Beneficiation allowance in terms of the Income Tax Act to a maximum of 20 per cent of the cost of equipment, and a maximum of 15 per cent of beneficiation plants.

Mr Heunis said these allowances may be granted in addition to allowances normally available to manufacturing and mining undertakings, and in addition to any tax concessions for which the operation concerned may qualify in terms of the decentralisation scheme.

- A rebate of up to 20 per cent on the cost of electric power.
- In cases where railage costs are an important factor and adversely affect the possibilities of export, railage rebates will be allowed on the transport of the main raw materials to the processing plant, and of the products to the coast.

Mr Heunis said that as a general criterion it will normally be a requirement that there should be a substantial input of local raw materials, of about not less than 50 per cent.

"Processing should also be real — say an added value of at least 100 per cent."

flotation and milling processes.

"Assistance in terms of the processing scheme will, therefore, not be available to undertakings based on production principally for the domestic market," he said.

"If they should need support to operate on this market, the traditional channels of assistance by means of customs tariff protection and the normal facilities of the IDC are available."

Mr Heunis said that those companies producing mainly for the domestic market but having surpluses which they wish to export, could qualify for assistance in terms of the existing export promotion scheme.

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189

60 fired in hours dispute

Mercury Reporter 15/10/75

PIETERMARITZBURG — At [illegible] men out of a total work force of 80 at Conac [illegible] were dismissed yesterday after talks on [illegible]

Members of the works committee said the workers had for some years been working ten and three quarter hours a day for six days a week and some times seven days a week.

The men were not paid overtime, he said.

Yet the factory was still in full production, the manager of Conac Engineering, Mr. E Ege, said yesterday.

Because of the overtime issue the works committee had made representations to the management but these were dismissed, a committee member said. The men had then said they would not be working on Saturday, October 11.

When they arrived at work yesterday they were given the choice of work on the usual terms or they could resign.

The works committee went to the Department of Labour and asked them to [illegible]trate.

Without being given the opportunity to state their case the labour inspector told the men: 'I haven't got time to talk,' a committee member said.

The inspector then drove [illegible] Conac and talked [illegible] the fired worker[illegible]

Mercury 16/10/75

189

AGITATORS GET BLAME

Mercury Reporter

PIETERMARITZBURG — The dispute at Conac Engineering continued yesterday with a statement by management that the refusal to work overtime by 64 men had been caused by "agitators."

The 64 men arrived at 7 a.m. yesterday and sat peacefully for several hours outside the factory gates. They moved off to a meeting in town when police and Special Branch men with cameras arrived during the morning.

The managing director, Mr. E Ege, said that it was not true that the men had not been paid for overtime.

The men involved in the dispute had been paid overtime rates and had worked ten hours a day with a knock - off time of 4 p.m. on Fridays.

The plant was also closed on one Saturday in the month to allow time off.

"The entire incident has been caused by agitators," he said.

"On Tuesday I addressed the entire African labour force of 147 and explained to them that the company had worked overtime for the past eight years. Everyone had been paid for this extra work."

Mr. Ege said he had a number of meetings with the workers' liaison committee to explain the position and to ask them to be reasonable but without success.

"The men presented us with an ultimatum. They decided they no longer wanted to do overtime and failed to arrive last Saturday, said Mr Ege

"I have always been fair. Workers who could not do an overtime shift for some good reason were excused On top of that we pay the men 10 percent more than is laid down by the industrial council."

Yesterday the liaison committee claimed that the men were not given the opportunity to remain on at Conac if they did not want to work overtime A member of the committee said they intended taking their case to the Department of Labour for arbitration.

189

ENGINEERING FIRM DISPUTE PROBED

Mercury 17/10/75 (1) 150 (2) 133 (3) 147 (4) 187

Mercury Reporter

PIETERMARITZBURG — An urgent special meeting of the executive committee of Pietermaritzburg's Chamber of Industries was held here on Wednesday to investigate the situation at Conac Engineering which resulted in 64 of the firm's Black workers being fired.

The meeting was attended by Mr. E. Ege, Conac's managing director, who is a member of the executive committee, and an unnamed invited representative of a Bishopstowe engineering firm "who was also expecting some trouble," according to a spokesman for the chamber.

In a statement, issued yesterday, members of the executive said they had been "disturbed" by Press reports of unrest at Conac and "had investigated the facts of the situation."

Mr. Ege told the meeting the worker representatives of the liaison committee brought up the question last week of overtime working and they expressed the fear that workers believed that they could be dismissed for failing to work overtime.

They suggested the practice of regular overtime should be abandoned.

It has been the regular practice at Conac's to work Saturday mornings and an hour overtime every normal day, according to the statement.

Mr. Ege said that on Tuesday he addressed the men outside the works and explained the company policy on overtime — particularly in relation to the custom of regular overtime working and payment of enhanced rates.

He told the meeting that 64 men had chosen not to continue in employment under these conditions.

Some hope in the air over depressed repair yards

Mercury 22/10/75 189

SOUTH AFRICA'S ship-repair industry is beginning to feel the pinch following a world-wide shipping slump. While the severe recession of the tanker market is responsible for millions of tons of tanker space being mothballed around the globe, the South African ship-repair situation is being aggravated by the recent reopening of the Suez Canal.

By WILF SEIFERT
Shipping Reporter

AT LEAST one Durban shipyard may be forced to lay off workers. Others could follow "if the tight ship-repair situation doesn't take a turn for the better soon," according to one spokesman.

During my three-day investigation, it became apparent that smaller local companies seem to be less vulnerable to the threats posed by the downward trend in South African ship-repair contracts. With smaller staffs, they are more flexible and, therefore, better braced to absorb the inevitable punch.

One of the few companies that did not join the long queue of bitter complaints on the lull in repair contracts is Elgin Engineering, of Durban.

Ship-repair manager and deputy managing director Peter van der Waal, who looks ahead with "healthy optimism," told me: "In spite of all the negative factors responsible for the repair recession, our books show a marked improvement, say, compared with a year ago when the Suez Canal was still closed. We are not big, that's the secret."

Mr. van der Waal said his company "never touches big jobs, including tankers" and ascribes their success to the fact "that we're small." He declined to speculate on future contracts other than to admit that "the situation might change."

Another ship-repair expert who does not seem too gloomy is Roy Fordyce.

Mr Fordyce, shipping manager of L. H. Marthinusen, the Durban electrical and mechanical engineering company, believes that business "ought to pick up" and he compared it with the motor car industry.

"Less money is being spent on ship-repair and service. My company is just ticking along at the moment and we're quite capable of doing much more. But, as in the car industry, certain maintenance work has to be done. There are compulsory dockings, surveys, valve repairs, paint work and general storm damage, fire damage and other essential repair jobs."

"Ship-repairing is a fluctuating business, because we all live off someone else's misfortune," Mr. Fordyce told me.

So far, L. H. Marthinusen has not been forced to switch to short hours or to lay off workers. In fact, the company has "picked up new men," as Mr. Fordyce put it. He is confident that the situation must improve, "because ships are getting older and repair costs increase with age."

Mr. G. D. Smith, Dorman Long Vanderbijl Corporation's Durban assistant ship-repair manager, estimates the repair fall-off to be near 25 percent, partly accelerated by the recession of the tanker market as well as the reopening of the Suez Canal.

"We have not had any lay-offs yet. Dorbyl has many divisions and was able to absorb surplus labour into other departments, including rig and barge construction.

"I think the situation

'Best thing is to wait and see'

looks quite good for the near future. Cape Town has felt the pinch much harder," said Mr. Smith.

Ship-repair manager Bill Strickland of Dorbyl's neighbour, James Brown and Hamer, conceded that his department had "definitely felt the pinch" and estimates the drop in contracts at an alarming 40 percent.

The company's managing director, Mr. E D. Mackie, indicated that they might be compelled to lay off workers.

"We have already been reducing our staff slightly and more could follow in the face of this ship-repair lull," he told

A man who describes his shipyard as "so far, pretty lucky and the company well occupied in spite of the adverse effect caused by the reopening of the Suez Canal," is Sandock-Austral's general manager, Mr. A. J. Kruger.

There had been a reduction in work "to a certain extent," but his company was not affected by the recession to a large degree because "we're trying to keep only a minimum of staff, so we don't feel it so hard," he commented.

Asked about his opinion on prospects for the industry, Mr. Kruger said "It is hard to say. Things might change overnight. Best is we wait and see."

A spokesman for the Cape Town-based Dorman Long Swan Hunter ship-repair division put the present situation in a nutshell when he commented: "It doesn't look good at all."

The man, who does not want his name published, added: "We still have a fair amount of work and no labour had to be layed off yet as our shipbuilding division absorbs the surplus workers. This is an international lull and other countries are probably hit harder than South Africa."

Al von Buddenbrock, managing director of Mosenthals Marine in Durban, said his firm "did pretty well when the Suez Canal was closed. Now there's a definite drop and we're about 50 to 60 percent down on the previous volume of, say, three years ago.

Basically, my company's work volume is on a par with last year's, because we are purely involved in good work.

Those "yards" working with steel are more affected. As far as our service division is concerned, there is a definite drop caused by vessels using the canal. Paint work, for instance, has fallen off considerably while jobs like life-raft servicing has not been subject to the pinch as yet. But it must come, no doubt," Mr. von Buddenbrock told me.

Other Durban marine service firms also noted a rapid drop in contracts following the Canal's reopening.

And now for the good news. It comes from Pierre de Backer, general manager and director of R. S. Trivett and Company, the Durban marine and industrial electrical engineering firm.

"It's very funny. With the reopening of the Suez Canal, the general monetary situation, the oil crisis and the tanker recession all coming down on the shoulders of the ship-repair industry, Trivetts had a bumper year.

"Our company has not to worry about labour lay offs and we've got a bigger staff than ever before. This is in spite of lacking tanker contracts which in the past has been a good income for us.

Contracts

"We are doing all the Safmarine work and most of the Bankline contracts. Among our customers are a number of other companies trading in local waters and, of course, the dredger Mascaret kept us up with the biggest marine-electrical job in South African history," Mr. de Backer said

Trivetts is now working only on general cargo ships and also holds a big contract to the South African Navy

Commenting on other secrets that might have contributed to his company's success, he said: "A very important factor is that we have a tremendous team and some of the finest specialists in the Republic We are popular and well known overseas."

How did he see the near future?

"I forcast bad news without hesitation. Local ship-repairers have a very hard year ahead," said Mr. de Backer.

Even Durban's graving and floating docks are recording a sharp drop in bookings

Fall-off

While demand in the past for docking space vastly exceeded availability and many prospective clients had to be turned away, "a definite fall-off in bookings with tankers almost down to zero" has been described by dock engineer Joe Diana. Dockmaster C. L. "Cocky" Hansen is for the first time in the position to grant somewhat longer docking periods for vessels undergoing bigger structural or repair work.

The drastic "decline in repair contracts partly due to the fall-off in the tanker trade and the reopening of Suez" has also been confirmed by Mr. J. Bryce, for the South African Association of Shipbuilders and Ship-repairers

"There's a decline in the seasonal trade, no doubt," he told me.

Describing the local yards as being "not as busy as they should be," the secretary of the Durban branch of the South African Institute of Marine Engineers and Naval Architects, Mr. G. C. Henderson, feels that ship-repair activities are "not nearly as lively as they should be at this time of the year."

SUN TIMES
(Bus Times)
26/10/75

Iscor needs 1155 apprentices

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OR, the largest employer pprentices in the steel intry, already has 2 883 apprentices learning trades at centres, but it still has ancies for 1 155 schoolers to be apprenticed s year

There are training schemes at all Iscor centres the largest being at Pretoria and Vanderbijlpark where the numbers required this year are 500 and 325 respectively.

There are vacancies for 230 apprentices at Newcastle 90 at Sishen and 10 at Thabazimbi

Five-year apprenticeships are being offered for millwrights and instrument mechanics, and four-year training schemes for electronics mechanicians and for fitters and turners

Standard 7 will suffice for a rigger (three-year apprenticeship) and for a welder

Iscor apprentices earn well while they learn Youngsters in their first year of training receive R173 a month plus a leave bonus of R80

In his second year, a man with standard 10 qualifications will earn R189 a month with a leave bonus of R97 In his third year the figures will be R211 a month and bonus of R113 in his fourth year R248 with R130 bonus and in his fifth year R367 with a bonus of R175

Men with standard 7 to 9 qualifications will earn R142 in his first year R165 in his second progressing to R199 and then R236 Leave bonuses are on the same scale as above

For people with technical training qualifications, payments are increased

189

(189)

ADDRESS BY SENATOR THE HONOURABLE OWEN HORWOOD, MINISTER OF FINANCE, AT THE OFFICIAL OPENING OF THE FACTORY OF THE SOUTH AFRICAN TELEVISION MANUFACTURING COMPANY (PTY) LIMITED AT WILSONIA, EAST LONDON ON 29 OCTOBER 1975

For Release : 12h00 on 29 October 1975

Mr. Chairman, distinguished guests, ladies and gentlemen:

There are three main reasons why I am very pleased to be present here today.

First, because it is good to see the visible signs of progress as represented by the imposing new factory which is to be officially opened today. Here we see

confidence .... 2/.

confidence in South Africa and its economy translated into mortar, bricks, steel, glass, plant and equipment from the vague hopes, ideas and plans of a few years ago.

Second, because it affords me an opportunity to acquaint myself with the intricate workings of the advanced technology at first hand used in the manufacture of television receivers and witness the first steps of an important infant industry - a strong infant, nevertheless, that will soon overcome what teething troubles there are and grow rapidly into a healthy and virile adult industry which will do its share in diversifying further the already advanced manufacturing sector of the Republic.

Third, because as Minister of Finance I am in an indirect sense very much involved in the welfare of the

television .... 3/.

television industry, not only because we are partners in profit, but because the State is also an investor in your company through the decentralisation assistance which it makes available. I am grateful for the opportunity to be in East London today and more particularly in Wilsonia, to be able to note the great strides that this decentralised area has already made and the general development which is taking place. It is my pleasant duty publicly to congratulate your company on its far-reaching decision to decentralise its activities, one of only two TV manufacturers which have had the courage and initiative to do so.

Within fifteen months of its inception in a decentralised

area .... 4/.

area, S.A.T.V. is already producing approximately 500 television receivers per day of a standard and quality which is recognised throughout the Republic. What makes this achievement the more notable is the fact that during this period the 500 Bantu workers employed were trained by a technical staff of 120 Whites, many of whom had immigrated from Germany. This is indeed a valuable contribution towards the achievement of the Government's objectives within the policy of industrial decentralisation. We do not think only of the extent of the employment provided, but set particular store on the training facilities that have been created and the number of trained workers who are thus made available.

Through the importation of technical know-how, the influx of qualified technicians and the training of an

expanding .... 5/.

expanding number of South Africans to increasingly higher levels of skill the television industry has already developed into an important asset for our economy. Clearly, the television industry is helping to promote productivity by creating a better qualified, more efficient and healthier work force. It is creating a more efficient and healthier work force in the sense that the formal and technical education and in-job training will tend to create job satisfaction, increase earnings and living standards and so broaden the horizons of all those employed in the industry.

Ek wil vandag waar ek tussen nyweraars verkeer graag van die geleentheid gebruik maak om 'n beroep op u te

doen .... 6/.

doen om u steun toe te sê aan die Regering se nywerheidsdesentralisasie poging. Nywerheidsdesentralisasie, soos u dit hier sien, is nie alleen daarop gerig om werkgeleenthede vir ons anderkleurige bevolkingsgroepe te skep nie, maar ook om opleiding aan hulle te verskaf. Hierdeur kan ons dan ook die ophef van die lewenstandaarde van alle sektore van die bevolking in die ekonomie - veral dié in die laer inkomstegroepe - bewerkstellig. Ek glo dat u, die gedesentraliseerde televisie vervaardigers, op hierdie wyse besig is om saam met die ander gedesentraliseerde nyweraars die hoeksteen te lê waardeur die Suid-Afrikaanse mark vir duursame goedere uitgebrei kan word. U is egter ook nie net besig om die mark vir u produk vir u eie ontwil onder die laer inkomstegroepe uit te brei nie maar sal, omdat hierdie produk 'n massa kommunikasie-medium is wat tot

groot .... 7/.

groot voordeel in die geweldige opvoeding- en onderwystaak wat op ons skouers rus, aangewend kan word, ook 'n baie belangrike bydrae lewer tot die verdere opheffing van alle inwoners van die Republiek.

Voorts sou ek ook graag u aandag daarop vestig dat die konsessies wat aan nyweraars toegestaan word, indien hulle desentraliseer, 'n paar maande gelede deur die Owerheid in oorleg met die georganiseerde nywerheid en selfs in enkele gevalle in oorleg met individuele nyweraars, verhoog is. Die verdere toegewings het nie alleen die verhoging van die konsessieperk behels nie, maar ook die verlenging van die tydsduur waarvoor konsessies toegestaan word, om sodoende te verseker dat

die .... 8/.

die gedesentraliseerde nyweraar ten volle en stewig gevestig raak. Daar is ook 'n wye reeks aanbevelings aanvaar om al die ander aspekte, soos probleme met vervoer en veral met padvervoer en gebreke in die infrastruktuur en kommunikasie, wat knelpunte by desentralisasie veroorsaak het, uit te stryk.

There is as you may know a school of thought which holds that decentralisation is in itself a cost-increasing factor and that it therefore helps fuel the flames of inflation. This is not a conclusion that I can subscribe to, especially on a longer run view of the possibilities. It is a fact that the cost of creating jobs in a particular decentralised area tends to fall as the number of firms in the area increases. This happens because the relative development costs of the infrastructure diminish once the area passes its initial

development ..... 9/.

development phase. Conversely, it is common cause that the cost of supplying services to an already "overdeveloped" or heavily developed area such as for instance Johannesburg and surroundings is relatively high, and this circumstance must be borne in mind in assessing the true cost of any decentralised activity.

The so-called "external diseconomies" which arise in the big cities by reason of an undue congestion of traffic (the higher cost of moving people and goods from one point to another), or the sheer inability on the part of the relevant authority to provide, beyond a certain limit, more housing, sanitation or education

facilities .... 10/.

facilities (and the effect this has on worker efficiency) are other important and well-known costs of centralised economic activity which can in appropriate cases be transformed into corresponding benefits by decentralising.

Industry knows that the Government does not stand indifferent to the genuine problems of the new-found television industry. This is evidenced, for example, by the fact that the Government decided some time ago to make available a maximum amount of R210 million to finance the sale and rental of TV sets to cushion the impact of TV sales on the market for other consumer durables such as motor-cars, furniture and various household appliances. I am glad to learn that sales of television sets have recently, after a period of steady though somewhat slow sales, picked up and that

the .... 11/.

the prospects are at present better than estimated a month or two ago. Not only will increasing sales improve the position of the manufacturers of this new product but this fact, together with the substantial liquidity prevailing in the economy, is likely to ease whatever financing implications the television service might entail for the State.

What a soundly developing country like South Africa needs is a steady increase in capital investment, both in the physical sense of buildings and machinery and equipment to create more and more jobs for a growing population, and in the shape of human capital to promote technology and productivity and thus raise living

standards .... 12/.

standards for all. To this end the Government will do its utmost to create and maintain a climate that can sustain economic growth on a sound long-term basis. And it is in the context of this great national development need that I see the versatile television industry's biggest contribution in the challenging years ahead.

I now have much pleasure in declaring this new undertaking of the South African Television Manufacturing Company duly open.

Hartlik geluk, en mag dit goed gaan met u almal.

ISSUED BY THE DEPARTMENT OF INFORMATION AT THE REQUEST OF THE MINISTRY OF FINANCE.

PRETORIA. 29 OCTOBER 1975.

UITGEREIK DEUR DIE DEPARTEMENT VAN INLIGTING OP VERSOEK VAN DIE MINISTERIE VAN FINANSIES.

PRETORIA. 29 OKTOBER 1975.

THE ARGUS, WEDNESDAY OCTOBER 29 1975

(187)

11/189

Second TV factory passes 100 000 mark

Financial Staff

THE South African Television Manufacturing Company of East London had manufactured and sold 100 000 TV sets since it began operations just over a year ago, the chairman, Mr Fred Street, said today.

Coupled with Monday's announcement by Tedelex that it too had manufactured 100 000 receivers, this means that the industry in South Africa is manufacturing TV sets at a far better rate than was previously thought possible.

Mr Street made his announcement at the oficial opening of the SATV factory by Senator O. P F. Horwood, Minister of Finance

Mr Street said 'I am absolutely delighted The industry, having been attacked as it has in the past, has performed miracles, and this shows just what can be done in South Africa

'GOING PLACES'

'This is a great new industry in which I have absolute faith, and which is really going places in spite of all the misleading reports and figures which have been circulated.'

SATV produces several brands of television receivers all of which are marketed by its three shareholders.

Electra Television & Appliances, which owns 49 percent of SATV markets the Telefunken receiver; Gallo with its 16,66 percent in SATV, markets the JVC receiver; and Phil Morkel, which has a 34,34 percent stake in SATV does markets of the Pioneer and Videoscope brands

FRANCHISE

SATV has the franchise, under a technical know-how agreement, from AEG Telefunken of Germany, inventor of the colour system which the SABC is using, and among these at the opening ceremony were Mr O S. C. J Schmidt, chairman of Telefunken Germany, and two of his co-directors

Also at the opening were Mr L L. Sebe and Mr N. J Mkrola, senior members of the Ciskei Legislative Assembly, and representatives of the Decentralisation Board, SA Bureau of Standards, and the Department of Industries, all of whom played roles in the establishment of this border industry.

SATV has a factory staff of about 700, of whom about 555 are Black employees who are engaged in every aspect of assembling and testing television receivers

Among the White technicians 45 were brought from overseas and about 60 were locally trained.

The factory is producing about 650 sets a day.

159

Steel production rise a pointer to recovery

Star 10 11 75

Tony Koenderman

The output of steel mills rose again in September, strengthening the view that the industry is rising from the trough of its business cycle.

The pattern of production for the year has been a boom for the first four months followed by a sharp three-month downturn. This ended with a new upswing in August which, it now seems, may amount to more than a temporary flurry.

However, though the total for the nine months to date is still a healthy 13,8 percent up on the same period last year, the increase is less than it was earlier.

PATTERN

The first-half output was 16,8 percent up. By July the relative increase had fallen to 15,5 percent, and by August 13,9 percent.

But if the present pattern continues, the year-on-year increase could run out at about 13 percent, a record of growth which few industries are likely to match

The September steel mill production was 555 200 tons of ingots and continuous cast billets, making a total of 4 732 700 tons for the year to date

Pig iron production for the nine months was 3 837 000 tons, an increase of 9,3 percent. Ferro-alloy output rose 18,6 percent to 554 200 tons

The output of steel castings from the foundries showed a more modest increase of 2,3 percent to 106 700 tons to date, but production of iron castings rose 17,6 percent to 263 600 tons.

Non-ferrous castings showed a 2,0 percent fall to 11 461 tons.

Generation of electricity this year, a significant indicator of overall economic performance, has risen but by somewhat less than in recent years

The average monthly output of power stations for the nine months of the year was 6 313 gigawatthours. This represented a 6,8 percent rise over the same period of 1974, compared with a 9,5 percent rise last year over 1973.

The average rate of increase in the last four years was 5,7 percent.

Employment in manufacturing rose slightly in August, after levelling off in July. But in the course of the year, it has been rising fairly steadily.

In construction, employment rose until April, levelled off, and has been falling since June.

189

EMBARGO : 14TH NOVEMBER, 1975 AT 12h30

ADDRESS BY MR. G.J.J.F. STEYN, SECRETARY FOR COMMERCE, ON THE OCCASION OF THE OPENING OF EXTENSIONS TO THE FACTORY OF SOUTH AFRICAN SCALE CO (PTY) LTD AT THE APEX INDUSTRIAL SITE, BENONI, ON 14 NOVEMBER 1975

It is a great personal pleasure to me to be able to address you on this important occasion in the history of the South African Scale Company which has, so I understand, already been in operation in our country for a period of some 70 years.

I would like to congratulate the management and the staff of

the/......

the Company on the successful completion and commissioning of these extensions to the company's manufacturing plant. There is, I believe, a general recognition in our society of the need for using accurate weighing instruments in trade transactions in order to ensure equity. In fact, no economy can function properly without the use of reliable and suitable weighing equipment in commerce and industry. Even the ancient Egyptians used scales which, although of somewhat primitive construction, had been

built/.....

built according to principles which even today are still being widely applied.

It is also interesting to note that when, in 1906, the British firm W & T Avery Limited decided to establish a branch office in South Africa, there were no weights and measurement regulations in operation in the country, other than those which were being administered at the time by the Municipality of Johannesburg.

Namate die land ontwikkel het, het die firma Avery Beperk,

wat in/....

wat in 1918 sy naam na die huidige een verander het, sy bedrywig=hede progressief uitgebrei sodat hy vandag 30 afset- en diens=sentrums in die Republiek en 2 in Suidwes-Afrika, asook 'n totale werkerskorps van 675 persone in diens het.

Gedurende die vroeë sestigerjare het die firma ook op 'n proefbasis met die plaaslike vervaardiging van 'n baie populêre weeginstrument begin wat veral vir gebruik deur boere en kleiner winkeliers geskik was. In 1968 is reeds meer a 2 000 van hierdie eenhede vervaardig, wat aanduidend is van die

vordering/......

vordering wat die firma se vervaardigingsbedrywighede binne 'n betreklike kort tydperk getoon het. Die groeiende landsekonomie het dan ook, so meen ek, die bestuur van die firma laat besluit dat die vervaardiging van weegtoerusting <u>op 'n groter skaal</u> meer as geregverdig was ten einde met die toenemende behoeftes van die landbou, asook die handel en die nywerheid tred te kan hou.

The company's plant extensions which are being formally commissioned today, provide another example of the management's desire to participate in the further expansion in our country

of a/.......

of a highly specialised and indispensable field of economic activity.

For a relatively young country, such as South Africa, achievements like those which we are privileged to celebrate on this occasion are of great significance to its economic growth. In the first place, it is a reflection of the ability of our entrepreneurs to detect new opportunities for progress; to weigh the risks involved; and then to take constructive initiatives which would add further to the country's productive

capacity/.....

capacity. These commendable qualities of our private entre= preneurs are the essential corner stones of our country's economic progress.

Secondly, the company's investment in additional produc= tive capacity in its South African operations is a reflection of its sustained confidence in the country's economic future. Such confidence amongst our entrepreneurs is an essential requirement for the country's continued economic growth. And their investments in new plant capacity also serve to create additional employment opportunities for the country's growing population.

Moreover/......

Moreover, the expansion of productive capacity in our manufac= turing industries reflects an expected increase in the demand for our goods which could have a wider stimulating effect also in other sectors of the economy.

In the case of scales it is hardly necessary for me to note that mass meters of all kinds, ranging from the small domestic scale to the massive weighing platform and other giant weighing instruments, have simply become an indispensable part of our daily life.

For these/.....

For these reasons alone, South Africa is indebted to its entrepreneurs for their contribution towards its continued economic progress.

I also believe that this company's decision to expand its operations is precisely the sort of action which our country needs in these times of inflation and cost increases. One of the aims of our present programme of collective action against inflation is to achieve increased production and higher levels of productivity throughout the economy, and to establish in this manner a healthier relationship between the supply of, and

the demand/.....

the demand for goods and services which, in turn, would promote the containment of price increases. Increased produc= tion also contributes to a lowering of unit costs which in itself enables producers and manufacturers to absorb at least part of the unavoidable cost increases with which they are constantly being confronted.

Moreover, I understand that by means of the existing extensions to its plant capacity the South African Scale

Company/......

Company also plans to expand its exports. Such increased exports would undoubtedly contribute to a lowering of its unit costs, and would also enable the company to increase its earnings of foreign exchange which is urgently needed to pay for our ever increasing purchases of essential imports, and particularly also of capital goods.

If we look briefly at our foreign trade in mass metering equipment, we find that the value of our exports of this type of equipment amounted to a relatively insignificant figure of

R0,4 million/....

R0,4 million during 1974, while our imports thereof reached a figure of R6,4 million in the course of last year. These imports included 954 portable and mobile platform mass meters and 15 743 other types of scales.

These figures clearly show that South Africa is still very much a net importer of mass metering equipment. It is, therefore, all the more important that we should not only increase the local manufacture of this type of equipment, or at least increase the local content of any equipment of this kind manufactured in the country, but should also make

determined/.....

determined efforts to expand our factory capacity in this sector of the economy specifically with the object of selling more of our production in export markets. It is encouraging to note that the local manufacture by the company of new types of weighing equipment as a result of its present plant extensions would probably save the country some R1 million per annum on equipment which hitherto had to be imported.

Another matter which requires urgent attention by all our entrepreneurs who are directly or indirectly associated with the

supply/....

supply of mass metering equipment to domestic users, is the need for a greater degree of standardisation in this particular field of activity. At the time of the conversion to the metric system the South African Bureau of Standards found that there were no less than some 1 500 different types of measuring equipment in use in our country and that some 200 models of this type of equipment were totally unsuitable for conversion to the metric system because of technical deficiencies. This situation had developed over many years as a result of the indiscriminate

importation/......

importation of an excessive variety of measuring instruments into this country, many of which were not even properly serviced and soon had to be discarded because of the lack of necessary replacement parts as well as the non-availability of a trained labour force to do essential repairs to them.

Our country simply cannot afford the wasteful application of our available financial and other resources which inevitably stems from the use of such a vast variety of inadequately serviced measuring instruments.

An essential/....

An essential prerequisite for the preservation of our type of economic system is the ability of our private entre= preneurs to constantly explore new ways of cost savings. And standardisation of our production ranges in manufacturing industry represents an important method of cost reductions which should be fully explored also by this company, having regard to the fact that a reduction in the variety of its products would likewise facilitate savings in the training of its technicians who are to look after the servicing of

its/.......

its products.

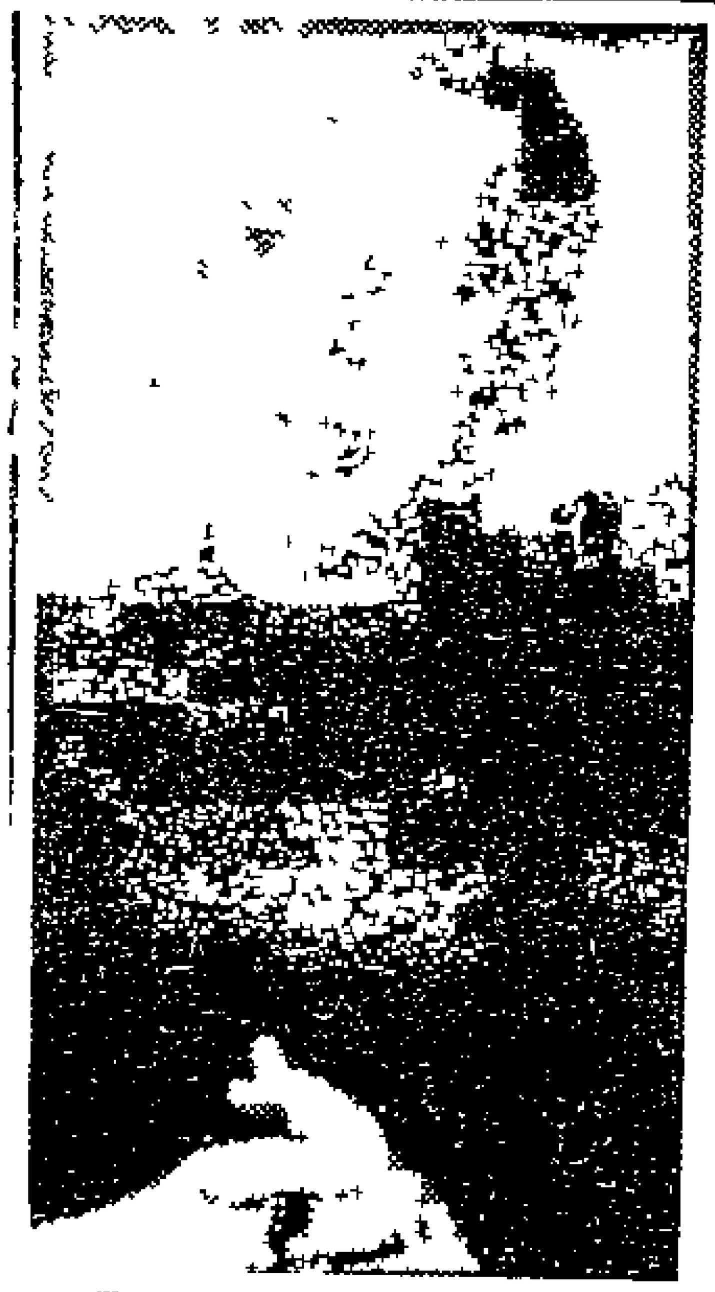
In extending to the company my very best wishes for the future success of its operations in South Africa, I would express the hope that its initiative in creating the new plant extensions which are today being formally commissioned at this ceremony, would encourage other manufacturers in the country to take similar initiatives at an early date.

It now/....

It now affords me great pleasure to declare the exten= sions to the factory of the South African Scale Company as having been officially open at this ceremony.

ISSUED BY THE DEPARTMENT OF INFORMATION AT THE REQUEST OF THE DEPARTMENT OF COMMERCE.

SUNDAY TIMES, Business Times, November 23, 1975


Dr Fred Zoellner

Get Iscor's picture right, says Zoellner

Ry NIGEL BRUCE

THE TRADING performance of this country's giant Stateowned Iron and Steel Corporation places it among the world's most efficient steel producers, despite its R35,9-million loss in the year to June 30.

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This is the opinion of one of South Africa's top steelmen, Dunswart's chairman Dr Fred Zoellner, who puts up a spirited defence of the corporation, whose profits were swamped by heavy loan finance charges

Dr Zoellner makes the following points:

• The corporation's genuine gross trading profit is more than 20 per cent of its turnover, which is high by international standards. Gross trading profit was R134,4-million (against R70,3-million in the previous year) which is 22,3 per cent of the R601,9-million turnover (against 15,7 per cent of R444.8-million).

• The corporation's performance is all the more remarkable because large amounts of essential plant have not yet been commissioned In particular, the new Newcastle steel works were only 50 per cent operational during the year. The last 100 of 200 coke ovens have still to be commissioned as well as a big blast furnace

As more of these production units are commissioned and provided, the Government continues to adopt a flexible policy towards the controlled steel price — which was increased by 15 per cent in June — so the trading profit should continue to improve, he says

Moreover, Dr Zoellner points out that the R87,9-million paid out in finance charges must be seen in relation to the very definite need to increase productive capacity.

He is adamant that the financing of the massive Saldanha Bay scheme should not have been allowed to burden Iscor's results, as it has nothing to do with the corporation's present operations.

The manner in which this undertaking is being financed has contributed significantly to Iscor's 67 per cent debt ratio (loan capital as a percentage of total net assets), which when seen against tested international standards, is dangerously high

This is particularly so because of the nature of the funding, which is predominantly through revolving bank credits — the interest rate on which is subject to periodic adjustment and which contain war or escape clauses for the banks

Had a new company been floated for the Saldanha undertaking, public subscription could have been invited, which would most likely have provided a far more secure capital base.

Dr Zoellner makes the point too that Iscor should consider seriously liquidating its non-steel manufacturing investments, the value of which at cost increased to R226million from R178-million over the year

This capital could be more productively employed if it were applied to the redemption of the corporation's indebtedness, he believes

Moreover, like the floating of a separate Saldanha company, this would demonstrate the Government's avowed determination to check the trend towards State encroachment into traditional fields of private enterprise

(189)

Paradox profits in shipbuilding

Shipping

By GEORGE YOUNG

WHILE THERE is still some doubt about the economic viability of shipbuilding contracts in South Africa, particularly since the largest yards in Durban conceded suffering losses running to millions, the proposed nationalization of the industry in Britain is causing considerable controversy there. Could state control make a shipyard any more profitable than private management?

The British shipbuilding industry, at one time the world's best, has been making heavy weather for years contributed to by interminable labour disputes and other costly factors. The Labour government says that the whole industry would go under without state intervention, and there has been evidence of public money being poured into Clyde and Belfast yards in recent years.

Opposition parties in Britain say that there has been no evidence to suggest that state ownership was a better way of managing resources than private ownership.

In Belfast where the Harland and Wolff yards, former builders of the large White Star liners and Cape mailships, have suffered a succession of crises, there is a plan now to cut the 10 000 work force by 10 percent, starting with the older hands. There is a strike today by 40 000 shipbuilding and engineering workers in Northern Ireland to protest this decision.

Meanwhile, in South Africa, numerous craft for indigenous owners and some for oversea oil interests are taking shape in Durban. Cape Town got out of the shipbuilding business when there was obviously no prospect of profits.

The construction of a salvage tug for Safmarine in Durban has run the builders to an enormous loss, and the tug has been in dry-dock for some weeks under sandblast to remove paint which did not meet specifications.

Some of the construction work in Durban yards is believed already to be in penalty time, and significance attaches to the suggestions of an executive that the losses sustained by yards may not yet be at an end.

Not all the complexes in Durban provide balance sheets which identify shipbuilding as a specific industry, and there is therefore difficulty establishing just how much is made or lost when shipbuilding is incorporated in comprehensive accounts.

Dorman Long yards are turning out ships for Unicorn, and have just about finished a custom design coaster Oranjemund for the Port Nolloth service from Cape Town.

But by virtue of the draught restriction of little more than three metres, the Oranjemund in order to justify her operation must fill with cargo to other ports along the route where she can empty out before reaching Port Nolloth at maximum acceptable draught.

Bigger ships for the near-sea trade including container vessels are also in building for Unicorn, but there has been no hint on whether contracts are profitable.

One source told me that "losses had been plugged", but men in the industry are sceptical whether even with a 20 percent Government subsidy the yards can build ships profitably.

As one accountant said, "Building losses can sometimes be absorbed in a sea of figures in a comprehensive balance sheet."

However, in view of the shipbuilding problems of Britain, and the escalating cost of construction in Europe which far transcends the increase in this country, this country could in time secure additional foreign contracts. But unless the foreign currency earnings constitute the main reason for accepting the contracts, no purpose would be served in booking jobs if they are to be delivered at a loss.

... at current world prices

F.M. 19/12/75

(1) Agric - General

(2) (189

Inflation's furrows

Anthony R Evans, Viljoenskroon, OFS

In view of:

- Your article on the costs savings available to farmers through mechanisation (*FM* November 21);
- The country-wide campaign against inflation; and
- The recent increase in profits announced by several companies whose business is the assembly and/or distribution of tractors, it is pertinent to mention the following·

The price of a Massey Ferguson 165 tractor has risen as follows during the past 16 months (these are prices actually paid by my farming organisation during the year):

August 1974	R4 022
March 1975:	R4 797
April:	R5 220
October.	R6 020
November.	R6 720
December.	R7 350

You will note that from August 1974 to October 1975, the increase amounted to a little less than 50%; and from October 1975 to December 1975, the increase was 22%. In total, the increase has amounted to over 80%

By comparison, the producer price of maize in bulk was R50/t in 1974 and R56/t in 1975 — an increase of 12% The fact that after-tax money is required by the farmer to pay for the 80% increase in tractor costs means effectively that the tractor companies have enjoyed a price increase at least 10 times that granted to the farmer.

Incidentally, there has been no change made to the tractor over the period.

I hope you and your readers will take these facts into account when discussions about the 1976 maize price take place in April.

FM. 13/2/76

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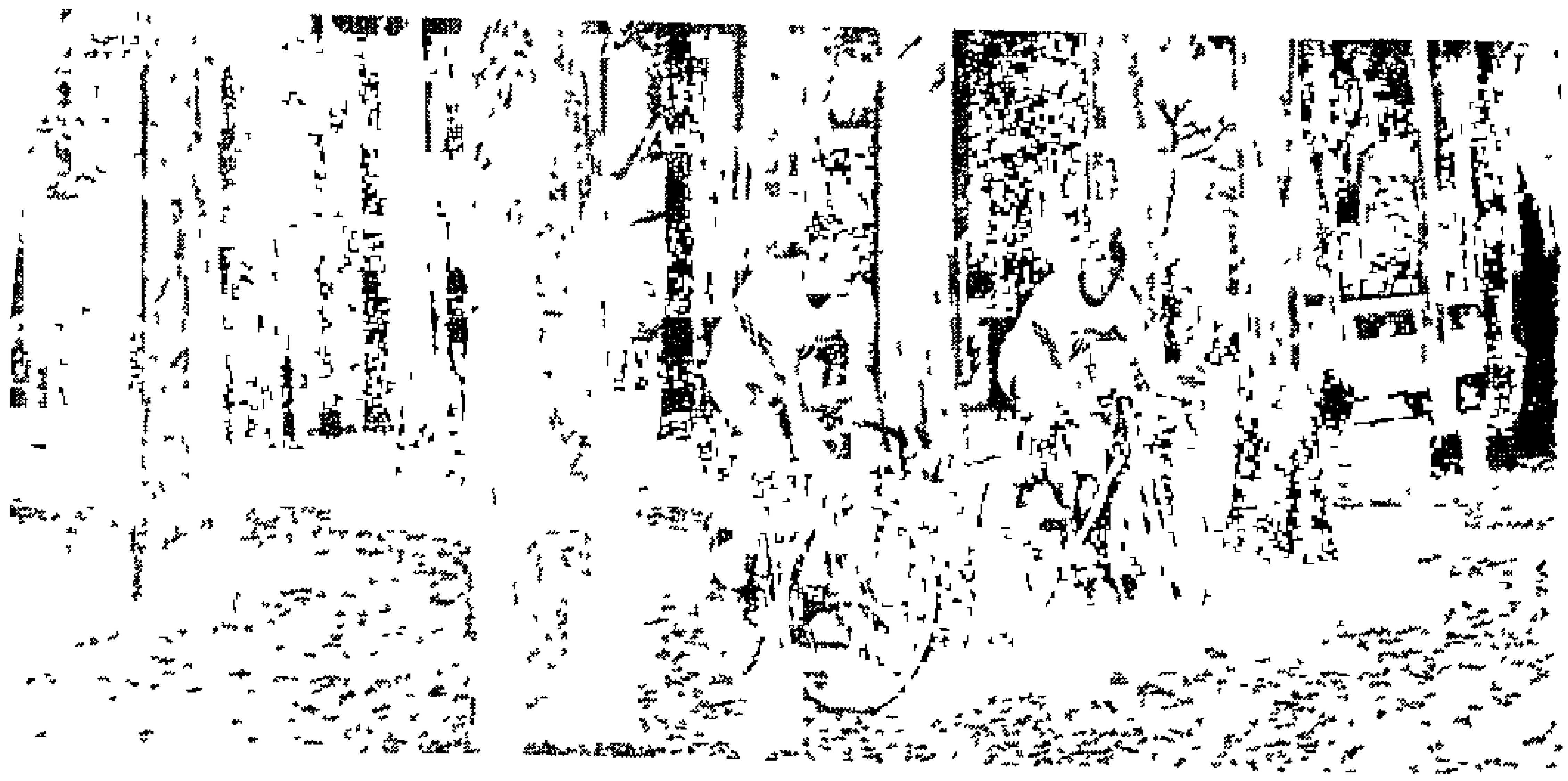
Two-wheel drift

Peugeot Cycles SA is gearing up to move from its R800 000 Alrode factory to a new R1,2m plant in Babelegi, Bophutha-Tswana in early 1977. "The move is a logical one," explains Michel Carricaburu, current executive director, who hands over to Alain Baumann this month

"With the Peugeot and Citroen merger, car manufacture needs all the space available at Alrode Manufacturing at Babalegi means we will have no difficulty transporting our bikes to the Vaal triangle market — without having to make use of the Railways.

"Financially the move to the Homelands makes sense, too. A BIC loan will allow us to get new equipment Using the Peugeot-Citroen facilities, such as the paint shop, was like using a sledge-hammer to crack a nut"

Carricaburu also sees labour advantages in a move to Babelegi. "We had 80 staff at Alrode when we closed in December. When we reopened 15 didn't



Peugeot's top brass . . . pedalling their wares

eturn It's not because the work is unatractive. We pay a higher salary than car nanufacturers It's a clean job, fairly quiet and involves some delicate work

"At Babelegi in a couple of years we hope to be employing between 250-300 people and if possible we'll use women operators as we do in France"

Peugeot Cycles output just before Christmas was running at around 100 units a day It's now down to some 70 80 but by the end of 1976 the company hopes to be producing about 20 000 units a year

It's got a long way to pedal to catch up Raleigh which supplies 80% of SA's 300 000 units Panther Cycle Manufacturers is riding at around the 15 000-20 000 mark, followed by DHC Cycle Manufacturers turning out 6 000 10 000.

Competition is also likely to increase with Micro Steel Cycles, due to be in production at its new R250 000 plant at Dimbaza in the Ciskei this year Etienne Somorjai, formerly of Hansom Cycles (who used to manufacture Peugeot under license), is also thought to be setting up manufacture in Cape Town

"The problem with this market is that no-one is bicycle conscious, which is curious Bicycles are cheap in SA," says Carricaburu

Peugeot's most expensive model sells for R110. In France it costs around R160 Peugeot increased bike prices by about 10% at the end of the year. Components such as brakes and gears cost around R40-R45 on a racing bike and distribution costs are high

Reluctant to use Railways for fear of damage, Peugeot transports its bikes from Johannesburg to Cape Town by road. This used to cost R1 R2, but the figure now is close to R5

US may loan R217m for Sasol project

DD 26/2/76.

NEW YORK — The United States Government is considering granting a direct loan of R217 million, plus guaranteeing a further commercial loan of another R217 million to the giant Sasol 2 oil-from-coal project.

These figures were given to me by an informed source closely involved in the hush-hush struggle being waged to end one of the United States' key discriminatory measures against South Africa.

A decision is expected soon.

No direct loans to the Republic have been sanctioned for 12 years, and they are categorically forbidden under the current rules of the Export-Import Bank, the Federal Government's trade-boosting agency.

The campaign to lift the ban has been building up for several months and has been closely linked to efforts to crack the American arms embargo against the Republic. It climaxed with the confidential letter from over 20 influential senators calling on President Ford to "fundamentally re-examine" US policy towards South Africa.

Leading the counter-campaign is Congressman Charles Diggs, the veteran opponent of South Africa. Various church and anti-apartheid groups have also protested. — DDC.

189

(1 ~~Agri Gazzard~~

(2 (184)

18 The Natal Mercury, Thursday, February 26, 1976.

WHY TRACTOR PRICES HAVE SOARED

FARMERS have good reason to be concerned at the soaring cost of tractors. A tractor that cost R5 600 two years ago now costs R8 500 — an increase of 52 percent.

This was the theme of a speech given by Mr. Hendrik Schoeman, Minister of Agriculture, at the opening of a news spares factory in the Transvaal recently.

Mr. Schoeman said that although mechanisation had helped South African farmers increase production, it was because of mechanisation that many farmers now found themselves in a difficult position.

The Minister quoted figures to show that the average price for bigger tractors (75kW) had risen by 67 percent and that of big tractors (150 kW) had doubled. A tractor that cost R15 000 in 1973 now cost R30 000.

Mr. Schoeman described these increases as "alarming" and warned that many farmers would face problems in the future.

He wanted to know why the tractor price had risen so sharply while that of the average big car had gone up by only 25 percent over the same period.

FARMING TODAY

BY

[illegible]

Other price increase quoted by Mr. Schoeman since 1973 were. Farm vehicles 47 percent, spares 50 percent and for fuel, prices were 36 percent higher in January 1975 than in January 1974

Mr. Buddy Gazzard, sales manager for Intertruck, whose company markets the International Harvester line of tractors in Natal, lays the blame for tractor price increases on the Government. He said that while the dealers' mark-up had remained static through the years, devaluation of the rand had played havoc with tractor prices.

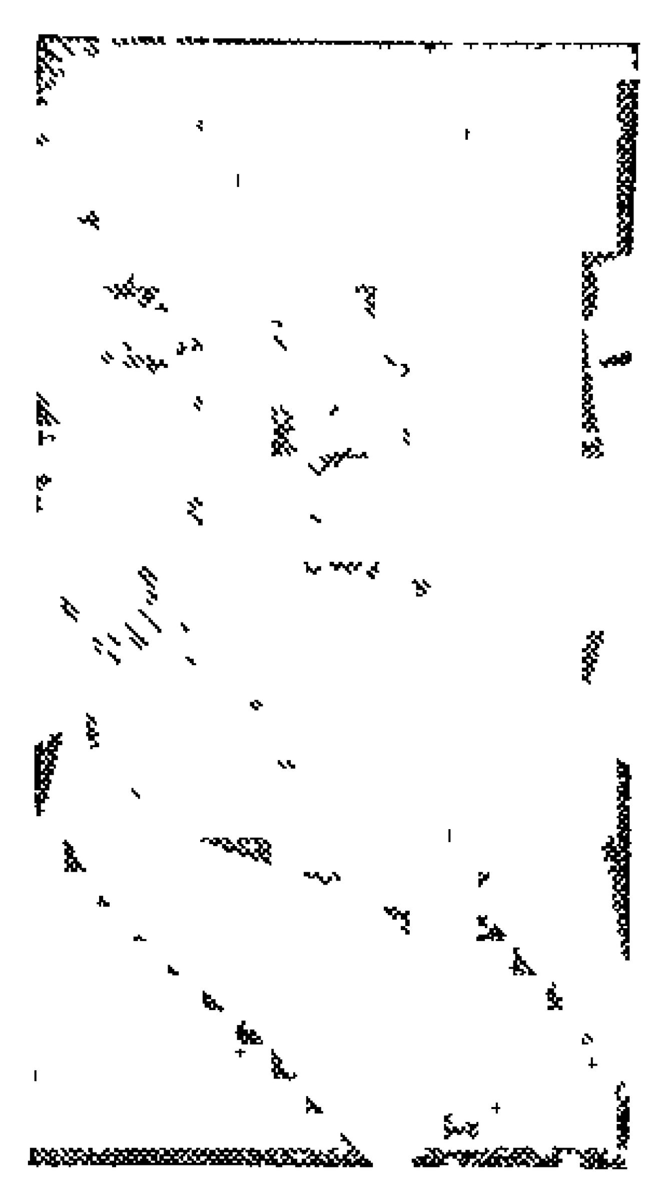
Mr. Gazzard explained that although tractors were assembled in South Africa, all components had to be imported and had little, if any, local content. He said that most other countries were experiencing run-away inflation and South Africa had to import this inflation. Coupled with our own inflation, this had led to the increase in prices.

He said that before any dealer could increase prices, these had first to be approved by the Price Controller

HEADING FOR A FALL...

Think small, gear up – or go under, expert warns shipbuilders

By PAT FARLEY


Mike Connell: "Look at the Japs"

SOUTH AFRICA'S infant shipbuilding industry is heading for a fall unless it is prepared to equip itself with the most up-to-date facilities used in the highly competitive world market.

The warning came in Durban this week from Mr Mike Connell, chairman of the local branch of the Institute of Welding, who recently returned from a comprehensive tour of Europe's biggest shipyards

Mr Connell told an institute meeting in Durban, attended by executives of several of the country's leading shipbuilders, that the industry was changing from a labour intensive to a capital intensive operation

Much of the spending, he said, was related to plate preparation, handling and cutting, and better welding methods

"We hear a lot about shipyards without work and that the industry is in the doldrums This may be true relative to the market for very large crude carriers — vessels of 200 000 tons or more — but these are far from the only ships required" Mr Connell told the meeting

He made these points

- The million-ton carrier will be built before long and Britain, Japan and Spain have made vast investments towards this goal
- Much of the world's tanker fleet is VLCCs and ULCCs — or vessels of 400 000 tons or more.
- The 50 000-ton and 60 000-ton giants of yesterday are now frequently used as feeders for the new goliaths.
- A range of smaller ships ranging from 17 000 tons to 20 000 tons will still be needed to service the cargoes from the giants and act as a feeder service to smaller ports.
- Ferries, tugs and fishing vessels will have

P.T.O

Advantages

"It is with the latter we can best associate ourselves in South Africa But unless South African yards are prepared to equip themselves with up-to-date methods and facilities, we will not be competitive," Mr Connell stressed.

Among the advantages that give overseas yards full order books were:

- Fully enclosed facilities for panel and block production, some for all aspects of construction under cover.
- Moves towards automation in many aspects of the construction process.
- A high level of operation efficiency and training.

Incredible

"The shipbuilding industry has taken some incredible steps forward," said Mr Connell. "At Appledore in Britain, completed vessels of 6 000 tons of a standard design are being produced in seven weeks, using day and night shifts.

"In Sweden and Denmark 250 000-ton bulk carriers are taking only 40 working days from the laying of the first plates to moving to the fitting-out quay

"In just three months such vessels are already on their way to collect their first cargo of oil.

Training

"It appears obvious that if we are to have a share in this great industry and be competitive, we must train our people and use the methods which are not only successful in Europe but have been a major contribution to the success of Japan as the world's largest shipbuilders"

Mr Eric Mackie, managing director of James Brown and Hamer, told the meeting South Africa wanted — and needed — a shipbuilding industry

The country should gain a reputation for rapid production in the industry and would have to incorporate the new techniques to do so.

(1) 750
(2) 189

300 in wages walk out

6/3/76. NM.

Mercury Reporter

THREE hundred James Brown and Hamer workers stopped work at noon yesterday after demanding pay increases because of the rising cost of living.

The workers at the Bayhead Durban plant were told either to collect their wages and leave or go back to work.

Managing Director Mr. E. D Mackie said yesterday that the workers had approached management about a wage increase earlier that day.

"At 11.30 a.m. a notice appeared on the notice board saying that work would stop at 12 30 unless the increases were granted.

"We met with the workers' liaison committee and explained that no increases could be granted until the Industrial Conciliation Board had negotiated a settlement," he said.

A third of the men at the plant stopped work at noon and were told that they would be paid-off unless they returned to duty.

The men chose to leave but were told that they could re-apply for their jobs or collect their pay on Monday.

The workers claim they are unable to make ends meet because of cost increases in food and transport

189

Focus on Iscor Newcastle

A section of Newcastle Iscor, showing coke ovens on the right and new blast furnace on left

It's all happening at Iscor Newcastle

By CHRISTOPHER MORRIS

THE PROJECT without doubt is impressive It sprawls over a vast site carved out of the hills round Newcastle, has individual buildings that would engulf normal-size factories and has transformed the area from an agricultural backwater into a burgeoning growth point; a microcosm, in fact, of just where South Africa finds herself as she crosses over from a stripling into industrial adulthood

It is arguably the most expensive project undertaken on one site on the whole of the African continent. After all, at one stage it swallowed R1 million a day in cash paid out to building contractors. Iscor's third works at Newcastle is indeed so big that it is difficult to grasp the enormity of the project

Jumped

Figures relate little of the size of the undertaking. When Phase 1 of the Newcastle works is completed towards the end of the year, the investment will have been to the order of R700 million. And by the end of the next decade, that figure may have jumped to R4 000 million

But then so many other recent projects have run to hundreds of millions of rands that the figures no longer indicate what is involved in terms of physical achievement, it becomes difficult to relate the money investment to what it actually buys, to imagine what hundreds of millions of rand represents in concrete and steel You become blase and lose all concept of true worth For instance, being told that a machine costs "only" hundreds of thousands of rands conjures up impressions of something small and insignificant

And production figures do not mean much to the layman At present, production at Iscor Newcastle has reached 600 000 tons a year. And in May or June, its capacity will be virtually doubled when the new blast furnace comes on stream By the end of this year, output will be in the region of 2 million tons a year, bringing in more than R200 million By the end of the 80s this figure may rise to 9 million tons. But what does that mean?

It means for a start that South Africa's total steel needs will be met domestically, at least for the next few years This country will be virtually self sufficient even as demand for steel soars as present evidence indicates

Reasons

Iscor's marketing men make 10-year projections, and these suggest that to cope with demand in 1986 —ten years from hence— Newcastle will have to produce 4 to 5 million tons a year.

One of the main reasons for the anticipated surge in growth, according to Keith Prince, general works manager at Newcastle, is that the standard of living of Blacks is advancing rapidly and this will mean a high rate of growth for the South African steel industry compared to overseas countries

Keith Prince is proud of the achievement at Newcastle He said that four and a half years ago, the site was bare veld The impact of his statement only hits home after seeing the extent of the achievement

More than seven kilometres of roofing has been laid over the rolling mills alone. A proper tour around the mill takes 3,5 hours. Buses are provided by Iscor to take workers from one part of the site to another And the buildings and plant are vast — the new blast furnace alone is the size of a 15-storey building

Not only has Iscor 3 involved large amounts of money but it has drawn on the resources of many dedicated men All have felt the pressure of launching such a vast scheme

But now the pressure is beginning to ease as Phase 1 nears completion And afterwards, there will be a period of consolidation at Newcastle, until Phase II is embarked on

Capacity

When this will be is still in the air at the moment According to Mr Prince, flat product capacity will be expanded at Vanderbijlpark, and should reach its optimum sometime in the early 1980s

At this point, Phase II should be started at Newcastle and when that occurs, growth will be rapid once again But there are other considerations governing that decision Availability of finance is one, demand another, while there are important economic factors that have to be taken into account

But the export of steel is not a consideration Mr Prince made it plain that steel from Newcastle will not be for export, but predominantly to supply South Africa's future needs It is not Iscor's policy to produce for export, although there are continual, but limited quantities of steel being sent abroad, especially to neighbouring countries

And South Africa will continue to import small amounts of the kinds of steel she does not produce herself But imports in any great numbers — last year steel imports were cited us a major contributor to port congestion at some harbours — have ceased

So the future means tremendous growth at Newcastle, and in time, profitability At the moment, Iscor Newcastle is not profitable, it cannot be at this stage of its life. A steel plant takes three or four years to build up capacity because of the complexity of the plant amongst other things According to Keith Prince this is the experience of the steel industry all over the world

Loss

"We are in fact making a profit on operations, but these are being gobbled up by our huge cost of borrowing So in the short term we will continue to run at a loss, but our break-even point will come within the next few years"

And, of course, the new project's loss has a tremendous effect on Iscor's profit figures "If it was not for Newcastle, Iscor would be showing large profits today"

Last year Iscor's trading profits were R49,2-million well up on the previous year's R12,8 million Financing charges, however, were R87,9 million Fixed assets in operation meanwhile, had risen from R363 million in 1973 to a staggering R1 087 million last year, much of it Newcastle

189

TOESPRAAK VAN DIE STAATSPRESIDENT BY GELEENTHEID VAN DIE AMPTELIKE INDIENSSTELLING VAN VIKOR SE NUWE WALS=VERVAARDIGINGSAANLEG: VANDERBIJLPARK: VRYDAG, 5 MAART 1976, 11h00

(SPERTYD: 5.3.76, 11h45)

SPEECH BY THE STATE PRESIDENT ON THE OCCASION OF THE OFFICIAL COMMISSIONING OF THE NEW VECOR MILL ROLL PRODUCTION PLANT: VANDERBIJLPARK: FRIDAY, 5 MARCH, 1976, 11h00

(EMBARGO: 5.3.76, 11h45)

Meneer Sceales, Edelagbare Burgemeester, Hoogwaardigheids=bekleërs, Menere, dit is vir my 'n besondere voorreg om vandag deel te kan hê aan hierdie gedenkwaardige geleentheid van die amptelike ingebruikneming van VIKOR se nuwe walsvervaardigingsaanleg. Daar is dan ook verskeie redes waarom ek die uitnodiging wat mnr. Joggie Vermooten namens u tot my gerig het, om hier op te tree, graag aanvaar het.

In die eerste plek moes ek gedurende die tydperk van my diens as Minister van Ekonomiese Sake veel aandag aan die ontwikkeling van die sekondêre nywerheid in Suid-Afrika gee. En in dié verband was dit veral die yster- en staal=bedryf wat my besondere belangstelling geniet het. En nou nog steeds volg ek met groot blydskap alle voorwaartse stappe wat op hierdie terrein gedoen word.

Tweedens, soos waarskynlik bekend, was ek tot begin verlede jaar Volksraadslid vir die kiesafdeling waarin hierdie gebied val. Vroeër was dit Losberg wat later na Overvaal vernoem is. Dit was vir my 'n voorreg om in genoemde hoedanigheid

2/....

hierdie gebied te dien en gedurende my dienstermyn het ek 'n besondere gehegtheid aan die bewoners daarvan - aan die werkgewers sowel as die werknemers - ontwikkel.

En derdens - om iets van 'n meer persoonlike aard te noem - het my getrokkendheid tot hierdie omgewing só gegroei dat ek tans besig is met planne om 'n huis somaar hier naby aan die Vaalrivier te bou. VIKOR en sy mense sal dus vir 'n onbepaalde tyd steeds "onder my oë" wees.

This part of our country plays a very important role in our industrial production. It forms part of the Pretoria - Witwatersrand - Vereeniging complex which delivers approximately fifty-one percent of our manufacturing production. But the Vaal Triangle in which we find ourselves to-day, is in itself a very important region in the P.W.V. area and is

3/....

of increasing significance particularly in regard to steel production and ancillary industries.

Moreover, only a few kilometers from here across the Vaal River we have Sasol which has also become world famous in the oil from coal and petro-chemical industries.

Mr. Chairman, naturally I feel at home to-day. This region of our thriving country has been part of my life. It therefore gives me particular pleasure to mark together with you this further fine achievement in a proper and fitting manner. There are several most gratifying aspects of this new venture of your Corporation which in itself is not only a completely South African Company but has been, and will continue to be, of service to South Africa on a major scale. Established in 1947 to serve Iscor specifically, Vecor's activities expanded and became more and more diversified over the years, to serve our country's industry in so many and such varied ways that you have

4/....

become a basic strategic industry. Every additional activity places you on an even higher priority as one of South Africa's proud industrial giants, destined to play an ever increasing part in our secondary industry and in our economy as a whole.

What we have seen to-day and which it is my task to open officially to-day is yet another manufacturing facility which adds to your already impressive list of outstanding achievements.

You have now expanded your facilities and capacity to increase production from 20% to up to 70% of South African requirements for cast rolls. This bold action, requiring capital investment of seven million Rand, was taken in the interest of South Africa and must be regarded as a very commendable undertaking.

5/....

We are aware that so many other industries are dependent on rolls for their production processes. Very few building materials, foodstuffs and metals have not at one stage or another passed through rolls. From paper, ink, bread, soap, tobacco, cornflakes, paint, sugar, rubber, glass, chocolate, plastics, powdered milk and so on to metals such as copper, steel, silver, aluminium are rolled at some stage of their manufacture.

Particularly pleasing to me is the fact that you plan saving South Africa about four and a half million Rand in foreign exchange this year, and that this figure should increase to eight million Rand in 1978 when you have reached your planned 70% of the market. Here we have the combined benefits of saving of foreign exchange and greater independence from importation of a vital and major component of so many other strategic industries.

6/....

I have always been a great believer in importation of know-how and the fullest utilisation thereof in order to supplement our own knowledge and experience in the industrial development of our country. We in South Africa have always been most fortunate in enjoying a high degree of co-operation, guidance and expertise supplied to us in great measure by the world's largest and best equipped industrial leaders. Fortunately we have the men who are capable of understanding new knowledge gained from abroad and of applying it to the industries with which they are connected.

Vecor has had its fair share of assistance from overseas, and the co-operation it is enjoying from a leader of the stature of Blaw-Knox is highly appreciated. I am pleased that I can say that to-day to you, Mr. Charles Hauck. May your association with your South African associates continue to be both pleasant and mutually rewarding.

7/....

'n Aspek van u sake-struktuur wat ek interessant vind, is dat u as VIKOR met ingevoerde walse kan meeding op die grondslag van kwaliteit en prys, wat eintlik die enigste ware maatstaf van doeltreffendheid is. Die feit dat u geen beskerming teen ingevoerde walse vra nie, is ewe prysenswaardig. Hoe meer ons land se vervaardigers in staat is om op die grond=slag van kwaliteit en prys met die wêreld mee te ding, hoe gesonder moet ons nywerhede wees.

Dit behoort inderdaad die strewe van elke vervaardiger te wees om die wêreld te kan aandurf met 'n produk van gehalte teen 'n prys wat gesonde mededinging kan staan. Ek weet daar is probleme met klein produksiehoeveelhede en ander tegniese faktore, maar dan weet u en ek van baie gevalle waar wêreldmarkte deur Suid-Afrikaanse produkte verower word in weerwil van hierdie stremminge. Dit is 'n absolute vereiste dat ons nyweraars daadkragtige stappe doen om markte, plaaslik en in die buiteland, te verower met produkte wat die beste is teen die regte prys.

8/....

Met die vinnige en maklike kommunikasiemiddele van vandag waarmee afstand en tyd oorbrug is en die wêreld met die wêreld handel dryf, staan ons nyweraars nie net voor 'n nuwe en groot uitdaging nie, maar het hulle gulde geleent= hede wat hulle met alle mag behoort aan te gryp. Wie weet, dalk lê die jare nie te ver in die toekoms nie wanneer VIKOR self ook vir sy walse markte in die buiteland gaan soek en vind. Ek het soveel vertroue in ons Suid-Afrikaanse nyweraars dat ek die hoogste prestasies van hulle verwag.

Meneer Sceales, ons is deeglik bewus van die geweldige rol wat u groep maatskappye in die Suid-Afrikaanse nywerheids= wese en ekonomie speel. U vervaardig en bou vir dekades reeds 'n byna verbysterende reeks produkte, klein en groot, veral groot. Daarvoor is ons as Suid-Afrikaners dankbaar, en ek wil u graag tersel[illegible]tyd voorspoed op u pad vorentoe toewens. Mag u ge[illegible] al hoe meer bykomende goedere

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vervaardig, nie net [illegible] van ander nywerhede nie, of om buitelandse valuta te bespaar nie, maar ook om werk= geleenthede [illegible] Suid-Afrikaners van alle rassegroepe te [illegible] ons [illegible] lewenskragtige land tot groter hoogtes [illegible] kan word.

We have been impressed by the si[illegible] operation of this new plant. We are pleased that you have made adequate provision for expansion. We, South Africans, have vast new development projects to complete, and new ventures to tackle in the future. For that we need men of vision and dedication and companies with courage and determination. You have already achieved so much in the past ... may you grow from strength to strength in the future.

We have also witnessed with interest the diversification of your operations, making rolls ranging from only 80 kilo= grams to giant rolls of 65 tons. No doubt new developments, new technology and new associations with overseas expertise will place add[illegible] production [illegible] on your shoulders.

10/....

Mr. Chairman and gentlemen, may this new plant of Vecor do well in the years ahead, may it fulful its present and future tasks with success, may it bring you great satisfaction, and may it be rewarding and fulfilling to all who are associated with it and who serve in it.

It now gives me great pleasure to declare this plant officially commissioned.

CAPE TIMES 9/3/76

800 workers fired after pay demand

DURBAN. — The total African work force of about 800 men at James Brown and Hamer's Bayhead establishment were fired yesterday following a deadlock between management and workers over a demand for an increase in wages.

A spokesman for the company said, all the workers returned to work early yesterday following a stoppage by about 300 of them on Friday.

Shortly after clocking in "a sizeable number" downed tools and renewed their demands for a wage increase.

"It was never quite clear how many originally stopped working but the number increased during the course of the morning. The situation became quite chaotic so we decided to fire the whole lot," he said.

He said he felt it was only about 10 percent of the work force that were demanding higher wages and did not want to work.

"Since we feel that most of them want to work, we will start re-employing them in groups from Wednesday."

The managing director, Mr E D Mackie, told the liaison committee that no increases could be granted until the Industrial Conciliation Board and the trade union officials had negotiated a settlement.

The men claimed yesterday that they were unable to make ends meet on their present salary because of rising costs. — Sapa

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2/189

(1) 75
(2) 189

Star - 10/3/76

Strikers want jobs back

Own Correspondent

DURBAN — Almost all of the 800 African workers fired from the James Brown and Hammer plant at Durban'd Bayhead this week after a demand for higher wages returned to seek re employment today, according to a company spokesman

He said that after the workers were fired and paid off on Monday they were told they could return today for re-employment

"There were hundreds of them outside the gates at 7 am today and I cannot give an exact figure but it looks to me as though the large majority of them are here," he said

The total African work force of the plant were fired by the managing director, Mr E D Mackie, after he refused to grant them an across-the-board three cents an hour increase in wages

He said the re-hiring of the workers would probably take about a week and would be done in groups

Production at the plant had not been significantly affected and only the production foundry had stopped working, he said.

R12m profit is 'not excessive' says TV king

CAPE TIMES 11/3/76

(189)

Own Correspondent

JOHANNESBURG — Television king Mr Bennie Slome hit back yesterday at people who questioned the R12 million profit made last year by his firm, Tedelex

"Our profit is not in any way unfair or excessive", said the burly 1,9 metres (or if you prefer six foot three), Mr Slome, brandishing an equally imposing cigar

"In fact, our prices to dealers are probably the lowest in the country."

He would not reveal the profit made on each set, but a reasonable guess-estimate might be in the region of R70.

This is arrived at simply by dividing the estimated number of sets sold by Tedelex — about 120 000 — into R9 million, which is thought to be the amount of profit yielded by Tedelex's TV division

This gives a figure of R75, but part of the R9 million profit came from manufacture of aerials, domestic and communial aerial installations, and closed-circuit TV, so that the average profit from domestic TV sets is probably a bit lower, say R70, or even less

On this Mr Slome is non-committal He is also reticent about the prices at which Tedelex sells its sets to dealers.

However, the going rate to dealers appears to be R748 for a 66 cm Blaupunkt colour set (retaining in turn to the public at between R950 to R1 050), R595 for the smaller Sony colour set and R270 for a black and white set

Other points made by Mr Slome yesterday

- He has no intention of applying for a further price increase
- The R12 million profit was within the guideline laid down in the Government's anti-inflation manifesto, which specified that profits should not exceed 15 percent of capital employed.

"Our capital commitment is close on R80 million, and the profit must be measured against that"

Tedelex had been allowed to import 100 000 semi-knocked down (SKD) TV sets because of its commitment to decentralise However, the area where it was committed to go, the Coloured growth point of Atlantis, near Cape Town, was not yet ready to receive a TV factory, although Tedelex had already bought land there

PAY DISPUTE FM 12/[illegible]

Men dismissed

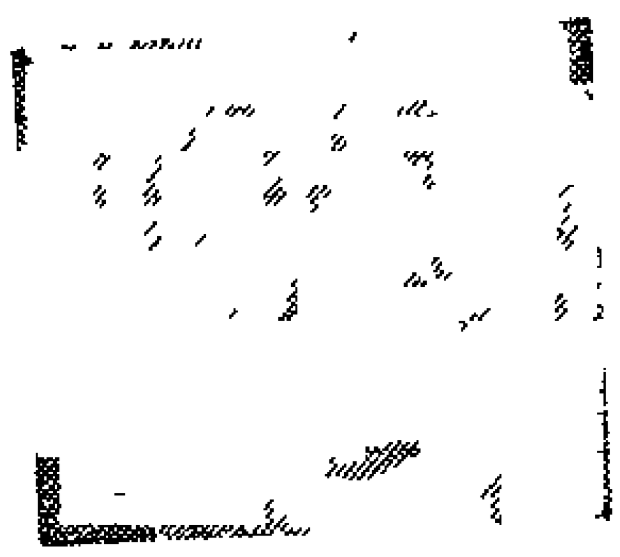
Durban shipbuilders and engineers James Brown and Hamer went for the big stick this week when its African labour force asked for part of a wage increase due in mid-year to be brought forward. They were told by Managing Director Eric Mackie to get back to work or be fired. It came to firing and about 800 workers found themselves paid off. At the time of writing they are being taken back selectively.

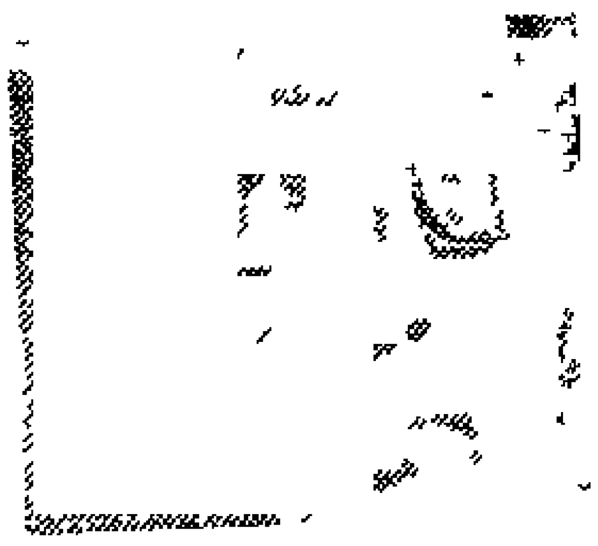
Management's attitude is that it is not prepared to anticipate the new Industrial Council agreement in June and [illegible] advance on the minimum 46c/hour rate and certainly not under "duress". Precisely what duress the workers are supposed to have applied is not clear, however.

Workers say the liaison committee approached management towards the end of last year and asked for an increase. It was told that there might be something doing in January. When nothing was forthcoming the liaison committee was urged to approach management again and was then told to wait until June. Pleas for an interim advance (3c an hour?) were refused.

Workers felt the liaison committee was getting nowhere and asked to speak to Mackie, who emerged from his office with the ultimatum. Hardly the best way in which to try and persuade workers that the liaison committee system caters for their interests.

Confusion on TV price call


MR J C HEUNIS


MR VAN RENSBURG

STAR 12/3/76.

John Patten,
Political Correspondent

The Assembly

The Minister of Economic Affairs, Mr Heunis, said today that applications for price increases have been received from all television manufacturers.

However, two major manufacturers in Johannesburg today denied they had applied for price increases.

Mr Bennie Slome, chairman and managing director of the Tedelex group said the Minister was wrong "We have not applied for a price increase," he said

Dr C J Fuchs of C J Fuchs Ltd, said his group had not applied for an increase but he did not blame the Minister for being wrong as "the majority of manufacturers want it"

Volume

Dr Fuchs said he believed "the other five" have applications in He said his group believed it could overtake cost increases as sales volume increased

Mr Heunis was replying to a question from Mr Horace van Rensburg (PRP, Bryanston).

(1) 189

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Mr van Rensburg said it was alarming that applications had been made for increases in view of the present exceptionally high prices, compared with other countries

"Any increase would again reduce the ability of the average South African family to own a television set.

Advantages

"This would largely militate against one of the advantages of TV, which is to bring education and entertainment to the masses," Mr van Rensburg said.

The Government said it intended providing a TV service for Blacks, but if the prices of sets continued to rise, the Government would find there would not be any Black viewing public.

"I believe the Government must strongly resist any further price increases.

"In view of the huge profits which have been so proudly reported by TV companies, I am amazed they are asking for more," Mr van Rensburg added

ARGUS 17/3/76

189

ATI hit by Hamer losses

TWO Anglovaal companies — Anglo Transvaal Industries and its subsidiary South Atlantic Corporation — were hit by the shipbuilding losses of James Brown and Hamer in the half-year to December.

Turnover of ATI rose R22,4-million to R198,3-million but taxed profit was only R83 000 higher at R4,2-million.

Its share of Hamers' losses, R846 000, could not be offset against other group profits so that taxation was higher. Currency losses took a provision of R490 000.

Lower earnings also came from subsidiaries Irvin and Johnson and E. I. Rogoff.

Both ATI and South Atlantic, however, hope to maintain their annual dividends this year.

ATI says an upturn in the economy will be necessary if the group is to maintain profits for the full year. South Atlantic says its 1975 profits are unlikely to be matched.

South Atlantic's turnover improved R10,8-million to R101,4-million but taxed profit was R697 000 lower at R1,6-million, a fall of 29 percent. Earnings were 12c (17c) a share.

Its share of Hamers' losses (R1,1-million) I and J's lower profits and higher taxation reduced earnings, while the results of T. W. Beckett were better.

against [illegible]

[illegible]

the Black people and it was up to [illegible] for the elimination of the great social problems in the country.

Young Blacks, he said, were angry today because they saw no hope for the future. They considered all the people as being too slow in deciding for a better future.

They were frustrated by miserable wages, lack of home ownership rights and the fact that Blacks had to carry reference books instead of Books of Life as in the case of Whites.

Chief Minister Sebe claimed Blacks wanted homeland leaders to eliminate all the "social problems."

TIME TO ACT

"It is high time privileged White South Africa began to fear the voice of

(1) 189
~~(2) 150~~

Dismissed workers return to work

CAPE TIMES 3/3/76

JOHANNESBURG. — About 200 of the entire work force of 600 dismissed from the Heinemann electric factory at Elandsfontein on Friday, returned to work yesterday.

Armed police at the gate arrested four people — two men and two women — allegedly for inciting a strike on Monday

On Monday police baton-charged a crowd of hundreds of workers who assembled outside the factory gates

Heinemann's Electric's managing director, Mr W E Wilckens, said yesterday there was no real reason for the workers' discontent.

He stressed the management was not prepared to negotiate with a third party

"The factory is one of the most modern around and has all the amenities available — its liaison and works committees are effective," he said. — Sapa

Why must it end like this?

Fin Mail 2/4/76
(150)

Workers under the baton

For sheer pigheadedness, some bosses take the cake The blame for the troubles at Heinemann Electric is to be laid squarely at the door of the company's management

Despite the fact that the African employees at the company's Elandsfontein factory near Jan Smuts Airport have repeatedly made it abundantly clear that they do not want a liaison committee, management has spared no attempts to foist one on them Such high-handedness is asking for trouble

The Transvaal branch of the Metal and Allied Workers' Union tells the *FM* Heinemann workers began joining it last October The union claims that 520 of the 600-odd African workers in the factory have now joined

On February 20, union officials met MD Wolfgang Wilckens and presented him with a petition signed by 484 of the workers It read, "We the workers of Heinemann Electric wish to state that we are members of the Metal and Allied Workers' Union (Transvaal) and that we reject works and liaison committees.

We want the union to represent us and not a works or liaison committee "

The workers could hardly have stated their position more clearly but Heinemann, which is 70% owned by Barlow Rand and in which an American company in New Jersey has a minority shareholding, would have none of it

It insisted on attempting to revitalise a liaison committee which the union claims was defunct Union officials add that management tried three times to arrange committee elections, but that only 27 workers voted on the first occasion, none on the second, and three on the third

So in this way too, the workers made plain their position But Heinemann dismisses the election boycotts by claiming that union members "hindered" people by persuading them not to vote

Heinemann also brought in the Steel and Engineering Industries Federation of SA (Seifsa) to sell the committee system to the workers The union says Seifsa officials made crude attempts to discredit it in the eyes of the workers, though Seifsa denies knowledge of this

Matters came to a head last Thursday when 20 workers, two of them shop stewards of the union, were laid off The following morning, before starting work, their colleagues sought a meeting with management to demand their reinstatement Police were called, the meeting was refused and the entire work-force was sacked

On Monday this week the workers returned to the factory, only to find the police at the gates again Again, repeated requests for a meeting with Wilckens were made, but these were all flatly rejected

At 10h00 the police ordered the workers to disperse by 10h30 Workers' leaders echoed the instruction Although the police deny it, there is abundant evidence that the crowd had already begun to move off when the police laid into it with clubs

A great many of the workers had evidently already moved out of the road leading up to the gates and were walking down another road away from the factory

Wilckens confirms to the *FM* that he refused the requests for a meeting He says he is not prepared to meet "ex workers" or union officials, claiming they have no interest in the factory

He adds that "the mechanics of labour negotiations through the industrial council are well established, and the company will not be put in a position where separate agreements are made with individual unrecognised unions unless they are part of the industrial council system."

This bland statement ignores the crucial fact that African workers (unlike others) have no say in the industrial council system It also ignores the equally important fact that this state of affairs is becoming increasingly resented

Wilckens' approach to the union representing the vast majority of his workers is nothing short of ostrich-like And the aggressive behaviour of the police can only do further damage to industrial relations

As Chief Gatsha Buthelezi put it to the *FM* on the police attack "We had thought that the Whites were beginning to move away from the idea that Black labour unrest can be countered by violence

"It is alarming that they are now returning to that idea Whether this is a result of the Whites' war psychosis is difficult to tell, but it is doubly alarming at the present time when any spark such as this could light a powder keg in SA.

"Heinemann's high-handed action is doing SA a disservice The liaison committee system is totally ineffective, and Black workers are quite right to demand that workers' grievances should be channelled through trade unions only "

There can be no doubt that the perfectly legitimate demands by Africans for trade union rights are on the increase. Do employers like Heinemann think they can indefinitely resist them by mass sackings? If so, they are set on a disastrously stupid course.

Why cannot they follow the sensible example of employers in industries like clothing, who have recognised the African union in their factories and carried on amicable relations with it for years?

266

(38)

Increased steel price expected

8/4/76 MM

Mercury Correspondent

PRETORIA — Another steel price rise in the second half of the year is considered certain and the public relations manager of Iscor, Mr. J. C. Jerling, has confirmed that cost increases were biting deeply into the corporation's potential profitability.

To combat escalating costs, a price rise, he stressed, was urgently necessary.

"There is hardly an area of Iscor's activities — in fact there isn't one — where costs have not rocketed during the past 12 months."

Iscor ran up substantial losses of R37 million in 1974, and R35 million last year.

This was in spite of a total sales revenue in 1974 of R444,8 million, and R601,8 million in 1975.

EARNINGS

Increased earnings for the corporation's 53 000 workers — 24 000 of them White — had also contributed to the formidable financial difficulties.

And, the spokesman said, new demands for increases from June 1 would be the subject of negotiations soon.

Another factor contributing to the big losses of the past two years was the high interest rates the corporation had to pay for overseas loans.

The corporation's allocation from last week's Budget amounted to only R50 million.

MORE TV PROFITS REVEALED

Sun. Times (Bus. Times) 11/4/76

THE incredible Tedelex TV story — a profit increase of almost 500 per cent to R12-million — is well known. Today Business Times takes the wraps off the other giant of SA television: the SATV consortium company, which has sold sets worth R100-million at retail value.

THE SOUTH AFRICAN Television Manufacturing Company (SATV) — which was granted a permit to import 100 000 TV sets — earned an estimated R4-million profit on factory sales of about R50-million in 1975.

By STEPHEN MULHOLLAND

Tedelex, the other recipient of a 100 000 set import permit, earned an estimated R9,5-million on its TV activities in 1975 out of total profits of R12-million

In a wide ranging interview with Business Times in East London this week, Mr Mike Bosworth, 35-year-old managing director of SATV, made the following comments

- SATV has sold some 150 000 sets
- At retail level including sales taxes these sets sold for at least R100-million
- There is an increasing demand for monochrome sets To date SATV has sold about 45 000 monochrome sets and 105 000 colour sets Bosworth expects growing demand for the cheaper monochrome sets as increased income taxes reduce wages and salaries while sales taxes increase prices
- Bosworth sees no need whatever for a price increase — other than that caused by taxation — and pledges that prices of SATV's sets will be fixed for the rest of 1976 (SATV produces Telefunken, Pioneer and JVC models)

Heavy stocks

- There is what Bosworth describes as a "collective investment" by the shareholders of SATV of up to R60-million in the company Of this amount only R1-million is in fixed share capital Bosworth points out that the gearing of the company is extremely high by South African standards and that vast amounts of cash are needed to finance the heavy stocks the company carries His definition of collective investment appears to cover some of the TV marketing and service commitments of the shareholders within their own groups.

(SATV is owned as to 49 per cent by Electra, which in turn is controlled by Messina; 34 1/3 per cent by Phil Morkel and 16 2/3 per cent by Gallo)

- Apparently the company has been able to finance its activities at extremely low rates with Industrial Development Corporation (IDC) loans of R3,5-million and up to R22-million in short term bank financing the bulk of which is extended by German banks where rates are less than half the South African levels
- Bosworth was unclear as to the exact methods employed by the Government in determining the asset base on which the 15 per cent return to TV manufacturers is permitted He did state, however, that the company had to supply exhaustive details to the Price Controller on its basis of accounting

Net profit

- The 15 per cent pre-tax return on assets allowed TV manufacturers by the Government has to be calculated on net profit plus interest charges This means that profits for purposes of the calculation cannot be reduced by interest payments SATV's profit of R4-million includes R1-million which was allocated to start-up costs

SATV's spanking new factory a few kilometres from the Ciskei border certainly generates an air of permanence and purpose

Almost 900 Ciskeians — mainly women — are employed and they earn three to four times what other employers in the area pay Average weekly wages, are almost R25

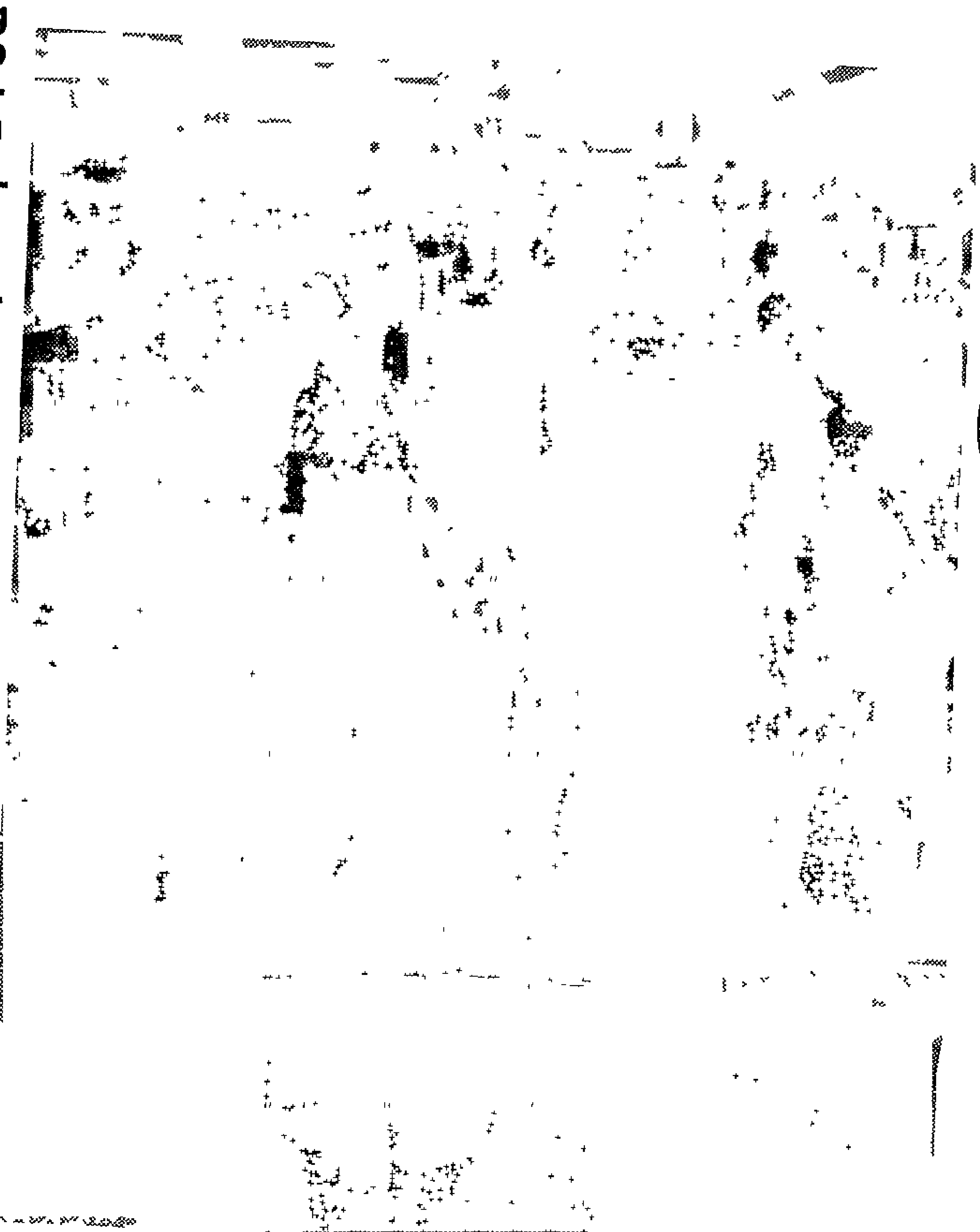
Outside the gates of the plant scores of African women wait patiently to be vocationally tested and have their names listed among the 5 000 others already seeking work with SATV

According to Bosworth, who is involved in expansion into component manufacture which will create a few more hundred jobs, the SA television industry can never hope to achieve more than a 4 per cent local content in sets

He points out that the tube alone accounts for 40 per cent and it is highly unlikely that tube manufacture will ever be justified in this country.

He admits, wryly, that if South Africa had opted for a straight import programme with no local industry the drain on our foreign reserves of at least R120-million to date would have been very little less than it has been with the current elaborate set-up

In the case of SATV, internal overheads — salaries, wages, rents — amount to R4-million with profits at about the same level meaning that the value added to SATV's import bill of some R40-million has only been about R8-million in new local activity.



SATV's managing director, Mike Bosworth, with Ciskei workers.

Tedelex

Be that as it may, we now have a TV assembly industry and, in due course, will also make some of our own components.

SATV — which got its 100 000 sets for import because it located in East London — points out that the import allocation was for East London. If any other approved manufacturer had chosen to move to East London SATV would have shared the 100 000 allocation equally with the other manufacturer

However, it remains to be seen when Tedelex — with all its millions rolling in — will relocate to the Coloured growth point at Atlantis, moving itself lock, stock and barrel to the new town

Questions about the TV bonanza

THE disclosures made by SATV this week raise more questions about the great TV bonanza, including the millions reaped by Tedelex, marketers of Sony and Blaupunkt

The vast discrepancy between Tedelex's estimated R9,5-million TV profit — out of a total R12-million figure — and the R4-million believed to have been earned by SATV can be explained away only in small part

Firstly SATV appears to have genuinely established itself in a border area with all its Black staff coming from the Ciskei Its starting up costs were therefore far more substantial than those of Tedelex which merely re-equipped an existing warehouse in the highly-developed Bellville area a couple of kilometres from the centre of Cape Town

Secondly, their bases of accounting may have been different The treatment of interest now emerges, for the first time, as a vital factor in calculating the return on assets If, for example, Tedelex had incurred interest charges of, say, R2-million in 1975 then this R2-million would have to be added back to the profits, thus requiring a bigger asset base on which to calculate return, and remain within the 15 per cent limit

Thirdly, it is possible that Tedelex, whose Japanese Sony sets dominated the small colour maket in 1975, were given an exceptionally good deal by their Japanese suppliers However, this would no doubt have been taken into account by the Price Controller in terms of the exhaustive detail he demanded of the TV importers

The great TV mess remains a most unsavoury blot on our economic history It seems that the one way the Government could now make amends for what has been a monumentally unfair policy would be for it to throw the market open to anyone who can meet the requirements of the South African Bureau of Standards, said to be the highest in the world, and the stringent provisions of the Government's ground rules for TV manufacturers

Surely such astute and accomplished capitalists as Mr Bennie Slome of Tedelex would not now — after reaping such bonanzas — object to competition from latecomers against whom all the odds would be stacked?

189

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Heinemann shuts out 200 workers

By CLIVE EMDON

Labour Correspondent

BETWEEN 200 and 300 workers formerly employed by Heinemann Electric at Elandsfontein are out of jobs — and the company says it is not rehiring them

The company, scene of a police baton-charge of workers a fortnight ago after a labour dispute, says it is up to complement with 500 African workers on its books

A fortnight ago the company sacked all 606 of its African workers Yesterday the managing director, Mr W E Wilckens, said "We have all we need now in the present economic climate, and we are nearly back to full production"

He said he had rehired more than 300 of the original staff and the company had hired nearly 200 new workers.

Yesterday more than 200 people went to the company to be taken on Some claimed that only 15 men were taken on but Mr Wilckens said 50 workers had been rehired yesterday

In a statement yesterday the Metal and Allied Workers' Union said Barlow Rand, the group controlling Heinemann Electric, was "doing a disservice to industrial peace" in South Africa by "setting their face against the trend" of recognising Black trade unions

The union underlined three issues which it claims Barlow Rand ignored about the Heinemann dispute

- There was no strike at the factory but there was evidence to show there had been a lockout of workers by the Management which had been preceded by victimisation of union members.
- The police were at the factory gates on the Monday of the baton-charge before the workers arrived at work and before the dispute began — and could hardly have been called in to protect workers who wanted to go to work, as claimed
- The Barlow Rand assertion that they felt "obliged to negotiate within the framework created by law" was misleading There was nothing in the industrial council agreement for the iron, steel and engineering industry to stop firms negotiating with Black unions nor suggesting they would be opting out of this agreement if they did so
- Barlow Rand made no mention of the "conspicuous failure" the works and liaison committee system had been.
- Barlow Rand's suggestion that the union was not representative was also misleading. Of the 606 African staff at Heinemann, 484 were members of the union

(1) 189
(2) 315

Battling on the breadline... because they can't get work

22/4/76 RD

By CLIVE EMDON
Labour Correspondent

MORE than 1 000 Coloured artisans in the engineering industry on the Reef are reported to be out of work—many of them for more than two months.

Yesterday 120 men, mostly welders, reported to the Johannesburg offices of the Boilermakers' Society hoping to be told of available jobs.

They described their individual hardships and the crises facing their families because no money is coming in.

Many spoke of the days they have spent scouring the Reef for jobs only to be turned down—or else found that jobs being advertised were for Whites only.

Workers were particularly angry at finding that immigrant Portuguese artisans are being hired in preference to them, put through crash training courses lasting a few weeks, and taking over jobs in which Coloured artisans have worked for years

They also resent being undercut and replaced by Africans who are moving into skilled jobs on special exemption permits

Mr Mohammed Abrams, a union official and welder for 28 years, said "There are more than 1 000 of our men out of jobs and looking for work It is a critical situation for their families Many of them are going to lose their homes in the coming months because they can't pay the rent"

Mr Roelf Nagel, the boilermakers' union organiser for Coloured workers in the Transvaal said employers were exploiting African workers who were moving into artisan jobs at low rates, thus undercutting Coloured and Asian artisans

He said the union had 15 000 Coloured and Asian artisan members

Latest figures show that 1 500 Africans are working as artisans under exemptions around the country Before they were totally prevented from moving into skilled jobs

Mr Nagel said that while Coloured artisans had made a tremendous impact on the engineering industry in the Transvaal, there were few, if any, training centres for them while there were many for Africans The Theron Commission was due to make a report on this fact

Mr David Wicks, a welder formerly earning R90 a week, has been out of a job for two months now

"The main thing is that our jobs are being taken over by immigrants We who were born here and pay taxes should not have to suffer We have nowhere to go," he said

He resented the importation of Italian artisans to do jobs that Coloured tradesmen should be trained for

Some artisans reported that one engineering firm was laying off Coloured skilled workers at the rate of 150 a week, claiming they were being replaced with Portuguese immigrant workers

Mr K Buckland an operator from Bosmont with eight children, said he had been out of work for four months

"I have walked from factory to factory through Benoni Germiston, Alberton and Elandsfontein. They all say "sorry, no vacancies"

What the men fear most is losing their homes or flats because they can't pay the rent Or not being able to buy food or provide for their children

"We're not eating meat, we're not eating rice just bread, and soon that will be gone," one said

(1) ~~150~~
(2) 189

Workers released on bail

27/4/76. RDM

Labour Correspondent

FOUR workers from the East Rand Heinemann Electric factory who were arrested more than three weeks ago and charged under the Riotous Assemblies Act, have been released on bail following the granting of a Supreme Court application.

Mr Steven Maseko, Mr Abraham Mkhabela, Miss Lilian Mashinini and Mrs Miriam Mogokare were released yesterday on bail of R150 each.

The Supreme Court application was made on Friday by the Metal and Allied Workers' Union, of which all four are members, and was not opposed.

Bail had been refused at two earlier court appearances.

The four are due to appear in the Germiston Magistrate's Court tomorrow. They were arrested on Tuesday, March 30, the day after police had baton-charged workers outside the Heinemann Electric factory at Elandsfontein.

189

320 000 to get rises

STAR 9/6/76

Labour Reporter

Substantial pay rises are in the offing for low-paid men among South Africa's 430 000 steel and engineering workers

But artisans earning more than R2,10 an hour will have to rely on their employer's goodwill for anything higher

The principle of further Black advancement, subject to trade union approval, has also been accepted in the agreement reached by employers and unions on the Industrial Council for the Iron, Steel, Engineering and Metallurgical Industry

The rises in minimum rates come into effect on July 1, subject to approval by the Minister of Labour and publication in the Government Gazette

More than 320 000 workers of all races are directly affected by the agreement which lays the basis for the pay of 43 000 men, about 75 percent of them Africans

Under the agreement concluded in Johannesburg yesterday

- Top flight artisans (rate A) will be assured of a minimum rate of R2 10 an hour (present rate R1,90) or R94,50 a week)
- The lowest rate for unskilled labourers rises from 45c to 55c an hour or R24,75c a week

The new floor price for Black labour amounts to about R106 a month

Mr J E "Tubby" Faure, national chairman of the 33 000-strong Amalgamated Engineering Union, said that in the economic circumstances, they had not done badly

189

FM 18/6/76

JOBS COLOUR BAR

Movement upwards

Trade unions and employers in the steel and engineering industry are busy putting the finishing touches to an agreement which smoothes the path for Africans to move into more skilled jobs

Firms belonging to Seifsa employ 430 000 workers — three-quarters of them Africans. The employees are graded from A (artisans) to I (labourers). In terms of earlier agreements, Africans have been permitted to be placed in middle-rung C and D jobs, but only with the prior authorization of the industrial council This could be withdrawn

It was also required that if there was any unemployment in the industry, union labour (ie Whites, Coloureds, and Asians) was to be given preference for C and D jobs over non-union labour (Africans) Further, the employer had to consult the union's shop steward before applying to the council for permission to place an African in a D job.

Trade union sources have admitted frankly to the *FM* that unions sometimes used this laborious procedure to delay placing Africans in higher jobs. They also say, however, that shop stewards could be bullied into giving their consent

A new supplementary agreement, now in its fourth draft, provides "important and significant concessions", according to Seifsa director Dr Errol Drummond Prior council authorization will no longer be required for Africans to move into C and D jobs

Further, plant level consultation is expressly provided for The employer must consult both the shop steward and the union's area official The official can thus protect the shop steward from bullying If they agree, the council must be advised. Should the union suspect that a union man has been fired to make way for an African at a lower wage, it can have the matter investigated "If an employer makes a mistake like this," a union man told the *FM*, "he will pay for it"

The trade unions which are parties to the agreement have now also agreed that AB and B jobs may be opened up to Africans, but only with the advance authorisation of the industrial council Union sources told the *FM* that, once again, union men were to be given preference in the event of unemployment, and that Africans in AB and B jobs would have to work in a "separately demarcated area There must be no racial mixing at the work place so as to avoid social friction"

Trade union sources told the *FM* they were not opposed to African advancement *per se* "We accept that there is a change in the labour pattern But we want it to be orderly so as to prevent employers causing unrest by pushing too hard."

Some unions are also worried about Africans being brought in at lower pay-rates Although the minimum rates laid down in industrial agreements apply irrespective of race, this very often is not the case in practice Because they are in short supply, White, Coloured, and Asian workers usually command wages well above the minima For example, the new minimum hourly rate in C is 147c But union men usually earn substantially more, often 170c to 180c Africans, however, can be obtained at the actual minimum, so they are cheaper

An official of one of the unions involved pointed out that there were still Coloured workers in Rate D jobs, and some even in E and F jobs. He said he wanted them to be promoted to C and higher before Africans could move in. This would prevent leapfrogging

189

Afrox gains R12m contract

RDM 21/6/76.

AFROX has won a long-term R12-million contract with Dunswart Iron & Steel Works for the supply of gaseous oxygen.

It is the largest oxygen contract negotiated in the past five years An oxygen plant with a capacity of 60 t a day has been built at Dunswart, Germiston.

The plant increases the daily previous supplies to Dunswart by 35 t a day and will be used in the company's electrical arc steel-making furnaces to accelerate the melting process of scrap steel.

The increased capacity is expected to meet Dunswart's needs for some time

Dunswart started using oxygen in the electric arc furnaces in 1958 It was originally supplied in bulk, but because of continued expansion at the plant this form of supply proved uneconomic.

It was decided to produce the oxygen on site. In 1967 a plant with a capacity of 25 t of oxygen a day was commissioned Further expansion necessitated the building of this further plant

Afrox, South Africa's major supplier of industrial gases, has with this latest contract placed itself in an unassailable position with the steel industry

The company has installed oxygen schemes at four of the five steel manufacturers.

Six on-site supply schemes have been installed, four at Dunswart, Usco, Scaw and Highveld Steel Two others are at Iscor's Vanderbijlpark and Newcastle works.

189

NEW DEAL IS ON THE WAY FOR BLACK STEEL WORKERS

S TRIB 27/6/76.

By DICK USHER

A SIGNIFICANT new deal for Black workers in the steel and engineering industries is being completed by employers and trade union members of the Steel and Engineering Industries Federation.

The agreement, now in its fourth draft, is being worked out to replace the industrial council supplementary agreement due to expire on Wednesday, and provides for African advancement to the top levels of semi-skilled labour.

Subject to the approval of the Department of Labour, the new deal will provide "important and significant concessions" to Black workers, says the director of Seifsa, Dr Errol Drummond.

Conservative

Apart from the advances in job status and pay that the move will bring Black workers in the industry — about 325 000 of them — the agreement for opening up the higher levels has been brought about with the co-operation of the unions, some of them among the most conservative in South Africa.

Workers within the industries are graded from A (artisan) to L (labourer) and previous agreements have confined African advancement to the middle level C and D grade jobs, but only with the authorisation of the industrial council, which could be withdrawn.

The new agreement provides for African workers to advance into the AB and B grade jobs, also with the consent of the industrial council.

Dr Drummond said the new agreement opened up significant new horizons for Black workers which provided them with a further two notches of advancement previously barred to them.

Great care

"It is significant that this has been agreed to through industrial bargaining, even though we will have to take great care in its application to avoid social friction and resistance to change in the workplace," he said.

Although industrial council authorisation will no longer be required for Africans to move into C and D grade jobs, there will have to be separately demarcated work areas for Africans in AB and B jobs to avoid friction.

Trade unions have accepted the agreement on condition that union men — Whites, Indians and Coloureds — should be given priority for these grades in the event of unemployment, and provided Africans are not brought in at lower pay.

Worried

Because of labour shortages in the industries, White, Indian and Coloured workers generally command wages above the minimums laid down in the industrial council agreements.

Because of the great mass of African workers seeking advancement, unionists are worred that they will be available at the cheaper minimum rates, which could cause tensions within the industry.

They are also worried about African workers "leapfrogging" over union men in lower grades.

Labourers walk out in 'sympathy'

Staff Reporter

AFRICAN labourers at Boart Hardmetals plant in Springs stopped work yesterday because the personnel manager had resigned.

A spokesman for Boart International said in Johannesburg yesterday that the personnel manager, Mr Johan Pretorius, had been popular with the labour force.

"Mr Pretorius resigned for personal reasons, but the workers seem reluctant to accept this. Mr Pretorius was not prepared to come back and explain this to them however."

A senior company official addressed the workers yesterday, and they later returned to work.

The workers thought Mr Pretorius had been asked to resign because of his forward-thinking policy.

"But that is company policy," explained the spokesman. "For instance, we have a training centre in Springs which is a model of its kind and this is the sort of project to which Mr Pretorius gave impetus.

"The policy will continue with his successor," he said.

700 men forced to stop work

30/9/76 nm

(1 (184)
(2 328

Mercury Reporter

PIETERMARITZBURG — About 700 workers at a large South African cable manufacturing company here will be forced to go into a two-week recess next month due to a drastic fall-off in production.

The works department of Scottish Cables (S.A.) will close on Saturday and workers will receive two weeks of their Christmas bonus to "provide continuity of income."

Administrative and certain other departments will, however, continue to operate.

Mr. David Booth, managing director of the firm, said this year the order book of the electric cable industry had been steadily deteriorating and the situation had reached crisis proportions in the last three months.

He said this was mainly due to deferment of orders by municipalities, slowing down or deferment of certain major industrial projects; a general reduction in the requirements of the mining industry; the present economic climate.

A number of Government, quasi-government and private concerns had decided to purchase their requirements overseas, taking advantage of lower prices resulting from 'dumping' or the acceptance of less onerous technical standards than those in South Africa, he said.

British specifications were acceptable to international standards, he said.

Scottish Cables have been affected by this situation and for several weeks have, without laying off any employees, been working only a single effective shift, the other shift doing non-productive work.

A decision was taken to close for the two week period rather than the alternative of "major redundancies in the work force," Mr. Booth said.

The Workers' Liaison Committee had welcomed the move and an undertaking has been given that there won't be any other short-time closures this year.

Mr. Booth said that the stability of the firm's labour force had been good and no mass resignations were expected.

189

Steel price rises by 8,8 percent

2/12/76 ARGUS

The Argus Correspondent

PRETORIA. — The price of South African-produced steel is to increase by an average of 8,8 percent from tomorrow, according to a statement by the chairman of Iscor, Dr T. F. Muller, today.

The statement said that the increase would be applied to the various steel products on a differentiated basis and that the new maximum prices of the individual products would be announced in the Government Gazette tomorrow.

The price of pig-iron would be adjusted from tomorrow by an average of 11,6 percent to maintain the relationship between stell and pig-iron and to compensate for the higher costs of raw materials and their transport.

The present steel import levy of R10,25 per ton (gross) would remain unaltered until the backlog in the costs of earlier imports had been made up.

'INOPPORTUNE'

The statement said that the price increase was 'inopportune' it had been made necessary by cost rises over which the steel industry had no control.

This applied particularly to the costs of raw materials, labour, services and financing.

The turnover of Iscor — which supplied about 75 percent of all locally produced steel — rose by 27 percent to R799-million for the financial year ended June 30, 1976.

Its gross trading profit for the year increased by 21 percent to R100,8-million, but the corporation showed a net loss of R30-million for the year.

This state of affairs could be ascribed to Iscor's large-scale expansion programme in recent years, said the statement.

'INEVITABLE'

Because of changed economic circumstances Iscor did curtail its expansion programme, 'but obviously it cannot be summarily suspended and contractual obligations cancelled.'

To go ahead with essential extensions, Iscor negotiated substantial loans in overseas capital markets and the Government increased its shareholding.

However, Iscor could not continue indefinitely to finance the provision of increased capacity with borrowed capital.

'It is imperative that a larger share of its financial requirements be supplied from own sources, which makes periodic adjustments in the price of steel inevitable,' it added.

Hansard 9
col 664
23/3/76

189

MANUFACTURING - IRON, STEEL
ENG: 1

1976 - OCT 1977

Importing of television sets by manufacturers

532 Mr G H WADDELL asked the Minister of Economic Affairs

(1) Whether any manufacturers of television sets were allowed to import assembled or partly assembled sets during 1975 if so, (a) which manufacturers and (b) how many such sets was each of them allowed to import

(2) whether the permission was subject to any conditions, if so, what conditions,

(3) whether the conditions were complied with

The MINISTER OF ECONOMIC AFFAIRS

(1) Yes (a) and (b) Each of the provisionally licensed television manufacturers received permits to import, for training purposes, a restricted number of television sets in any form desired by them, whether assembled or partly assembled Four of these manufacturers received permits to import partly assembled television sets for commercial purposes, namely

Barlows	20 000
SATV	100 000
Southern Cross	20 000
Tedelex	100 000

(2) Permission to import partly assembled television sets was granted only to firms which manufacture television sets in acceptable decentralized areas or which have committed themselves to decentralize in this manner No other conditions except those normally applicable to import permits i e value or quantity, nature of imports and duration of validity, were prescribed

(3) Yes

FIN. MAIL 29/10/76 (1) 61 (2) 210 (3) 189

SAMUEL OSBORN (SOUTH AFRICA)

Coal's for growth

Head office in Denver's Main Reef Road is unpretentious, a not unfitting image, perhaps, for a company whose 64,8% parent comes from Britain's steel city, Sheffield

But displayed along one wall of reception are the framed citations showing that Samuel Osborn (SA) has long been one of this country's top companies That it has, is not surprising.

Profits and earnings haven't stopped growing in the years since 1967, and in the five years ended September 1975, the pre-tax profit figure has risen by an annually compounded 29,7%, with earnings growth exceeding that figure at 32% Dividends over the five years have gone from 12,8c to the 1975 total of 32,5c

It's a record which most engineering companies in SA can only envy, and it finds its reflection in the JSE price of the shares, currently 450c and only marginally below the year's 490c high.

True, the shares are exceedingly tightly held and are comparatively rarely dealt in, but the current (historic) dividend yield of 7,2% is among the three or four lowest in the JSE engineering sector, and about 27,5% below the sectoral average

In the latest half-year for which figures are available, to March 31, earnings went still further ahead to 41c (33c) or by 24%, though, as might have been expected, margins were under pressure, with turnover up by just under 50% at R13m

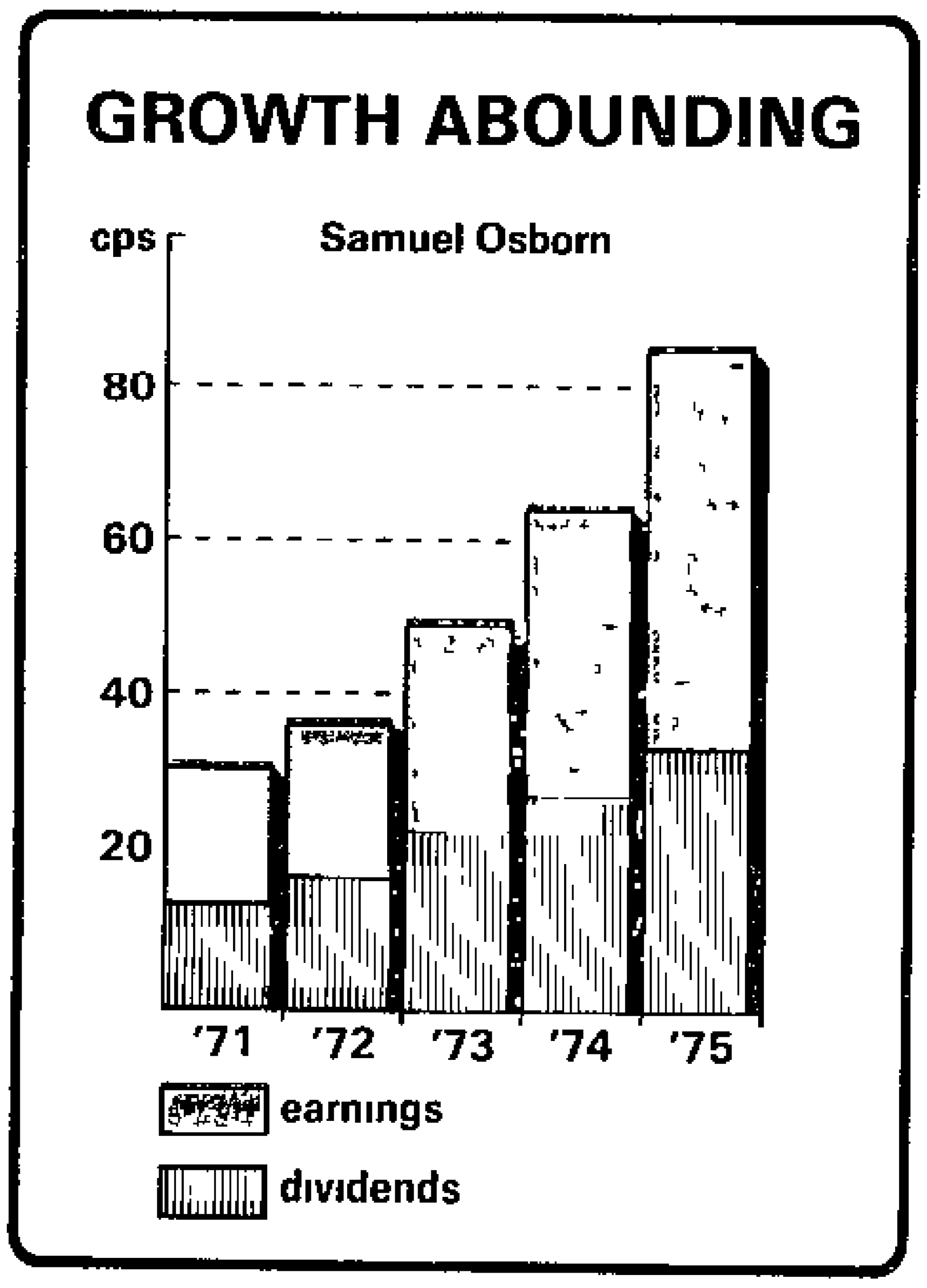
The company's history is one basically of association with the SA mining industry It manufactures and supplies crushing, screening and milling equipment for the quarrying, mining, coal and cement industries And though the parent is British, a great deal of know-how is American via, for example, the association with the McNally Pittsburg Manufacturing Corporation, of Pittsburg, Kansas, whose strength lies in the engineering of coal preparation plant

As coal begins to figure even more prominently in our economy — new mines to feed Escom and Sasol II, for example — the company obviously aims to be on hand to offer the equipment required, such as crushers, breakers and washers, and feeders The fact that the US-association figures so largely is linked basically to the fact that conditions in SA mines are much more akin to those of the US than of Europe

However, Samos has other strings to its bow, most notably machine-cutting tools, where it makes and sells, via the Maritzburg-based Somta Tools, high-speed cutting tools, including twist drills, reamers, and milling cutters This operation began back in 1955, and was a first in SA Customers here are primarily in engineering, and while the industry is strategic in a sense, the company has to import all its tool steel since none of the required quality is locally manufactured

Overall, and fortunately, the import content of Samos' products is not all that high, though the commitment for import deposits is nevertheless, companywise, significant, though MD Henry Snow points out that stocks are being cut back wherever possible

The company has built up a sizeable export market — though it won't quantify it — shipping to a wide range of countries which include the more machine tool sophisticated economies like the US, Australia, Canada, and W Germany



The overall SA economic recession has, of course, hit the local market for the company's tools and the industry is one which, in any case, tends to be cyclical the world over So offset is being sought in exports, with some success partly thanks to overseas economic revivals

The company's engineering base has also brought it into contact with the building industry, the aluminium department distributing, and modestly manufacturing, aluminium extrusions, shopfitting systems and shopfitters' hardware, fittings, other bits and pieces. This grew out of a similar venture in producing such products from stainless steel, though the price of that material made substitution by aluminium inevitable Some stainless steel, in the form of drawn sections, is still handled, however

It would not be too surprising if this sector of the business suffered somewhat in 1975-76, if only because of the building industry downturn, but, as has become more evident in recent months, there has been a decided trend towards the refurbishing of existing outlets rather than the establishment of new shops, to offer some compensation for Samos

The company has a 75% stake in Osborn Nu-Way Heating Plants, making and distributing a wide range of industrial oil, gas, and coal combustion equipment which would appear to have prospered, despite the rising cost of fuel oil. Gas burners were inevitably inhibited by the minimal increase in SA gas supplies, and though it has taken rather longer than expected to get the coal-burning side off the ground, the emphasis on coal in the country ought obviously to benefit the organisation

Because of its comparatively wide range of products, it's virtually impossible to compare the company, save on the broadest of grounds, with any other JSE-listed concern There is a degree of competition on the mining equipment side with E L Bateman and with the Fraser & Chalmers division of Mitchell Cotts, but on the other hand both these companies will, and do, buy on tender from Samos Competition, in fact, comes much more from local unlisted and overseas companies, and there's little doubt that it's hot enough

ALL SYSTEMS GO

Year to end-September	Return on capital employed	Pre-tax profit R'000	Earned	Paid	Net Assets
			cents per share		
1971	29,0	1 428	30	12,8	205
1972	26,2	1 652	36	16,0	225
1973	31,3	2 241	49	22,0	262
1974	34,8	2 587	64	26,5	303
1975	37,4	3 451	85	32,5	361

SHIPBUILDING

FIN. MAIL 29/10/76

Waiting on Iscor

189

When Dorbyl handed over ~~the 8 500~~ t extended Trampco ship *Gamtoos* to Unicorn Lines in Durban at the end of last week, it was more than 6½ months late Sister ship, *Gouritz*, now under construction, will probably be delivered equally late, and two container ships due for delivery next year are also said to be behind schedule.

Dorbyl's Brian Quigley says there are three main reasons for the delays Bad weather and "the non-availability of adequately trained labour and technically qualified and experienced staff" have been contributory factors, but the main problem has been steel

"Steel, which included large proportions of special quality material, was delivered up to six months late in some cases," says Quigley However, "the excessive demand on Iscor has now been relieved by increased capacity and we are promised that these delays will not recur"

Iscor is incensed at this charge. Nols Olivier, Iscor's divisional general manager for the domestic market, retorts "According to our own records and knowledge there have been no excessive delays on these plates Originally we had difficulty in matching up the particular qualities needed for these two ships and there were delays but certainly not up to six months This would be completely excessive and we would not tolerate it At most on the special quality plates, about 12 to 15 months ago, delays of perhaps 30 days would have been normal and there could have been delays of up to six weeks, but for the last six to nine months there have been no delays whatsoever"

Ian Tudhope, branch manager of Dorbyl in Durban, quotes from records to show that high tensile steel for Samson posts and masts which was ordered on August 28 last year arrived on May 14 giving a delivery time of 8½ months

Thus, Dorbyl, says Quigley, stands by its complaints despite what Olivier says The argument, apparently, goes on

Meanwhile Dorbyl is confident that its new slipway in Durban "will give far more flexibility in the future in making up production time where unavoidable delays occur".

With world shipyards competing fiercely for orders, delivery delays, although not unknown elsewhere, are not the best advertisement for local yards.

Unicorn managing director Murray Grindrod gave some idea of the blandishments shipowners are experiencing from foreign shipbuilders when he spoke at the *Gamtoos* naming ceremony: "I had a visit from a Danish shipbuilder recently who was prepared to quote fixed prices for delivery in 1978 and the first half of 1979 They are apparently able to buy steel at fixed prices from Norway and Sweden and also to buy machinery at fixed prices."

If pressed, Iscor will quote fixed prices, says Olivier, "but we try to steer away from this and try to influence the parties concerned to accept quotations based on local prices of steel. In other words, subject to escalation in accordance with the published domestic prices of steel which are, of course, controlled" If fixed prices are quoted they are generally for fairly short periods ahead and are based on expected increases in steel prices

Grindrod is also critical of the fact that foreign shipowners — "our competitors" — enjoy the benefit of the steel export subsidy (12½% of fob value to a maximum of R100 t) whereas local shipowners do not He contends that "all ships, whether for local or overseas buyers, should be treated as export orders".

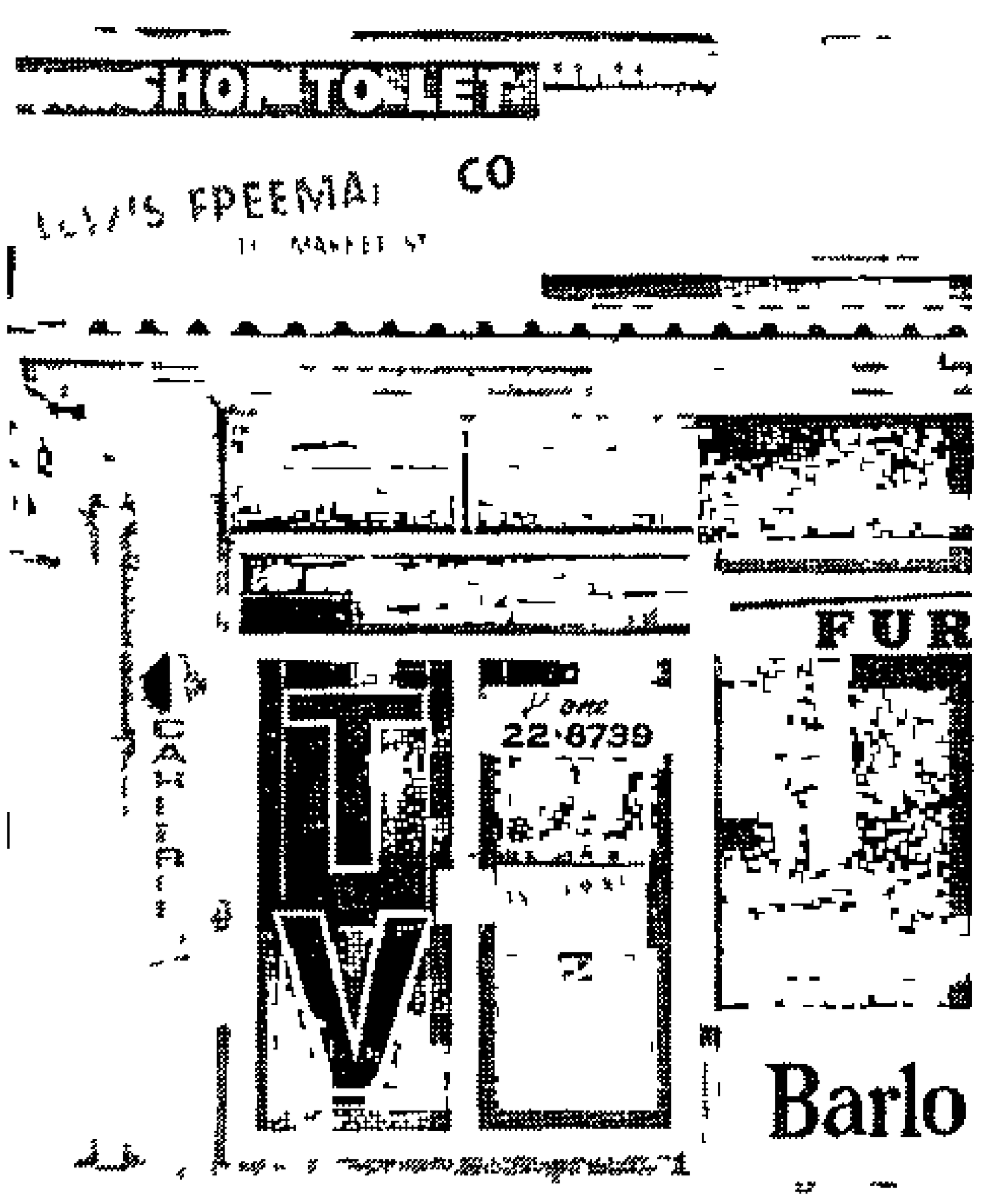
FIN. MAIL 29/10/76 (189)

TV: the slippery slide's underway

Everybody expected a slump when buyers ran out Suddenly it's here — with a vengeance

Boom is a thing of the past for the TV industry Sales have slumped, retailers are loaded with stocks, factories are cut ting production drastically, and workers are being laid off

It was wonderful while it lasted Total licences taken out by the end of September number 615 000 That's sets installed in homes The trend has, however, changed sharply March licences issued were 46 000, by September, in contrast, the figure had fallen to 27 000 and by the end of the month the slump was beginning to accelerate — 1 400 on September 27, 1 333 September 28, 1 065 September 29, 657 September 30,



Shop to let a sign of the TV times?

RETAILERS AND GROUND RULE 8

Retail price-cutting of TV sets has long worried government and manufacturer alike. Last year the Price Controller wrote to set-makers noting widespread price-cutting and expressing his concern. He didn't say why.

But for manufacturers, government's total management of the TV industry with a host of rules and regulations and special dispensations to a seemingly favoured few, has always raised this spectre.

The defence pointed this out in the recent case in which SA Philips, its MD John Poot, and six officials were convicted of contravening resale price maintenance regulations (Philips has decided not to lodge an appeal).

Firstly, under Ground Rule 8 (of government's rules for the TV industry) a manufacturer is not allowed to sell a set to a retailer who does not satisfy the manufacturer that it can carry out first-line service of the sets, although the retailer can contract this obligation to a servicing company. Moreover, the manufacturer has the ultimate responsibility, for the servicing of his sets.

If the retailer reneges, or goes out of business, the manufacturer must take responsibility for service.

The implications of this rule are serious If routine servicing at retail level breaks down, the manufacturer must bear the cost of servicing sets no matter where they are installed — perhaps hundreds of kilometres away from his nearest servicing depot. It could mean sending out to homes highly trained factory technicians at much higher cost than the semi-skilled operatives which are all that retailers need employ for first-line servicing

When hole-in-the-wall retail outlets sprang up at the height of the TV boom this became a real fear. The plants were not worried about the big retail chains or the established radio/hi-fi/TV specialists, all of whom established adequate servicing facilities. They were worried about small retailers with little or no knowledge of TV and with limited financial resources. If they went bust the set-maker could land in the soup.

Manufacturers attempted to be discriminating as to whom they would supply sets — but the small traders raised hell and complained to government that they weren't getting their fare share

In an effort to protect itself, Philips, for example, adopted a policy of "educating" retailers on the problems and pitfalls of selling TV sets It produced a guide to profitability which illustrated how to provide for fixed and hidden costs, contributions to overheads, commissions for salesmen, financing, etc.

It showed, depending on turnover, the break-even price at which a retailer should sell a set. Above that price (as long as it was within the 50% maximum margin allowed by government) was profit — below it a loss. It was a relatively rough rule-of-thumb, but it helped

Philips obviously went too far. It did not simply point out to retailers the dangers of going broke. Its sales staff went around warning some traders who did cut prices that it might stop supplies — and thus Philips fell foul of the Resale Price Maintenance Act which prohibits manufacturers from laying down minimum prices above which their goods must be sold.

Nevertheless, it's a cautionary tale. And the *reasons* why Philips feared bankrupted TV shops still apply today. For many small retailers have gone out of the TV business and the manufacturers of the sets they sold must carry the servicing and spares can.

Part of the fault lies with government and its ground rules Yet to be fair, Pretoria sought only to protect the interests of the consumer, to ensure that whatever set he bought and from whomever he bought it he would be guaranteed that, if it broke down, it would be repaired.

The moral of the story is surely that government should stop constantly interfering in the private sector, with permits, licences, rules, regulations and the like. Or if it must make rules to at least think them through and to ensure that they're workable.

Has it given thought to what happens under Ground Rule 8 if a TV manufacturer decides to pull out of the market, as current rumour has it? Who'll service those sets — the Department of Industries?

FIN. MAIL 19/11/76 (189)

That Iscor's senior execs are learning what a wage freeze is all about? The hard way, too No pay rises for any this year — whether they're Iscor, Metkor, Fowler or Wispeco men

Could it be anything to do with Iscor's own results?

Too good for too long

9/11/77 S.M.

Message to the hard-hit steel industry: 'Map out new, realistic objectives'

THIS article is the first of two by PAT DICKSON, a Tribune Finance special correspondent, in which she takes an in-depth look at the South African steel industry, its companies, problems, hopes and prospects . . .

THE STEEL industry in South Africa was recently warned by Dr Errol Drummond, Director of SEIFSA, that since the recession is likely to continue for some time, it had best use this period "to map out new and realistic objectives".

"Things have been too good for too long, and people have been so used to growth and profits that they have refused to look ahead," he said.

Hardest hit are the motor components manufacturers and those in the "light electrical appliances" industry, which depends largely on how much the man in the street has to spend on improving his living standards.

When he decides that it is wiser to hold on to his money, this sector of the industry — and to a slightly lesser extent, the building sector — shows a down-turn.

Nevertheless, that the present recession should have hit the steel industry as hard as it has is odd — because it is expanding faster in South Africa than in any other country. Its potential growth here is also enormous, because until recently buildings were not constructed with steel frames. Now that the advantages of steel frames are being realised, the proportion of buildings in which they are used is rising rapidly

Against the depressing facts above may be set two major advantages enjoyed by South African steelmakers: The country has 5 percent of the world's total iron ore reserves (a high percentage in relation to its size and population, and estimated at 3 700 000 000 tons), and it is the world's second largest producer of vanadium, the metal which, used in certain alloys, toughens steel without destroying its ductility — the property which renders it capable of being drawn out into wire.

Iscor, by far the largest concern in the industry, currently produces plate, hot-rolled sheet, cold-rolled sheet, galvanised sheet (including roofing and cladding sheet) and tinplate.

Besides these stock lines, Iscor has recently become the first South African producer of colour-coated steel sheet. Known as Chromadek or Textradek, those steels have been developed for both interior and exterior aplications and are expected to be in demand in all industries related to the building trade and in the manufacture of appliances and furniture.

Iscor, as a nationally-owned concern, is not one in which the public can invest directly, however, and although its degree of viability is a matter of national concern it is not a matter of direct importance to the individual shareholder.

The safest among the steel companies for intending investors at the moment is probably one of those which depends and will continue to depend fairly heavily on Government contracts. Such a one is the Union Steel Corporation in Vereeniging, which manufacturees highly specialised steels destined for a variety of purposes.

Stainless steel, of which the biggest producers are probably Southern Cross Steel and Middelburg Steel, both members of the Barlow Rand Group, has probably found more new applications than any other type of steel during the last 10 years.

As a spokesman has said recently: "The opportunities for rapid market growth in the capital project sphere are exceptional."

Apart from the building industry, the domestic and electrical appliance manufacturing industry — not to mention the increasing popularity of stainless steel baths and water-closets — this versatile metal can be used by artists to create works suitable to an age dominated by technology.

Michael Fleischer and Aileen Lipkin are probably the best known in this field at present, and their works, which are mainly to be found in public buildings, underline the ubiquity of stainless steel in every sector of life today.

The chief producers of stainless steel are convinced that, "in the future, we are going to see a much wider use of (those) ferritic steels . . . A new family of steels is finding its way into industry."

These are replacing the older types of stainless steel in applications where stress and corrosion cracking is a problem. The market in stainless steels, in fact, seems likely to remain fairly bouyant for some time and to be relatively unaffected by the present recession.

Another organisation which, even in the present difficult circumstances, seem to be justifying its founders' hopes, is the Highveld Steel and Vanadium Corporation at Witbank. It was founded by Anglo American in 1964, when research teams had convinced the directors that the vanadium (described as "a titaniferous magnetite ore") present in the Transvaal bushveld area, which Anglo owned, could be gainfully exploited.

The metal (named more than a hundred years ago — for no particular reason that anyone can remember, after the Scandanavian goddess of beauty) would have to be processed to produce liquid pig iron and vanadium-bearing slag.

Those are the two materials used to produce finished steel and vanadium pentoxide respectively.

To set up a steel plant from scratch necessarily involved a vast outlay of capital, and it has been said that only those with "a mining company mentality" would ever have invested so heavily for the sake of what was, at the outset, so remote and uncertain a return.

"Highveld Steel," Mr Harry Oppenheimer, Chairman of Anglo American has said, "represents a major single act of faith by private enterprise in the future of South Africa."

189

(189)

Cape Times 17/1/77

Tin breaks records as stocks run out

By NEIL BEHRMANN

LONDON. – Tin had its finest week on the London Metal Exchange when the buffer stock manager – the man who controls the price for the International Tin Council – ran out of stock.

On the news, the three months forward price jumped £107 to a record £5 423, while the cash price rose £135 to £5 390 a tonne On Friday three months' tin touched £5 530 sterling, with a contango – premium of forward over spot prices – of only £30.

Buffer

Tin analyst David Williamson, of brokers Laurence Prust, feels that there could soon be a backwardation – a premium of cash over forward prices. He expects a vicious market, on similar lines to coffee over the past few months' and would not be surprised to see tin traded at £6 000. In 1976 there was a shortage of 20 000 tonnes but this was supplemented by the buffer stock.

At the end of September buffer stock holdings had already fallen 1898 tonnes, but the manager was forced to sell more tin to slow down the rise in prices, especially after the new ceiling which was raised in December, was breached early in the new year

Mr Williamson estimates that there could be a deficit this year of around 20 000 to 25 000 tonnes. There are about 4 500 tonnes in LME warehouses at the moment and these stocks could temper the situation, at least for the next few months. But this depends on whether holders will be prepared to sell

If a backwardation develops, then they may well sell and buy forward at a discount. Supplies, however, could come from the United States GSA stockpile, but there are unlikely to be sales from these stocks for at least four months because Congress must pass a bill recommending sales.

So for some time the only available stocks will be those in LME warehouses.

Business report

Agreements

According to the Financial Times, it is only the third time in the history of the tin agreements, dating from 1956, that the buffer stock has run out of supplies The previous occasions were in 1961 and 1967

Buffer stock operations were restricted in 1974, when holdings were virtually exhausted The exhaustion of the buffer stock should back up producer demands for another rise in the international tin agreement price ranges when the Tin Council meets at the beginning of March.

The price range was increased three times last year. The cash price of tin was around £3 000 at the beginning of 1976, but has also been helped by the decline in sterling -

Cash sterling prices have appreciated by 83 percent in the past year

189.

Racial strike?

DD 29/11/77

JOHANNESBURG — White workers at an East Rand iron and steel works have threatened to strike — apparently because one of them did not like sitting close to a black worker.

Although production at the Dunswart Iron and Steel Works at Benoni was not affected, long negotiations between management and white workers over the matter took up most of yesterday and will continue on Monday.

Because of a complete block on official information from the factory itself, conflicting stories emerged yesterday about the cause of the trouble.

One version said white workers became jealous of their black colleagues when some blacks were placed in a new control office while whites were left to man the old ones.

The whites had complained the company was pampering its black staff and discriminating against whites, a source said.

Other reports, however, said the trouble arose after a white and a black were placed in the same control room and the white complained about being forced to sit together. — DDC.

R:

Railways — See PUBLIC SECTOR - Transport

Rate for the job — [illegible]PLOYMENT PRACTICES [illegible]GULATION

Regional Bantu Labc

Removals

RESERVES

RESETTLEMENT

Resources

Retail trade

RHODESIA - General

RHODESIA - Labour

Road motor transpo

Roadmaking

Rubber products

AL RELATIONS - Workers' [illegible]tu

LIZATION - Other Areas

FIN MAIL 4/2/77

HECKETT DISPUTE

No 2961 a bad boy?

(189)

A row is brewing over the dismissal of the chairman of the works committee at Heckett (SA) Pty, a scrap metals plant in Benoni. The worker, Piet Pheko, is considering [illegible] the Department of [illegible] to [illegible] the [illegible] [illegible] the [illegible] [illegible] the [illegible] [illegible] [illegible] Department [illegible] [illegible] company US [illegible].

There is also at [illegible] Heckett [illegible] police [illegible] instigated, they believe, by the company management, who, however, claim to know nothing about it. (On Tuesday night this week three workers were taken to the local police station. They say the police told them that management had complained they wanted to make trouble for the firm.)

Heckett is 50% owned by [illegible] the chairman, H C H Hatton [illegible] general manager [illegible] and 50% by an American company, Heckett Metals, a subsidiary of Harsco Corporation, a Pennsylvania-based company which is traded on the New York Stock Exchange and which in 1975 had gross revenues of $5?8m.

The trouble seems to have begun last November when Pheko, in his capacity as chairman of the works committee, asked for an explanation when a worker was dismissed. The police were called and Pheko tells the FM that the plant superintendent, I P D Coetzer, said in front of them that everything would be all right if Pheko and one of his committee colleagues, Steven Skosana, could be got rid of.

Two days before Christmas another worker, known as "small Zwane," was fired, allegedly for threatening a "bossboy" with a knife, an accusation which he denies. The company manager, Allan Henochsberg, allegedly accused Skosana of "putting a bad spirit among the workers." Asked what he meant, he reportedly said Skosana had been organising workers to join a trade union, the Metal and Allied Workers Union (MAWU).

Six days later Pheko [illegible] sacked. He says Coetzer accused him of kicking a "bossboy", and claimed to have the authority of Henochsberg to sack him. Pheko, as with small Zwane, denies the assault accusation.

On January [illegible], another worker, Joseph Phora, resigned rather than comply with a request by one of the plant's White staff to give information about the secrets and activities of the union. He claims that Coetzer said that all the union members would be fired one by one and that a docket had been opened with the police.

Other members of the works committee have also attempted to discuss the dismissals with management. "We are surprised at dismissals without reason or without telling the committee. Why did the management not tell us something was wrong?"

The stories about alleged assaults on the "bossboys" are frankly not believed. Worker spokesmen tell the FM that Henochsberg says that the works committee has no power to ask why people are fired but is only entitled to discuss matters like "overalls and boots" — an approach which has caused dismay in the plant. The legislation governing works committees says that their functions are to "communicate the wishes, aspirations, and requirements of the employees . . . to their employer and to represent the said employees in any negotiations with their employer concerning their conditions of employment or any other matter affecting their interests."

Questioned by the FM, Coetzer said that "No 2961" had been dismissed because he wasn't "obedient and wanted to kick and hit the bossboy." Asked whether there had been any other dismissals, Coetzer said: "Do you know the boy's number? We don't work with names, only numbers."

Henochsberg told the FM that he'd had no reports about the police. He too said that "No 2961" had been dismissed "for refusing to obey orders and threatening to assault the bossboy." Asked who "2961" was, he said, "Piet somebody or other." Henochsberg told the FM the dismissals had been investigated and "I am quite satisfied that everything was in order." He was unable, however, to say what the orders were that "2961" had allegedly refused to obey.

Asked to confirm or deny whether Zwane too had been dismissed, Henochsberg was unable to do so as the FM was unable to quote Zwane's "number". Henochsberg did not know him by name.

Heckett employs about 80 Africans, some three quarters of whom are members of MAWU. Officials of the union have also told the FM about two mysterious incidents in which the tyres of the union's vehicle have been let down.

Henochsberg told the FM that Heckett had "hired and fired hundreds of people over the years" and that he couldn't understand why the FM was inquiring about the recent dismissals. A spokesman for Heckett's parent company told the FM's Washington correspondent that "we are happy with our operations in SA. Our only labour problems in SA are due to our inability to find and keep skilled labour in sufficient quantity."

186

Inflation and recession cast shadows on steel

7/3/77 BD

Highveld Steel Vanadium lifted attributable profit by 25 percent to R9,6m in the six months to December last year when compared with the corresponding previous period And for the current six months the directors anticipate similar earnings (R7,7m)

During the period the issued share capital increased 16 percent but earnings a share still managed to rise by seven percent

Highveld has declared an interim dividend of 5c In the 1976 year the company only paid an annual dividend of 12,5c

The current results are not directly comparable with those of the corresponding previous period because of the company's acquisition of 65 percent of Transalloys (Pty) in July 1976

The outlook for the steel industry during the next six months is not bright World demand for South African steel exports is low because of lower activity in the world economy and the growing protectionism in larger steel consuming countries And local demand, which is already low, could fall even further because of cutbacks in State expenditure

The price increase granted to the industry in May last year was eroded before the end of the half year because of hikes in coal power and railage prices according to Highveld's directors

The 8,8 percent increase allowed from December 3, 1976 alleviated the position but because of lower local sales, almost half the increase will be absorbed by Escom's 23 percent power price increase which was effective from January this year

Highveld's directors warn that the continued inflation is seriously impairing the competitive position of the local steel industry at a time when export prices are under extreme pressure

* * *

Volkstrust, member of the Mondorp group, incurred a loss of R284 000 for the year ended September 30 compared with one of R57 000 for the previous 12 months

This was attributable, says Mr P C Vosloo in his chairman's review, to the tight economic climate resulting in low turnover and cancellation of deeds of sale together with high interest rates

After the initial success, sales in the home building programme decreased, but it is believed that as soon as the economy shows an upswing the demand for housing will increase and the group will be able to dispose of its stock of proclaimed stands.

Stop inflow artisans — union

UNION 189

1/2/77 Star

Labour Reporter

A call for an end to the immigration of artisans aws made today by the general secretary of South Africa's largest engineering trade union.

Any remaining shortages should be eliminated through training and retraining of South Africans, said Mr Wessel Bornman of the 38 000-strong Iron, Steel and Allied Industries' Union

A spokesman for the Department of Immigration revealed in Pretoria that

- Immigration of men in all occupations of the building industry — from architects to bricklayers — had ceased.
- The same applied to the television industry

SPECIALISTS

Dr Errol Drummond, director of the Steel and Engineering Industries' Federation, said recruitment for these industries still continued abroad.

Asked to elaborate, he said "There are a number of specialist trades wherein there are still chronic shortages"

PRINCIPLES

The spokesman for the Department of Immigration said the department had adapted itself to supply and demand. Foreign recruitment was a "cumbersome and expensive" process which employers were unlikely to follow if sufficient good workers were available locally.

He spelled out some of the principles to which the department adhered:

- It was Government policy that immigration should not be detrimental to local workers — regardless of race.
- Immigration simply for the sake of bolstering the white population was never policy.
- It was illegal to bring people to South Africa to fill jobs for which there were sufficient South Africans.

'87

Headwinds hit steel exports

14/1/77

Michael Chester, Financial Editor

The export drive by South African steel producers and steel users in the engineering industries, with aim tilted at record levels in 1977, is running into strong headwinds.

One main concern is a sweeping escalation in costs caused by the new 23 percent increase in Escom power charges, creating fresh pressures on sales prices at a moment when international competition is at its fiercest in years

Iscor alone estimates that its Escom bill will soar R44m higher in the next six months

Highveld Steel calculates its Escom bill has been hoisted by around R2,5m a year — in one stroke wiping out about half the expected revenue stemming from the 8,8 percent steel price increase in December.

FRETFUL

Next, steel producers are fretful of the flak flying from the charges of dumping in Western Europe

A first salvo came from the British Government which slapped a R55,48 a ton anti-dumping duty on all imports of SA steel reinforcing bars as from December 24 — to run three months while investigations go on

The EEC Commission decided only last week to open a parallel investigation — no doubt under pressure from European steel producers whose own used capacity has sunk to around only 60 percent in a general sales slump.

DUMPING

I understand that the dumping charges may in fact be quietly dropped in talks behind the scenes — but a package deal may possibly end in SA producers agreeing to voluntarily slow down its export tonnage to Western Europe.

This in turn will mean trying to find wider inroads into alternative markets — Japan and the United States in particular — with the handicap of being awfully quiet about it to avoid attracting the attention of home market producers there too US and Japanese producers are down to about 70 percent of capacity because of slack demand while the world awaits an economic recovery.

Problems also spread to exporters in the engineering industries, now faced with the likelihood of a 20 percent cut in rebates granted under the Steel Export Promotion Scheme.

Here the trouble is traced to the steep slide in sales of steel products inside South Africa as the recession drags on

The scheme lays down a voluntary levy of R2,50 a ton on steel products sold on the home market — routed into a special fund to assist exporters by a rebate of 12,5 percent of free-on-rail selling prices

Since local sales are down, so the size of the export fund is down

And it may well mean, exporters have been told in an early alert, that the rebates will be cut from 12,5 to 10 percent at mid-year

Even so, SA steel exporters do not despair "We made enormous headway in overseas markets in 1976, despite the heat of competition," says one top executive "We have set higher targets for 1977, and we are still holding steady aim, though the going is going to get a lot tougher."

189

RDM 19/2/77

Hamer back in the black

19/2/77

Deputy Financial Editor

JAMES BROWN & Hamer, Anglovaal's shipbuilding subsidiary which suffered huge losses in 1975, has turned the corner and is back in the black

Attributable profits in the six months to December 31, 1976, of R100 000 compare with a loss of R1 987 000 in the previous corresponding period The turnaround is good news not only for Hamer's shareholders but for other Anglovaal companies whose profits were being badly torpedoed by Hamer's problems

Pre-tax profits in the review period rose to R314 000 from a loss of R1 699 000 in the first half of the previous year on turnover which rose from R12 705 000 to R22 492 000 The shares earned 2,5c in the review period

Hamer's took its shipbuilding losses on the chin last year and will be relieved to hand over the last two vessels of its recent batch to its customers in the current half-year Two vessels were handed over in the review period

No further shipbuilding contracts have been secured and the present shipbuilding programme is drawing to an end Hamer's quotations will no doubt provide more generously in the future for escalations than was evident in the last programme

The ship repair division is reported to be performing satisfactorily, but other divisions in the company are affected by the low level of activity in the engineering and automotive industries

The steel fabrication plant and production foundry are operating below capacity and new orders are scarce, lower prices notwithstanding

The directors say the year's results will hinge on a higher level of industrial work

F.M.
25/2/77

189

THE UNION STEEL CORPORATION (OF SOUTH AFRICA) LTD.

REPORT FOR THE YEAR ENDED 31st DECEMBER 1976

The Directors announce that the audited consolidated results for the year ended 31st December 1976, are as follows

	Twelve months ended 31 12 1976 R'000	Twelve months ended 31 12 1975 R'000
Turnover	141 457	135 442
Trading profit	14 346	16 389
Income from investments	542	391
	14 888	16 780
Less		
Depreciation	3 739	3 721
Interest on borrowings	3 911	3 159
Profit before taxation	7 238	9 900
Taxation	1 598	3 602
Group profit	5 640	6 298
Earnings per ordinary share	19,44 cents	21,5 cents

TRADING RESULTS

The audited consolidated group profit before tax for the year amounted to R7 238 000 compared with a profit of R9 900 000 for the previous year

The group profit after tax for the year amounted to R5 640 000 which is R658 000 or 10% lower than the taxed profit for 1975

The following aspects are of importance in reviewing the results

Profits on steel products are less than the previous year as a result of lower despatches due to poor market conditions The market conditions during the last 6 months of the year have declined considerably

Veldmaster's contribution towards the group profit has improved, although this company is not yet in a profit position Commissioning problems occurred in the parts plant

The USCO Aluminium Corporation which manufactures and markets aluminium conductor, has again had a successful year Profits for the year are higher than that of the previous year as a result of a sustained demand for conductor

Although the market deteriorated, castings maintained their contribution towards the group's profit

The USCO Group's deferred tax and tax liability is R2 004 000 less than in 1975 due to tax allowances on capital expenditure

Interest paid, however, increased by R752 000 as a result of higher interest rates and increased cash requirements for the financing of working capital and capital expenditure

DIVIDEND ANNOUNCEMENT

Notice is hereby given that a final dividend of 14 cents per R2,00 share has been declared on the Cumulative Participating Preference 'A' and 'B' shares for the twelve months ended 31st December 1976

Notice is also given that a dividend of 5,5 cents per 50c share has been declared on the ordinary shares

Dividends are payable to shareholders registered in the books of the Corporation at the close of business on the 11th March 1977

The transfer books and registers of members will be closed from 12th March to 25th March 1977, both days inclusive, and warrants will be posted from Johannesburg and London on or about 14th April 1977 Registered shareholders paid from London will receive the United Kingdom currency equivalent on 5th April 1977 of the rand value of their dividends

Any change of address or dividend instructions must be received by the transfer secretaries on or before 11th March 1977

Non-resident shareholder's tax of 15 per cent will be deducted from dividends where applicable

By order of the Board
D C OLDENDAAL
Divisional Manager
Finance & Administration

Transfer secretaries
Consolidated Share Registrars Ltd
62 Marshall Street
Johannesburg
2001

P O Box 61051
Marshalltown
2107

Charter Consolidated Limited
P O Box 102
Charter House
Park Street
Ashford
Kent TN24 8EQ
England

Registered office
Gen Hertzog Rd
P O Box 48
Vereeniging
1930

London office
40 Holborn Viaduct
E C 1

17 February 1977

VZ1709

O:

Old-age homes — See SOCIAL SECURITY - Pensions

O.A.U.

O.E.C.D.

OWNERSHIP & CONTROL

P:

Paper industry

PARAGUAY - General

PARAGUAY - Labour

Press Laws

Pensions

Peri-urban Boards

ABOUR,S.A. - Pass laws

[CANS

CURITY - Pensions

CTOR - Local
es

IZATION - General

NT

- General

CTOR - Government

NT

data and comment
distribution,
ion, language,
affiliation, etc.
mically active persons
WER & specific sectors
GROUP AREAS
HOMELANDS
URBAN AFRICANS

or material on arrivals
tures from the Republic
immigration/emigration

MIGRANT LABOUR

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, divorces, life
y rates, illegitimacy
fantile mortality
well as material on
anning.

(189) FM MAIL 25/2/77

JOBS COLOUR BAR

Edgy engineering unions

First it was building Now some of the registered unions in engineering say they are unhappy at the pace of Black job advancement

The problem appears to have begun when the Steel and Engineering Industries Federation (Seifsa) sent out a circular interpreting last year's supplementary industrial council agreement, which provides that Africans can do certain "semi skilled" jobs previously barred to them — provided the unions agree to grant the necessary 'exemptions from the industrial colour bar

The circular said African workers could be used without union agreement in newly created jobs Unions claim this would violate the agreement which they argue calls for consultation in these cases as well

The issue will be clarified at a meeting on March 7 Unionists warn that if the matter is not resolved they will demand a reversion to the *status quo ante*

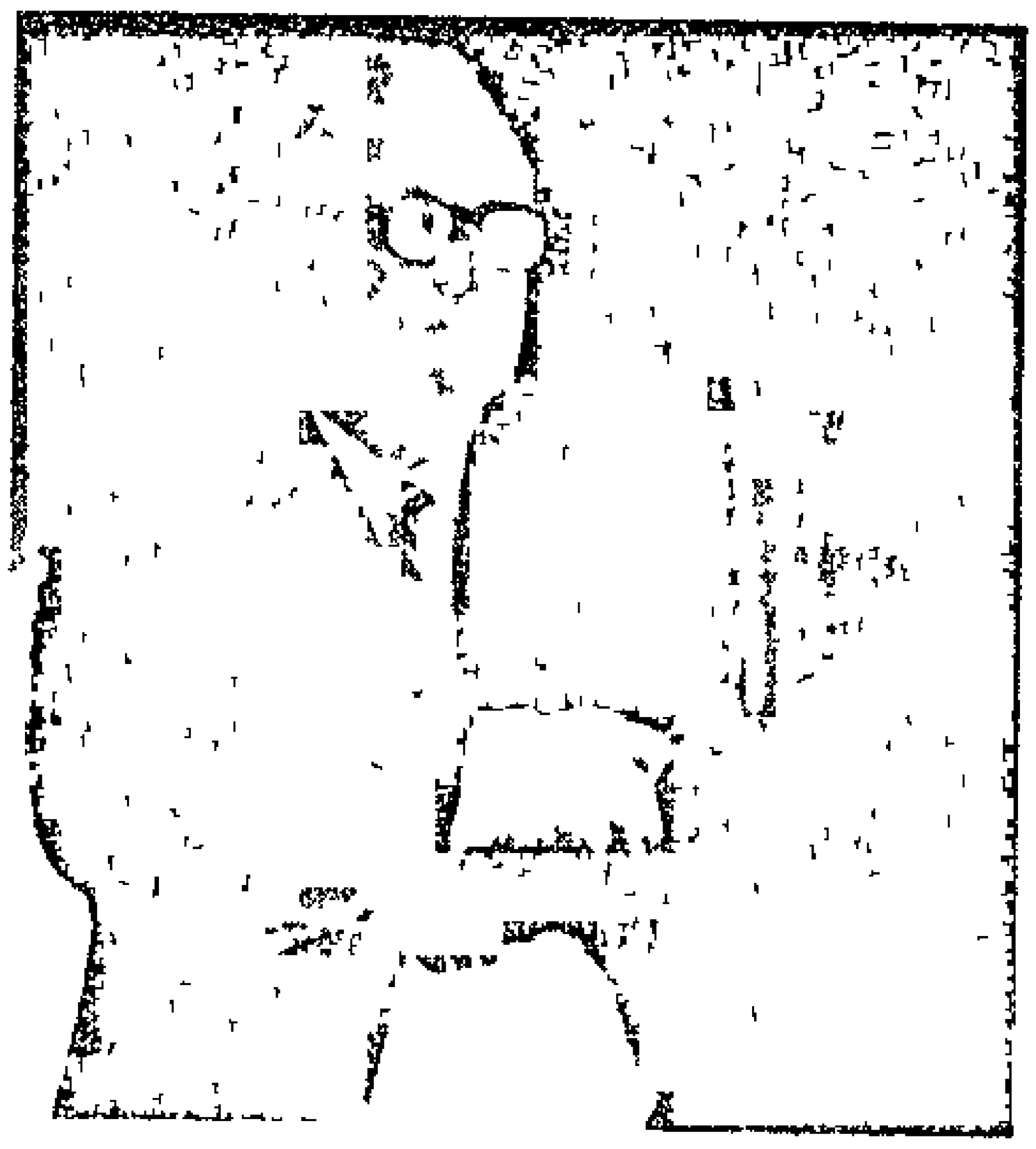
If this were to happen unionists say, Africans presently employed in the B, C & D semi skilled' categories could lose their jobs — at least until the dispute is resolved

The problem doesn't end there The Amalgamated Engineering Union (AEU) argues that, because some of its members are out of work the supplementary agreement no longer applies

The union points to a clause in the agreement which states that the African advancement provisions will not be in force during a recession This means that Africans currently holding exemptioned jobs could be replaced by union members who are out of work

Some unionists complain that unemployed members are being told by employers there is no obligation to employ them

Seifsa director Errol Drummond says that employers are happy to listen to the union's case but adds, however, that he is satisfied that the circular "has not abrogated either the terms or spirit of the agreement"



Seifsa's Drummond . looking for a package deal?

Other unionists are steamed up by what they see as employers refusal to train and re train Coloured union members for higher jobs "We don't mind money being spent on African training but nothing seems to be done for our members on the Reef," says Engineering Industrial Workers' Union general secretary Archie Poole He says unions suspect that Seifsa prefers to train (cheaper) African workers in an attempt to supplant organised labour

Drummond replies that he is sympathetic to unions fears about training of Coloureds and that Seifsa is doing precisely this

The supplementary agreement and the main industrial agreement expire on June 30 Unionists say Seifsa may want to renegotiate it in order to allow Africans into B C & D at will Others say unemployment will make this unlikely

Comments Drummond Any wage claims submitted when the agreement expires will no doubt be examined by us in the light of the current situation But he adds that Seifsa will obviously be influenced by the possibility of a combined package deal

Also while there is unemployment among semi skilled union members there may well be a shortage of skilled (artisan) labour in the industry as a result of Sasol II

Sasol should start recruiting within the next month and it will have to use imported artisans This is partly due to the need to import certain skills — but, even so, there simply aren't enough local artisans to go around

Both Poole and the SA Electrical Workers Association say they won't have enough men to go around and the SA Boilermakers Society says it expects Sasol II to mop up existing unemployment in B, C & D — so employers can expect some tough bargaining when June 30 comes round

189

Unions call for general pay rise

1/3/2/62

Labour Reporter

Trade unions in South Africa's largest industrial sector — the iron, steel, engineering and metallurgical industry — have asked for across-the-board pay rises averaging about 8 percent for artisans.

The demands, affecting employers of about 500 000 workers, call for higher percentage increases for lower skilled workers with a maximum of 20 percent for the lowest paid unskilled labourers, according to informed sources.

In addition the unions have asked for:

- Extra pay adjustments to narrow the gap between the artisan and the skilled non-artisan.
- Automatic pay adjustments to bring future wages in line with increases in the Consumer Price Index.

The demands, put forward jointly by the trade unions this week, are expected to set a pattern for wage demands in other industries.

The industry's new wage agreement is being negotiated to take effect in the middle of the year.

190
Leather + Products

Band of hope for jobless

ST 20/3/77

By DICK USHER

WORKERS who lost their jobs in the recession-hit shoe and leather industries are planning to form their own co-operative business.

According to Mr D. R. Singh, chairman of the local branch of the National Union of Leather Workers, 475 workers lost their jobs when the Shoe Corporation closed earlier this year.

There have been other redundancies, and although jobs have been found for some of these people, there are at least 500 unemployed in the Durban area alone.

Many are older workers with 20 to 25 years experience in the industry who are finding it difficult to find work.

With hopes for the economic climate definitely gloomy, the workers decided to attempt a shoe-it-yourself venture with them providing the capital and skills to set up their own factory.

Shares in the project will be available at R1 each, giving even the poorest workers a chance of becoming shareholders in the factory. Employed leather workers will be encouraged to support the venture also by becoming sleeping partners.

A committee of 10 has been formed to draw up details for the co-operative, operating from the Durban branch offices of the National Union of Leatherworkers.

Mr V. Rengen, a former employee of Shoe Corporation, is handling affairs during the formative period.

The workers hope that through friends on the Industrial Council connected with the leather industry they will be able to get inexpensive machinery to get the scheme underway.

189

~~(1) 74~~
(2) 189

NAT. MERCURY 21/3/77

21/3/77

S.A. WILL SAVE R2m A YEAR

Mercury Reporter

WITH the opening of new extensions to its Pietermaritzburg plant, Huletts Aluminium will save South Africa about R2 million per annum in foreign exchange.

The R25 million expansion programme will go into operation in two months' time and will now manufacture thin gauge aluminium for easy-open cool drink and beer can tops and lithographic printing plates.

Presently South Africa is importing about 4 000 tons annually from America and Germany for these products

Managing Director, Mr. Norman Duncan, said yesterday: "As soon as we start supplying the country's total requirement for can tops within three to four years, it will save around R2 million per annum on imports."

189

Rising steel exports run into barriers

RDM 5/4/77

SOUTH AFRICAN steel exports continue to increase, but steel mills face growing difficulties because of protectionist measures by certain countries, coupled with the highly competitive state of the international steel market.

The Steel and Engineering Industries Federation says exports of primary steel products are necessary to offset the short-fall caused by the substantial drop in South African ordering

Demand in the metal and engineering industries remains weak, although it has not fallen appreciably below the low levels towards the end of 1976.

No sector of the industry, except the tubemakers, has reported any significant improvement in business.

Activity in heavy engineering and steel foundries, previously sustained by public sector requirements, is in sharp decline.

"No early relief from these conditions is foreseeable, and falling volumes of production in months ahead are anticipated following the general fall in demand"

On the iron, steel and ferro-alloys sector, the report says orders to the mills from fabricators remain weak and the trend is downwards

However, with higher export tonnages of rolled steel and ferro-alloys, this sector is a major earner of foreign exchange

The tubes and pipes sector met with a revival of ordering in February, and reports were more favourable than in recent months The light metal manufacturing sector had slightly more favourable reports

Elsewhere, the picture was generally gloomy,

Automotive component manufacture. Short-time working is widespread and production levels are low

Building industry supplies: The trend of demand is still downward Production reports are distinctly poor.

Electric Cable: This is one of the hardest-hit sectors, and reports are unfavourable

Foundries: Orders in the steel foundries are slowing, but normal working hours are being maintained. In the case of iron foundries, however, the number working short-time increases.

General Engineering: Conditions are no worse than reported in the fourth quarter last year after a marked deterioration from the second quarter onward The number of plants reporting short-time working is increasing

Heavy Engineering: Recent months have seen a sharp fall in the flow of orders and this trend continued in February

Plastics manufacture: The year has started unfavourably with a renewal of the downtrend in demand

Shipbuilding and repair: Conditions remain poor — Sapa

189

Warning against pay rise

JOHANNESBURG — The director of the Steel and Engineering Industries Federation, Dr L. Drummond, warned last night that if union demands for a new wage deal were met this could spell disaster for many industries.

He said there were already substantial lay-offs in industries associated with building supplies, the motor industry, foundries, the television industry, the shipbuilding and repair industry and in general engineering.

Dr Drummond had just arrived back from an emergency meeting in Durban where the engineering industry was faced with placing 72 apprentices. In addition, a shipbuilding firm had laid off 220 artisans.

The 10 registered trade unions in the steel and engineering industries, which employ 478 000 workers, have tabled a wide range of demands for pay rises and new benefits. — DDC.

189

We must pay less for scrap, say merchants

10/4/77 B.T.

By TONY KOENDERMAN

STEEL ENGINEERING and structural firms will come under pressure to accept a lower price for scrap steel following the collapse of negotiations last week between scrap dealers and scrap consumers

About 1-million tons of scrap (equal to nearly 15 per cent of the nation's original steel production), worth R30-million, is purchased annually for the steel industry by Ferrous Scrap Distributors

The 40-member ferrous division of the Metal Merchants Association which supplies 80 per cent of the steel scrap consumed in mills and foundries, has been negotiating for an increase in the prices paid by FSD

But the steel industry, faced with a slump in domestic demand, tough competition in export markets and big wage demands, had to instruct FSD to give the thumbs down

FSD is a non-profit company owned by the steel producers.

The current price paid for steel scrap, depending on grade ranges from R24 a ton upwards, according to Solly Abkin, chairman of the association's ferrous division. The average is about R30 a ton.

"But our costs are rising by 15 per cent a year or more, and without an increase in price we will be forced to ask the generators of steel scrap, such as engineering firms, to accept a lower price from us," he said

Bins

The merchants also argue that they are providing a service to scrap generators, by providing bins in which to store the scrap, and often, too, removing refuse as part of the deal

The Seifsa scrap index shows that the cost of scrap has risen only 14,5 per cent since May 1976

There will be a further rise in the next month as a result of higher rail tariffs, which will cost FSD at least another R100 000 a month

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STAR
14/4/77

No jobs, no pay, claim workers

Labour Reporter

More than 30 former workers of the East Rand engineering firm Memo Industries (Pty) Ltd were unemployed today

And many of them claimed they had not been paid

About 14 of the firm's employees kept on to finish a specific task were unable to work today because the factory in Elandsfontein was pad locked

Workers claimed the rent had not been paid by the firm

One of the workers, Mr W D le Roux, said he was working yesterday when he was tapped on the shoulder and told to report for the news that "we were out of a job and getting no pay"

DISAPPEARANCE

Other workers said the firm's manager foreman, Mr Bill Delport, told them that the owner had "just disappeared" and that no money was available to pay them He told them to leave

Later, they said, Mr Delport's brother Jack, who supplied a lot of work to the firm told them the owner's wife had told him in a telephone conversation that the owner was in Port Elizabeth on business and would return on Friday

About 15 workers were at the Industrial Council for the Steel and Engineering Industry in Johannesburg today to make statements

F/M MAIL 15/4/77

WAGE DEMANDS
Engineering's indaba

189

African jobs could be a key issue when employers and unions in the engineering industry sit down to discuss the industry's wage agreement, which expires in June

A war of words has been waging between the two sides for some days But it's almost certain that some sort of compromise will be reached The jobs colour bar will probably be a key issue in that compromise

Not that the wage issue isn't important The unions are asking for 8% increase in the higher categories and 20% for the lower paid men This, they say, will help close the wage gap

The unions say the higher grade increases barely keep up with inflation "They're modest demands and we're sceptical about employer claims that they'll cost R250m," says Tom Neethling of the Amalgamated Engineering Union (AEU).

Engineering workers . . . A battle to stay in jobs?

Retorts Seifsa director Errol Drummond· "It's hard to reconcile the unions' wage aspirations with their desire to keep members in work "

Seifsa is demanding that the existing agreement be extended until economic conditions change Drummond points to unemployment-rising sharply at present, particularly in Natal, he says — and says that Seifsa's priority is to keep men in work

One unionist at least feels sure the jobs colour bar will be a bargaining counter, as has happened in the past few years with union agreement to block movement up the jobs ladder being the price the employers exact in return for wage increases

Drummond recently said that Seifsa might consider wage hikes as part of a package deal, but says this is not on the cards now "I wasn't referring to these negotiations and, at any rate, a lot of water has gone under the bridge since then. The jobless situation is deteriorating rapidly and we simply can't afford it"

The seriousness of the joblessness problem will be crucial It will determine how eager employers will be for concessions and how willing the unions will be to discuss them Both the AEU and the SA Boilermakers' Society report that artisans are relatively unaffected by unemployment, the pinch being felt mainly in the semi-skilled categories

Some set their hopes on Sasol II to take up the slack Drummond is not sure — but adds that "Sasol will require a specific type of skilled labour, and this is not where the unemployment problem is."

The Unions are a bit more hopeful, but concede that Sasol will draw labour from the artisan group, resulting in a slight artisan shortage, they blame employers for not training semi-skilled union men for higher jobs

Financial Mail April 15 1977

ENTS

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21/4/77 mm

Talks on pay

Mercury Correspondent

JOHANNESBURG — Trade unions in the engineering industries which employ 478 000 workers are due to start preliminary wage negotiations with employers in Seifsa (Steel and Engineering Industries Federation) on May 10.

This was decided at a national executive meeting of the industrial council for the industries in Johannesburg this week.

Dr. E. P. Drummond, director of Seifsa, said the whole management board of the federation would be present at the negotiotions.

Mr. T. S. Neethling, General Secretary of the Amalgamated Engineering Union, said the 10 unions would be fully represented.

The unions have proposed a wide range of increased wages while Seifsa has said the industry can't afford increases at present.

NATAL MERCURY 21/4/77

189

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Obstacles to black advancement are falling away

SUN TIMES (BUS. TIMES) 24/4/77

THE TRAINING of black South Africans to assume increasingly important roles is being given top priority by Olivetti Africa.

This applies not only to the management and technical side of the company's operation in this country, but also to sales

Obstacles to their advancement are being removed as fast as possible Rate for the job, irrespective of colour, is already in force and efforts are being made to drop racial barriers in the company's social clubs in Cape Town

John Henrick, personnel manager, said "We make no distinction on the grounds of colour Everyone is given the same opportunity The only way to ensure that blacks make use of those opportunities is to see to it that they are properly trained

"Our training for blacks is far more intensive than any other business machine company in South Africa

"The Business Equipment Association's Training Centre, which subsidises the training of blacks, last year gave us a subsidy of R5 000, which is more than it gave any other business machine company in South Africa"

Olivetti's service department employs 98 black technicians out of a total complement of 510 and the assembly plant employs 25 fully trained black assemblers out of a total staff of 29

Ronald de Marco, in charge of technical backup, and Mario Zana, in charge of the factory, agree that it takes longer to train a black to become a fully-fledged technician than it does to train a white, but point out that once trained they are as good as whites

"Our selection of blacks for technical training has also been at fault We are overcoming that problem by using a new aptitude test We intend to increase our intake of blacks this year

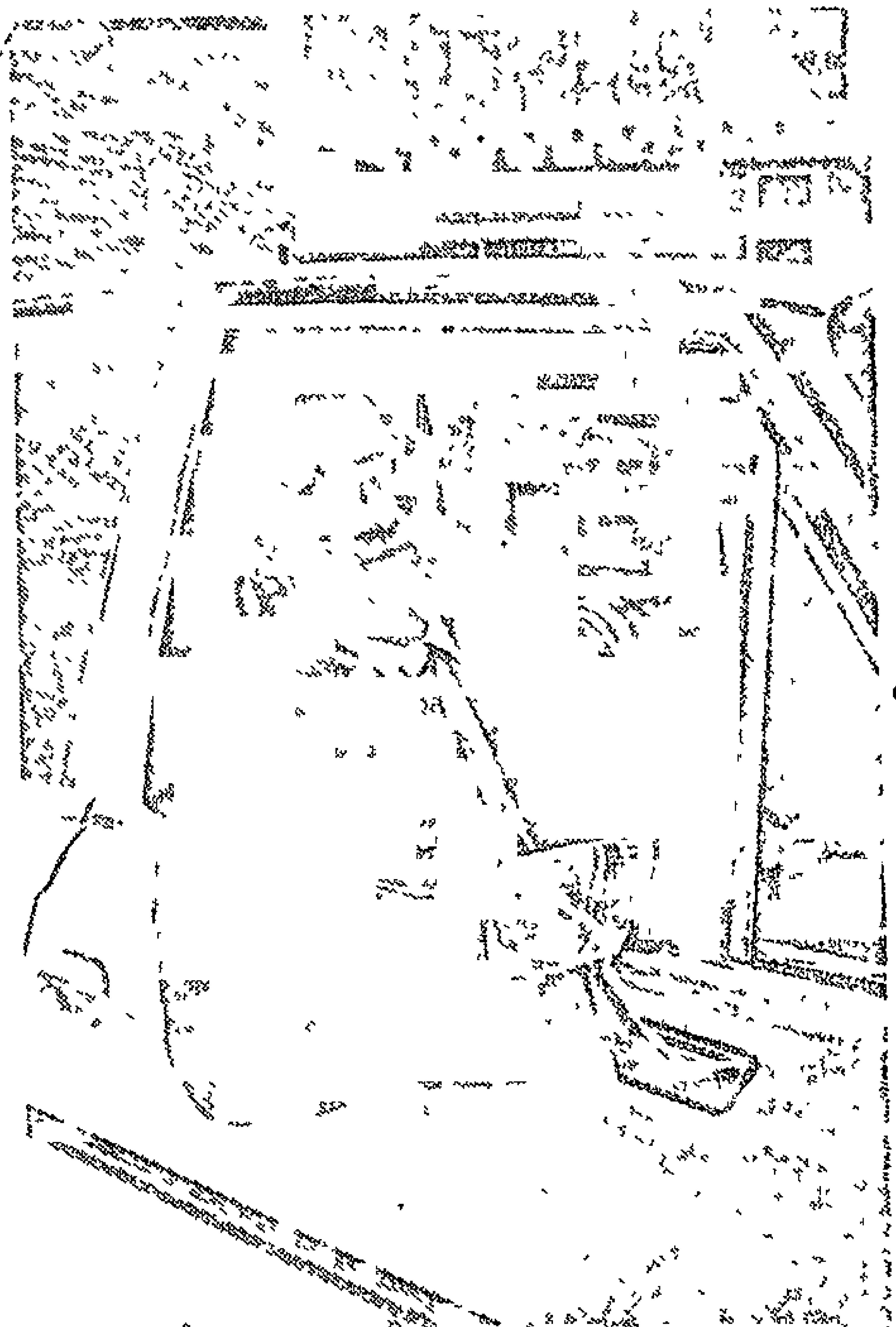
"We have adopted an evolutionary process for our blacks At present they are still on the more traditional lines, such as typewriters and adding machines, which allows us to train our white technicians to service more sophisticated machines

"But blacks will also be trained to service more sophisticated machines when the time is right

"Our attitude to our black staff has paid handsome dividends in the shape of loyalty to the company

"Many of our black workers have been with the company for many years and are now earning high wages Philimon Malatse, the managing director's chauffeur, has been with the company for 20 years, and has holidayed overseas on several occasions

"Edward Letsoala has been with the company since 1952 and Shadrack Madlabane, our scooter messenger, has been with the company since it was established on November 1, 1949"



Olivetti Africa's chauffeur, Philimon Malatse . . . loyalty to the company has paid handsome dividends — including several overseas holidays Mr Malatse has been with Olivetti for 20 years.

'Total effort' to boost SA arms industry

29/4/77

189

SOUTH AFRICA will never be totally self-sufficient in arms but is doing all it can to lessen its dependence on other countries

The Minister of Defence, Mr P. W Botha, said this when he opened an Armscor plant in Pretoria yesterday.

Named Project Spitskop, it cost more than R11-million and will make ammunition for all three branches of the Defence Force

Mr Botha said South Africa was already 75 per cent self-sufficient in arms, including Air Force planes, explosives and propellents

Explosives and certain arms spares were sold to other free world countries, bringing in foreign exchange.

Armscor recently started an optical and electro-optical plant. It had established a highly sophisticated technology

Mr Botha said South Africa began manufacturing its own arms because of the threat of a Western embargo and because "our national self-respect demanded it."

The 25 per cent of arms which South Africa now imported would be the most difficult to manufacture locally.

Heavy demands would be placed on Armscor and its private contractors.

A total effort was needed. Special expertise and ingenuity must be developed to provide those critical items which the country was now denied.

Mr Botha replied to criticism by industrialists that the private sector did not get its proper share of expenditure on armaments They had said that Armscor kept this "delectable dish of business", running into hundreds of millions of rands, for itself.

"Let me put the record straight," he said.

Armscor followed his personal instruction to use existing outside manufacturers to the full When economically possible, Armscor would promote new facilities with the private sector.

Armscor, therefore concentrated on those areas which were either too uneconomic or too strategic to hand over

"More than 75 per cent of the total amount spent on arms within South Africa lands in the pockets of private industry.

"This is a significant achievement, especially taking into account that our self-sufficiency drive started to gain momentum only within the past 10 years."

Mr Botha said the site of Project Spitskop, represented one of the first and most important cornerstones of South Africa's arms self-sufficiency.

The original factory, where millions of rounds of .303 ammunition had been produced during World War II, and its sister factory, where rifles were now being made, were the first two facilities entrusted to Armscor in 1968. — Sapa

236

189

Protea in R4,25m steel deal with Stewarts & Lloyds

Cape Times 28/5/77

By PAUL DOLD
Financial Editor

THE TAKEOVER struggle between Abercom and Protea entered a new phase yesterday with Abercom amending its offer to include a participating pref option and Protea selling certain steel operations to Stewarts and Lloyds with immediate effect for R4,25m.

Stewarts and Lloyds is to acquire certain of the assets of the Steel Service Centre of South Africa, Alers Hankey (expanded metals) (Pty) Ltd, and the shares in, and shareholders' claims against, H Alers Hankey Cape (Pty) Ltd and H Alers Hankey Natal (Pty) Ltd.

H Alers Hankey is the holding company of these subsidiaries and is, in turn, wholly owned by Protea.

What Protea has done is to sell these steel operations which were giving a low return, at a discount of around 20 percent At the same time this has removed what would have been an overlap in a merged Abercom-Protea.

Apart from the original 33-for-100 Protea terms which remain Abercom has added the option of 100 (10c dividend) cumulative participating Abercom prefs at 80c a share.

Abercom said that in addition to the 10c fixed cumulative dividend a pref shareholder will also be entitled to a participating dividend of 20 percent of the sum by which Abercom ordinary dividends exceed 30c in any financial year.

Since the original offer was made both Abercom and Protea's share prices have dropped, Abercom from 215c to 203c at Thursday's close and Protea from 73c to 66c (Thursday) Thus, at that stage the original offer was worth 67c a Protea as against 73c on May 4

Both shares improved in the market yesterday with Protea spurting to 74c following the offer (some 103 000 changed hands) and Abercom up to 205c.

Abercom's amended offer was announced soon after lunchtime yesterday and prompted sources close to Protea to allege that by making the alternative offer of prefs Abercom was merely trying to reinstate the value of the original bid on May 4.

The sources claimed that in terms of any accepted basis of valuation, and particularly as regards capital cover, the pref shares could not have a value of 80c and the value should be about 71c per Protea share This was no improvement on the original offer which was equal to 72c at May 4.

189

SCRAP METAL

FIN MAIL 6/5/77

Selective scavenging

Eighteen months ago (*FM* August 22 1975) scrap merchants claimed they were facing dwindling profit margins and were pleading for sweeter returns for their labours and capital investments.

Now, it seems that the never ending war over scrap prices between the Ferrous Scrap Distributors (FSD) and the Metal Merchants' Association (MMA) whose 40 members are claiming nil return on capital employed — has prompted the Department of Industries (DOI) to ask the Board of Trade to investigate the entire scrap metal industry. The DOI's chief industrial adviser Cornelius Klerc confirms this.

Argument was, 18 months ago that the price paid to scrap merchants by the FSD — the sole purchaser of ferrous scrap — bore no relationship to that of finished steel.

Merchants threatened to pull in their horns and pare collection costs by scavenging only in central areas.

The ferrous scrap dealers collect upwards of 1m t/year. But around 20% more lies untapped, unsold and unprocessed simply because the merchants argue it isn't worth their while to collect.

Earlier this month FSD rejected a MMA claim for higher prices (dealer sources suggest that the claim was for approximately 30%). That, apparently has prompted a BTI investigation which Economics Minister Chris Heunis is expected to announce shortly. It could lead, sources believe, to the opening of merchants' books for the first time. That's something FSD would welcome.

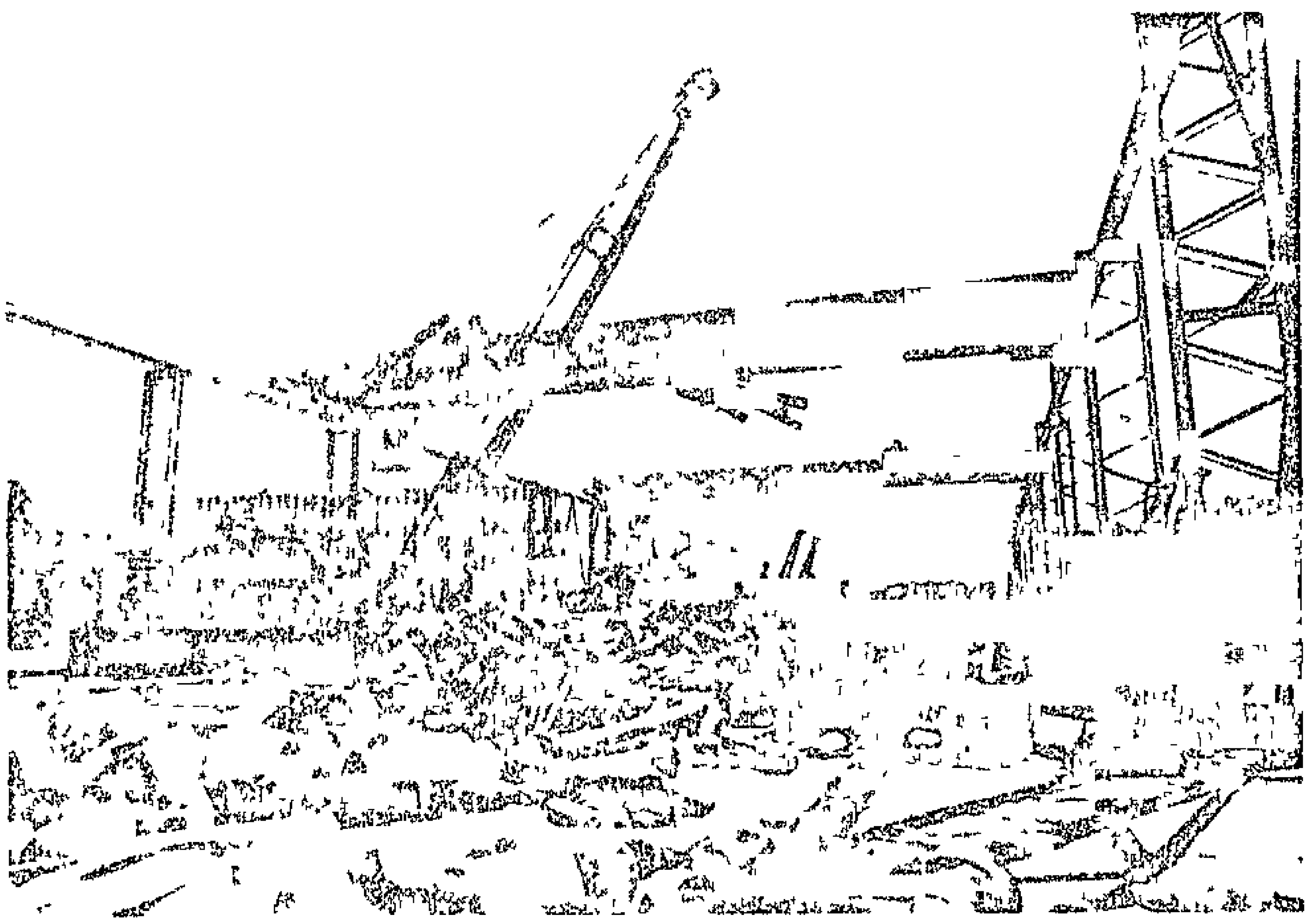
[illegible] nothing [illegible] could [illegible] scrap [illegible] of [illegible] complaints

On the other hand, [illegible] domestic scene and [illegible] regulations mean that [illegible] will [illegible] about any [illegible] to [illegible] scrap

FSD's GM [illegible] Weir tell the *FM* that last year [illegible] were given a price increase (around 10%) that matched Seifsa's consumer index

compounded the problem

Chairman of the MMA, Gunter Samson tells the *FM* that government is naturally concerned about the situation because of the strategic nature of the scrap metal industry. It's also worried that merchants who have invested millions of rand are beginning to take things easy, as it were, and virtually refuse to collect in outlying parts of the country



Metal merchants fighting over scraps

Furthermore, he adds, a scrap price increase would automatically lead to an increase in the price of finished steel and at the moment SA is having a tough time keeping up with its European competitors

Most of the merchants in the MMA (they produce 80% of the country's scrap) claim FSD is being totally unrealistic

Rand Scrap MD Maurice Katz and Germiston Scrap MD Solly Abkin point to the following developments since FSD's price hike last year

- The cost of containers (bins) supplied free to generators by the merchants has rocketed from R500 to R[illegible]
- Wages have rose too. Seifsa is currently [illegible] wage demand from its black workers. "Most merchants have been facing strike threats from blacks over the last few weeks. Thanks to management [illegible] promises [illegible] wait a while [illegible] things will [illegible] better [illegible] strike action has been side-stepped

As a result, many large merchants are refusing to replace worn crushers, buy new [illegible] or [illegible] their premises

No large scrap merchants have come onto the market over the last five years, says Katz [illegible] ones will have [illegible] all, adds Abkin

Petrol and electricity price hikes have

FSD's Weir argues that the merchants are lucky to have a secure central buying organisation. FSD was established 32 years ago by the steel processors. Until now the merchants have enjoyed a secure market and known prices for scrap

Now, however, the merchants argue the time has come for an overhaul of the FSD's membership (mainly representative of the big steel consumers) opening it up to merchants and businessmen perhaps more sympathetic to the processors

Weir's response is that FSD was formed by consumers as a central buying office, so the dealers as suppliers don't qualify

Apart from seeking greater flexibility by the FSD, the merchants would also like an independent inquiry to look at the following

- SAR&H scrap is sold direct to FSD. But it's unprocessed. Since merchants are bound by FSD agreements to grade and process scrap (and that costs millions in machinery and manpower) they feel they have a case against suppliers whose scrap production is incidental to their main line of business. That was a howling point 18 months ago. It still is today
- The strategic importance of scrap because of the political and military situation along SA's borders

Meanwhile, the non ferrous side of the industry also has a problem — too much brass chasing too few customers, thanks to the recent slump in the construction industry

Industry sources tell the *FM* that well over 1 000 t of brass could be exported, earning the country close to R1m in foreign exchange

Around 3 000 t - 4 000 t of non ferrous is salvaged a month, most of it copper and its alloys

Samson is optimistic that export permits will be issued following consultations between non ferrous export advisory committee members (who meet with Seifsa acting as secretary)

Along with Katz, Abkin and others Samson believes that non ferrous' approach to the needs of consumer and processors is sensible

The non ferrous exporting committee contains representatives from both sides and, argues Samson, there's no need to call in government to mediate when interests clash

"We talk problems over between ourselves", he tells the *FM*. "I'd like to see a series of intelligent managerial negotiations between the processors and the buyers", he adds

In other words, a reconstruction of FSD

FIN. MAIL (189) 13/5/77

WELDING

Buoyant industry

At least 240 companies, subsidiaries or divisions in SA are involved in the welding industry, according to the April issue of *Founding, Welding and Production Journal* which lists welding processes, metals normally fabricated, facilities such as shot blasting, design services and such, as well as welding capacities

Total steel plate and sections production is around 1 Mt/year, selling at an average price of around R174/t The steel is used by more than 3 000 large and medium sized companies who are members of Seifsa, the steel and engineering federation

Total electrode consumption (excluding specials) is 20 000 t/year worth some R12,6m, while semi-automatic CO_2 gas metal arc welding (MIG CO_2) consumption is around 4 500 t/year worth R4,78m

Although SA still imports sophisticated welding and cutting equipment, locally manufactured units range from cutting nozzles to power packs, gas regulators, manipulators, columns and booms Several are exported

The total welding machine market is estimated at R8,7m for manual metal arc, R6,1m for MIG-CO_2, R2,6m for flame cutting and R8,7m for other processes.

The manual metal arc process enjoys the greatest popularity in SA although MIG currently has the highest growth rate

In an interesting table on major capital projects between 1976 80 construction, mining, metallurgical, oil rail, electrical pulp and paper, chemical textiles and communications will be spending some R26 155m with some R3 240m being spent last year

Welding should be reaping quite a share of that amount As Major General Webster, Director General (Resources) of the Defence Force points out, Sasol II is projected to cost R2 500m and will use 14 000 workers, more than 10% of which will be welders

Mention w

ration tariffs

DUNSWART FIN. MAIL 13/5/77

Profitability problem

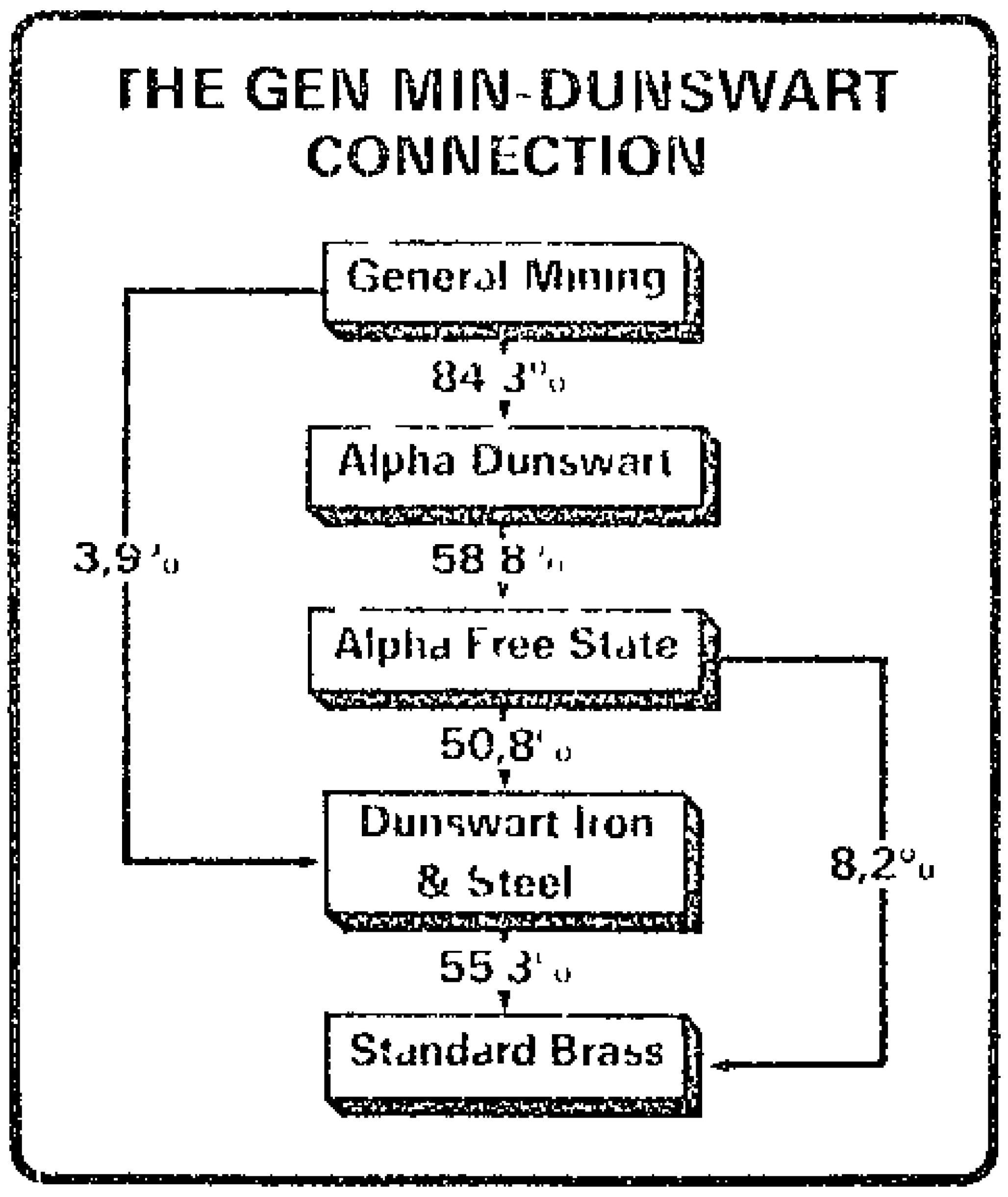
189

Executives at Dunswart Iron & Steel and General Mining are tearing their hair out over Dunswart's massive R18,8m financing problem.

Dunswart was unable itself to repay a 15m Swiss Franc (R5,4m) loan on March 1 1977 and had to borrow the money from General Mining, which lent R7m at 14%. Meanwhile, the Dunswart mill has become run down and increasingly unprofitable. It badly needs revamping and R3m in borrowings had been spent on this by December 31 1976. Another R7,5m is required for "unavoidable renovation and reconstruction", while a further R3,1m will be needed "in the reasonably near future" for air pollution control and additional rail facilities.

These cash requirements are "in addition to normal replacement capital which will be financed from depreciation cash flows". The report says R2,5m is "necessary immediately" and General Mining has been approached for this sum. The rest Dunswart has undertaken to raise itself before the end of this year.

It seems Dunswart has under-depreciated over the years. It has been selling a price-controlled product and earnings have not been adequate to allow sorely needed modernisation and expansion. Total capital invested has risen a meagre 3,5% from R19,8m in 1974 to R20,5m last year. Crude steel production actually declined from 307 000 tons in 1973 to 273 000 tons last year. The sponge iron plant, which has absorbed the major portion of investment funds available recently, last year turned out 98 000 tons.



Taxed profits, excluding the steadily rising dividend income from Standard Brass, have fallen from R1,9m in 1973, to R835 000 in 1974, R205 000 in 1975 and a R35 000 loss last year. There have been large currency and other extraordinary losses. It's a situation similar to Iscor's but Dunswart has not had Iscor's easy access to State and international loan funds.

I'm told the Dunswart plant is out of balance with crude steel capacity exceeding rolling capacity. Much of the money still to be spent on the plant will go towards increasing rolling capacity, for rolled steel is more profitable than crude.

Two particular questions are worth pursuing: why has Dunswart steadfastly paid dividends, when it could not afford to modernise and expand, and why, since it has been quite moderately geared in the past, did it not borrow years ago, when this was still possible?

It's been an open secret that Dr Fred Zoellner and the General Mining board have not seen eye to eye for years. The precarious position of Dunswart seems to have been the last straw for Gen Min. Not only has Zoellner been replaced as chairman of Dunswart — a position he has held for 20 years — but he leaves the Gen Min board on June 2.

He has already moved out of Gen Min building and is currently overseas. A far from fullsome tribute in the Gen Min report records that Zoellner "is not available for re-election" and expresses "appreciation" of services rendered.

In its own report, too, Gen Min singles out Dunswart for its "serious liquidity problems," as Gen Min's worst industrial headache. Gen Min has an effective 35,9% in Dunswart and 24,5% in Standard Brass. Zoellner personally owns 103 500 shares or 2,45% of the equity of Dunswart.

What irks the men at Gen Min is that they have many projects more profitable than Dunswart in which to invest. R18m isn't chicken feed, and there is real doubt that the Dunswart works will be profitable even after the revamping. Apparently an economic revival, and further steel price hikes, are further prerequisites for profits.

The Dunswart dividend for 1977, not to mention 1978 and 1979, looks to be in real danger. If, as seems logical, it is passed this year, Alpha Dunswart and Alpha Free State, which, apart from their small holdings in Standard Brass, have few other assets, must surely pass theirs.

Dunswart at 130c, yields 15,4%, Alpha Dunswart, 50c, yields 14% and Alpha Free State at 150c, yields 16%. If it weren't for the Gen Min and Zoellner's personal holdings, all three would probably be lower.

David Carte

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4. Ibid para 19
5. Ibid para 19

189

ARGUS 19/5/77

DORMAN LONG SHOWS 14pc PROFIT RISE

DORMAN LONG Vanderbijl Corporation, South Africa's major heavy engineering organisation, showed a 14 percent increase in profit in the six months ended March.

However, earnings, a share declined slightly because of a 20 percent increase in the issued share capital in April last year.

Attributable earnings in the six months ended March were R4 679 000, equal to 61,3c a share. In the year-ago period the company earned R4 093 000, equal to 64,5c a share on the smaller capital.

The company is operating at a satisfactory level though order books are diminishing, the directors say. It does not expect to continue with the dividend increases of recent years until there is a revival in business, but expects to pay the same 50c dividend as last year.

A PEEK BEHIND ARMSCOR'S SHROUD

FIN MAIL 27/5/77

(189)

Armscor will spend about R1 000m this year on military equipment Senior GM Leendert Dekker recently gave the Afrikaanse Handelsinstituut a peek at how this large chunk of public money will be spread around

Between three-quarters and four-fifths of Armscor's local spending, which itself constitutes 60% of the corporation's total spending, goes into the pockets of private enterprise The remaining 20-25% represents work by Armscor subsidiaries.

Last year, Armscor concluded about 25 000 contracts with SA suppliers. Private firms were appointed both as chief contractors (in the fields of telecommunications, electronics, radar, computers, missile boats, and armoured cars), and as sub-contractors (for weapons and ammunition, electro-optics, aircraft and pyrotechnics).

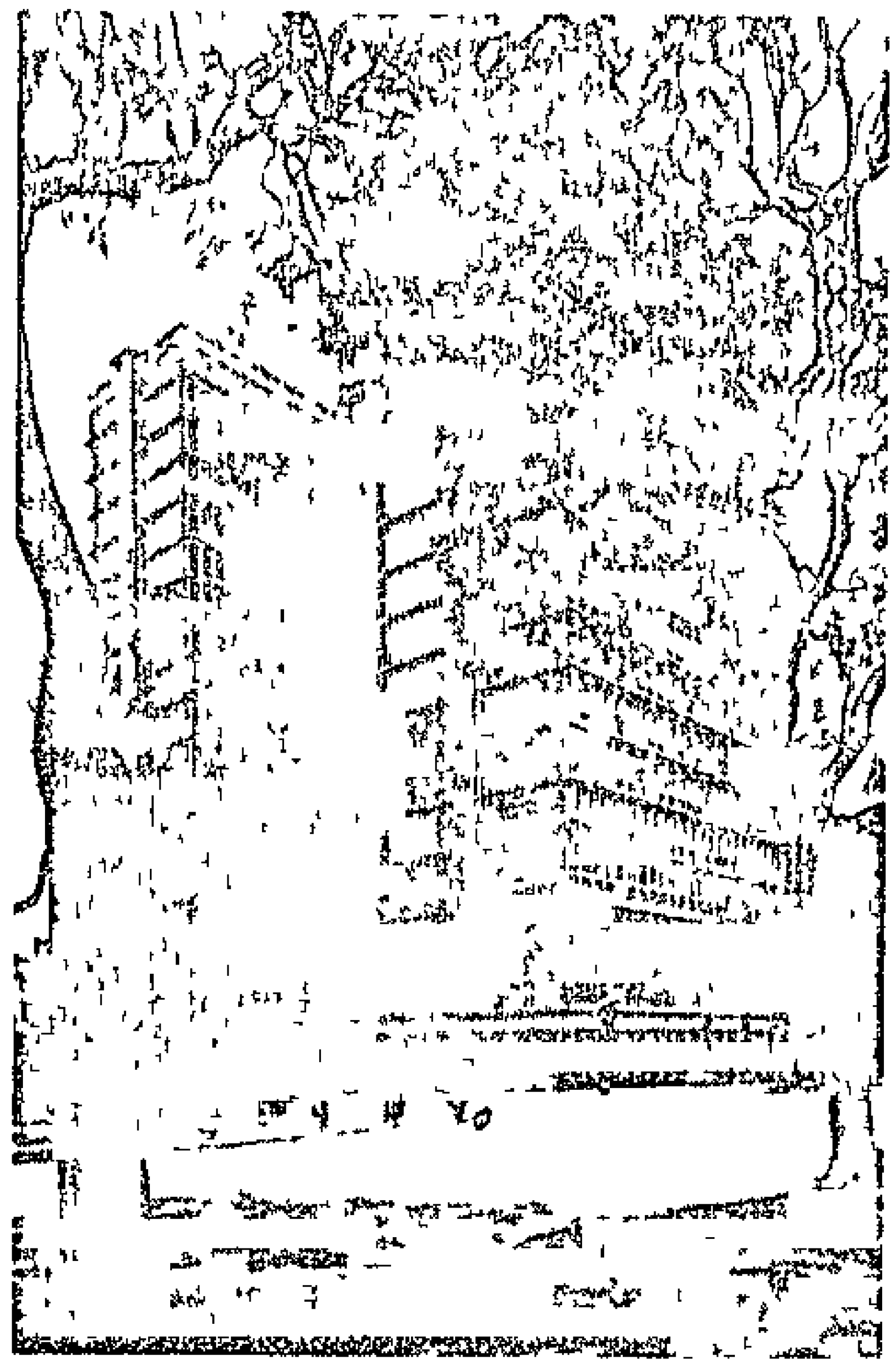
Armscor purchasing policy falls into three categories

- Multi-source purchasing used mainly for everyday and non-sensitive requirements. Armscor and its subsidiaries invite tenders, but, warns Dekker, "Armscor will not hesitate to negotiate if it seems that proposed conditions are unrealistic"
- Restricted source purchases, limited to two or three potential suppliers, and
- Single source purchases

In the latter two cases, large sums are involved and "the subject is without exception technically and often politically delicate"

Dekker says the corporation knows which companies are able to meet its requirements He has nevertheless invited businessmen who think they should be getting a slice of the action, but aren't, to contact Armscor

Dekker also issued a word of warning to weapons touts "There are South Africans who are trying hard to share in excessive or reckless profits as intermediaries To them we say firmly that it remains Armscor's prerogative to take the initiative in international transactions, and that they should seriously consider the negative effect of intermediaries on relationships which still benefit us"



Armscor HQ . R1000m to spend

TABL

Rapport 12.6.77 (189)

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SOU

Massey erg geknou

Deur VIC DE KLERK

MET die Massey-Ferguson-groep in Suid-Afrika het dit in die jongste tyd nie so goed gegaan as met die boere nie. Vir die ses maande tot 30 April vanjaar het die groep 'n verlies van R48 000 gemaak teenoor 'n wins van R1 522 000 vir dieselfde tydperk 'n jaar gelede.

Die belangrikste rede vir die aansienlike verswakking in die maatskappy se sake was die swakker saketoestande wat geheers het by Slattery, die groep se oesmasjien-arm. Slattery het verlede jaar 72 persent van die groep se wins bygedra maar kon in die jongste ses maande omtrent net sy winsdrempel handhaaf

Daar was verlede jaar 'n groot ooraanbod van Slattery se stropers Om hiervan ontslae te raak, moes van hierdie stropers en dorsmasjiene teen verlaagde pryse verkoop word

Met Massey Ferguson se trekkers het dit ook nie te goed gegaan nie, basies omdat die totale mark vir trekkers vanjaar 12,2 persent laer was as verlede jaar Maar die groep kon nogtans daarin slaag om beter te doen as die gemiddeld en sy markaandeel het met 2,3 persentasiepunte gestyg

Massey Ferguson het ook die probleem gehad van 'n staking by die Britse fabriek, wat die beskikbaarheid van trekkers aan die Suid-Afrikaanse maatskappy benadeel het

In hul winsverklaring sê die groep dat „gegrond op die huidige oesskattings en produsentepryse is dit redelik om te aanvaar dat nieteenstaande hoër produksiekoste, die netto inkomste van boere hoer as verlede jaar sal wees"

Landbou - RAPPORT

Die maatskappy glo dat dit in dié jaar weer trekkerverkope sal stimuleer en dat dit later heelwat beter met hom sal gaan

Die heffings van 15 persent op alle ingevoerde goedere plus verdere kostestygings voorspel egter heelwat duurder trekker- en onderdelepryse vir die boere, voel MF

Intussen sê die afdeling landboubemarkingsnavorsing van die Departement van Landbou dat die bruto inkomste van boere vir die jaar tot 31 Maart 1977 met 9 persent gestyg het en die netto inkome met 4 persent In die geheel het die landboubedryf dus 'n aansienlike bydrae gelewer tot die bekamping van inflasie

hree-
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chool
for this. By 19.. l for
African schools or 68 percent of such schools
nds.8/ They thus constitute the second largest
n schools in the Republic, being surpassed only
ls.

TER OF FARM SCHOOLS :

ls are, of course, administered insofar as edu-
d by the Department of Bantu Education in the same
imary schools. Officially the syllabi, hours of
employment of teachers, and provision of books and
iffer from conditions which obtain in urban areas.

8/ Calculated from numbers given in the annual report of the Department of Bantu Education for 1974. R.P. 45/1975.

Fucil word só ontbind

Rapport 12.6.77

189

Deur DAVID MEADES

FUCHS Consolidated Investments (Fucil) gaan ontbind word en in die proses gaan elke aandeelhouer die ekwivalent van 68c ontvang vir elke Fucil-aandeel. Dit vergelyk met die 50c op die Johannesburgse Effektebeurs met die opskorting van die aandele en die 4 c die dag vóór die opskorting.

Dan sal die dividend van 4,5c wat Fucil onlangs verklaar het, ook nog die Fucil-aandeelhouers toeval, wat 'n totale vergoeding van 72,5c per aandeel sal gee

Volkskas-Aksepbank het vandeesweek aangekondig dat Fucil se direksie oor die toekoms van die maatskappy ná die Barlows-transaksie besin en besluit het dat dit in belang van al die Fucil-aandeelhouers sal wees as Fucil uiteindelik ontbind word Dit is die tweede transaksie wat hierdie bank doen sedert hy as die ou Bankovs-Aksepbank deur Volkskas oorgeneem is

Kontant

Dit volg op die aanbod wat Barlows vir C J Fuchs gedoen het op 'n grondslag van R96 kontant en 50 Barlow-aandele vir elke 100 aandele in C. J Fuchs.

Fucil, die Carl en Emily Fuchs-Stigting en die boedel van wyle mnr. C J. Fuchs het 'n belang van 62,6 persent in C .J Fuchs en het tot die oorname van C J. Fuchs ingestem.

Hierdie aanbod het natuurlik 'n regstreekse uitwerking op die posisie van die aandeelhouers van Fucil gehad Fucil se buite-aandeelhouers (die Fuchs-Stigting, mev. E Fuchs en die boedel van mnr C J Fuchs uitgesluit) se belang in Fucil beloop net meer as 46 persent

Volgens Volkskas-Aksepbank is dit nou die plan om aan elke Fucil-aandeelhouer vir elke tien aandele in Fucil een Barlows-aandeel plus 418c in kontant aan te bied

Met 'n markwaarde van 262c per Barlows-aandeel as grondslag sal Fucil-aandeelhouers die ekwivalent van 68c vir elke Fucil-aandeel ontvang

Eiendomme

Ná die voltrekking van die Barlows-aanbod sal Fucil weens sy belang van 54,74 persent in C. J. Fuchs met R2 242 262 in kontant, 1 168 700 Barlows-aandele met 'n markwaarde van net meer as R3 miljoen plus sy eiendomme met 'n waarde van R4 462 000 (1974-waardering) sit

Dit maak die maatskappy sowat R9,7 miljoen werd of sowat 80c per aandeel

Dit is 12c per aandeel meer as die waarde wat die Fucil-aandeelhouers nou sal kry. Maar die groot probleem lê by die eiendomme Teen die waarde van 1974, wat as hoogs optimisties beksou word, was die opbrengs beswaarlik 7 persent

Hierdie opbrengs, tesame met die inkomste uit Barlows en 'n opbrengs van byvoorbeeld 10 persent op die kontant, sal die verdienste van Fucil beswaarlik op 5c per aandeel bring

Dit sal dan byvoorbeeld moontlik wees om 'n dividend van sê 4c te betaal Maar met die demper op toekomstige groei vir die maatskappy sal die Beurs waarskynlik die aandeel op 'n opbrengs van minstens 15 persent aanslaan En dit sal 'n waarde van sowat 27c op die aandeel plaas

Alternatief

Dit is dus baie duidelik dat die alternatief wat Fucil-aandeelhouers nou gebied word, verreweg die beste een is.

Die eiendomme van Fucil is oor die hele land versprei en kan nie juis as prima-bates bestempel word nie Daar kan aangeneem word dat Volkskas-Aksepbank sou geprobeer het om dit verkoop te kry, maar in die huidige mark sou niemand waarskynlik bereid wees om dit oor te neem teen 'n opbrengs van minder as byvoorbeeld 20 persent nie.

Die eindomme bly dus nou in Fucil, wat dan op sy beurt uiteindelik weer deur die Fuchs-Stigting oorgeneem sal word

Omdat die stigting geen belasting betaal nie, sal hy uit die aard van die saak die opbrengs uit die eiendomme beter kan benut. Dit was waarskynlik die grootste rede waarom so 'n goeie aanbod vir die Fucil-aandeelhouers gedoen kan word

'n Mens kan dus nie anders as om met mnr Laurie Korsten, besturende direkteur van Volkskas-Aksepbank, saam te stem dat die aanbod tot die beste b lang van al die betrokke partye is nie

189

Special Seifsa dossier tracking 'unfair' imports

16/6/77

Michael Chester, Financial Editor

A special dossier has been opened by the SA Steel and Engineering Industries Federation to track the growth of what it regards as unfair trade practices used by overseas suppliers to keep imports into South Africa at high levels.

The crux of concern is growing evidence that many suppliers are going to extreme lengths with offers of financial inducements to SA customers to order imported goods rather than buy from domestic producers.

Dr E Drummond, Director of Seifsa, today went as far as branding the practices as subterfuge "nonsensical deferred payment terms that almost amount to payment on the never-never and at interest rates so nominal that they are sometimes ridiculous."

He told me that investigations so far showed that a number of overseas suppliers were involved — ironically including several countries which had lately been accusing South Africa of unfair pricing of some of its own exports.

And the practices were particularly widespread in capital goods imports — "plant and equipment, electrical cables, piping, and so on."

Details from the dossier and proposals on how to counter the trend are likely to be delivered at a conference in Johannesburg on June 23 called by the National Development and Management Foundation to examine the whole issue of import substitution.

The conference is also expected to coincide with first publication of the special report on import replacement prepared by Seifsa in a joint exercise with the Handelsinstituut and the Federated Chamber of Industries.

The motive of the report is to try to persuade business to "Buy South African" whenever possible, switching orders from overseas suppliers to local manufacturers. First estimates by the FCI have suggested that as much as R1 000m a year could be chopped from the import bill while giving new impetus to local industry to pull out of the recession.

UNEMPLOYMENT

Dr Drummond who is also a member of the Prime Minister's economic advisory council, launched the first strong protests by Seifsa about the inducements offered to importers when he formally opened the new R1,3m Oceanair container part in Durban today.

He complained that the financial packages on offer were putting SA manufacturers at distinct disadvantage in meeting overseas competition on the home market.

Also, they were clearly contributing to the domestic economic downturn and in turn the growing unemployment problem.

Dr Drummond went on to add support to pleas for the establishment of a specialised import/export bank by the Government to encourage more SA manufacturers to tackle export markets.

It was vital that South Africa planned collective and cooperative action to sustain a longterm export drive rather than make merely a one-time foray into overseas markets and allow it to fizzle out once immediate problems were solved.

FIN MAIL 17/6/77

SEIFSA AGREEMENT

Tough bosses

(189)

The steel and engineering industry seems to have moved closer to a wage agreement But there's no doubt employers are driving a hard bargain

This week a solution to the industry's negotiations was delayed again — until June 27, when the full industrial council will meet to attempt to thrash out an agreement.

The unions, represented by the Confederation of Metal and Building Unions (CMBU), originally submitted demands which Seifsa claimed would cost the industry R250m These have been modified considerably, however

First they agreed to shelve fringe benefit demands (*FM* June 3) Then, at this week's meeting, they toned down their wage demands and asked for a 10% hike as full compensation for the CPI rise since June last year

This too was rejected by employers, and the unions are now asking for the rise to be staggered — 5% now and 5% in December They have also asked to renegotiate the demands in December if the industry picks up

Seifsa is taking these demands back to its members, and the industry's existing wage agreement has been extended to the end of July

Will employers buy the new package? Chances are that they will Unionists say that while "employers obviously came to the meeting with a definite mandate to reject our claims", they are hopeful about the new requests

"We got the impression that Seifsa felt they could sell these claims to their members and we're convinced their representatives are keen to find a solution," says one unionist

Comments Seifsa Director Errol Drummond "We'll be canvassing our members and will meet on the morning of the 27th to formulate our reply "

He warns, however, that "we've obviously got to take the unemployment situation into account and it's getting worse all the time Some firms reckon the situation now is the worst since the depression in the Thirties "

Unionists retort that the situation is only really serious in the Natal ship building yards

They say they are eager to reach agreement but "fear going back to our men without anything" Grass-roots anger is rising steadily, they say

"It's not so much our own members The key issue is the black workers They certainly won't accept a blunt 'no' and we believe our proposals are the only way to prevent unrest," claims one unionist

Engineering worker . . toning down the demands

FIN. MAIL 17/6/77

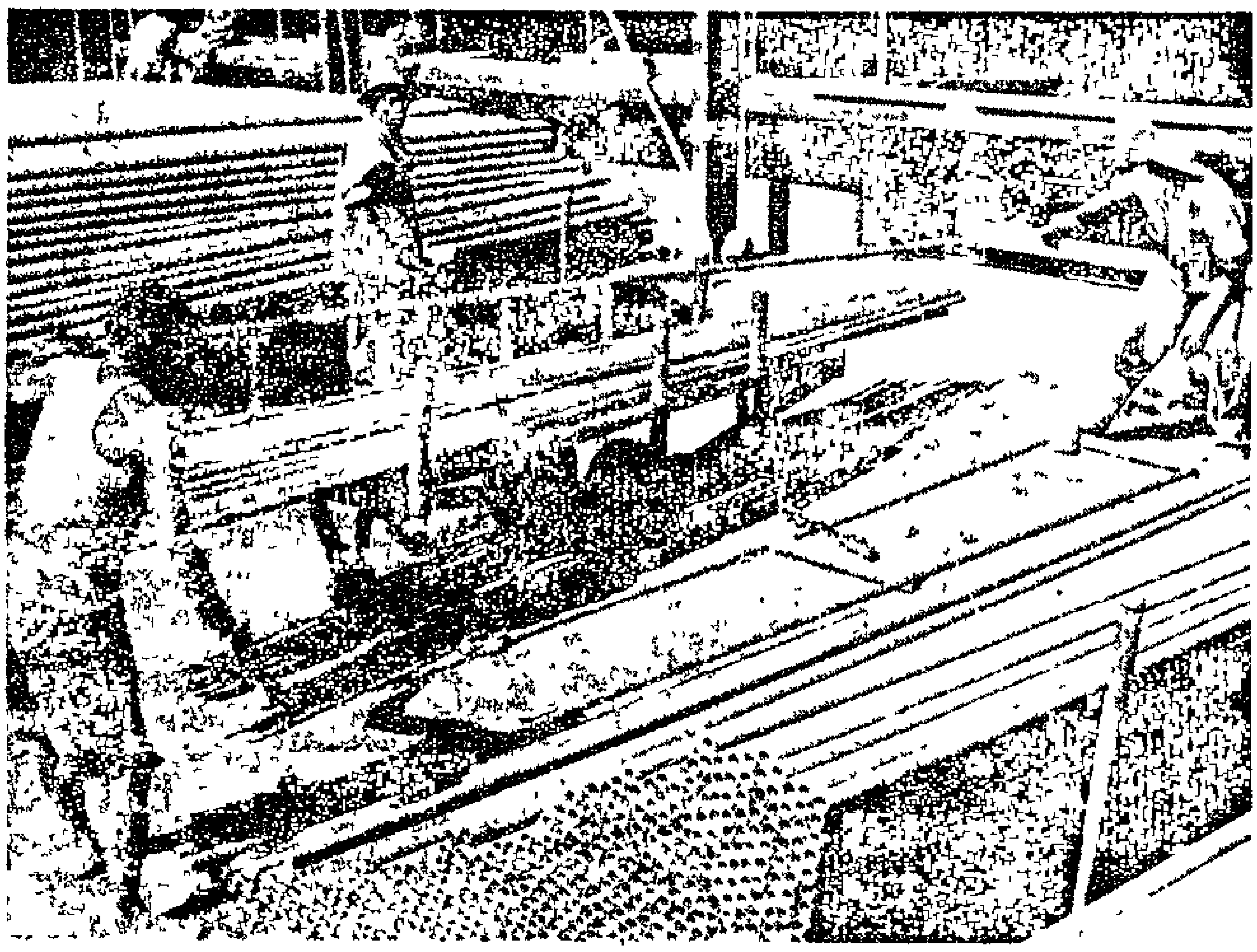
189

Pipers call the tune

A decision by David de Villiers, director of imports and exports to clamp down on steel pipe imports (at least until the end of the year) is good news for local pipe manufacturers — but could adversely affect consumers.

On May 23 de Villiers met with 32 representatives of the steel tube manufacturing industry, merchants and Seifsa and Iscor, following complaints (*Inside Industry*, May 27) that tube makers are suffering from a wave of cheap imports

Indeed, two of the country's top manufacturers, Stewarts & Lloyds and General Mining's Hall Longmore, are currently working at 60%-65% capacity. And that's while SA is importing steel tubes valued at R60m p/a



Imports protection . . . more in the pipeline?

With the industry at a watershed, with 6 000 jobs at stake, complaints that Far East countries are dumping in SA and with mounting criticism that government's adherence to GATT agreements is too strict, clearly something had to give.

Tubemakers say, privately, that they can make at home around 80% of what's imported, but readily admit that local Iscor steel costs more than, say, Japanese finished steel tubes landed in the Republic.

When de Villiers called the May meeting he had an unenviable task. Anxious to protect local industries, he was also aware that, for example, the price of Iscor-made steel has rocketed since 1975 (from R800/t to around R1 000/t today) It s also known that the ½ inch tubing from Japan (landed cost) in February 1975 was R1 149/t In September of that year it *dropped* to R775 By April 1976 it fell further to R694 and currently hovers around R500/t

De Villiers has shown considerable sympathy to the tubemakers case He has now slapped a ban on imports for the rest of the year which, say *FM* sources, "is a step in the right direction It shows that government has *our* welfare at heart"

But, it's also explained, things won't change that quickly SA merchants have plenty of permits in the pipeline but they won't say how many, what their lifespan is and (above all) what they're worth

FM sources suggest that the decision was made not just out of a deep concern for local industry's future and safe guarding black jobs It was also a decision which gives PM Vorster's call to "buy SA" more teeth, and should save much needed foreign exchange.

But there could well be more significance attached to the Pretoria decision than simply a move to protect the tube manufacturing industry Could it, in reality, be a sign of things to come - - even the basis of the government's import substitution programme?

In short, several hard pressed industries (textiles and paper are but to name two of them) could find themselves getting the protection they want providing not too much fuss is made (the May 23 meeting has been kept very quiet)

Even if that means paying more for goods? Yes, it seems

BEARDING THE LION

189

The takeover of Wilkinson Sword (SA) by Lion Match (*FM* June 3) is now, subject to exchange control approval, a fact.

Yesterday Lion announced that it had struck a deal with Wilkinson Match (UK), the parent of both companies albeit indirectly of Lion, whereby it has acquired, effective from April 1, the entire issued share capital of Wilkinson Sword (SA) for R50 000 cash.

"In addition," says Lion, "Wilkinson Sword (SA) has entered into technical assistance and trademark agreements with Wilkinson Sword (UK)."

Lion considers the deal a long-term investment which is not expected to have any material effect on earnings this year or on the net asset value of Lion Match as at year end on March 31.

Existing management structures will be unaffected and the move is considered as a tidying up operation which puts existing co-operation on a formal basis. Wilkinson has the consumer products and technical expertise while Lion has the distribution and marketing facilities known as Wilkinson Lion Sales, a division of Lion Match. Put the two together and you have a pretty sharp match.

Financial Mail June 17 1977 FIN MAIL 17/6/77

The farmer officially employs the teacher, subject to B.E.D. approval, and it is thus the owner of the farm, or the principal of the school with the owner's permission, who appoints and dismisses teachers, subject always to normal B.E.D. regulations. The teacher's salary, if his appointment is approved by the Department, is paid in full by B.E.D. and can thus be regarded as a further subsidy. It is nevertheless the farmer's task to find suitable candidates although this may be left to the principal in larger schools. This is usually accomplished through approaches to workers on the farm itself or to the local inspector of education who is likely to have a list of prospective applicants.

As schools are usually situated at some distance from the nearest village or town, the teacher is normally housed, by private agreement with the farmer, on the property itself. The prospect of housing numbers of teachers may act as a disincentive to expansion of schools with the attendant demand for further teachers.

PUPIL ENROLMENT

In order to attempt to evaluate the penetration of education into the rural environment comparison of enrolment over a time span is useful. This question will be dealt with more fully later but it is apparent that the proportion of children in farm schools has remained fairly constant over 13 years.

SAKE-RAPPORT 19.6.77.

189

Metal Box het tyd nodig

METAL BOX Suid-Afrika het die afgelope finansiële jaar die bul by die horings gepak en verskeie finansiële asook rekeningkundige wysigings aangebring om 'n gesonde basis te bou waarop toekomstige groei tydens die volgende oplewing in die Suid-Afrikaanse ekonomie gegrond kan word.

Die wysigings het daartoe gelei dat die groep se bedryfsinkomste die 1977-boekjaar met 31,5 persent tot R10,9 miljoen gedaal het en dat 'n addisionele dividendbetaling van R1 miljoen gemaak moet word sonder dat bestaande aandeelhouers se dividendbetaling verhoog is

Die twee belangrikste wysigings wat die jaar plaasgevind het, was die 1 vir 3-regte-uitgifte in Desember 1976 asook die wysiging in die metode van waardering van voorrade

Metal Box, wat deur die Britse moedermaatskappy beheer word met 'n aandeelhouding van 62,5 persent, is plaaslik hoofsaaklik besig met die vervaardiging van verpakkingshouers, sluitings, en metaal-, plastiek- en bordonderdele Die groep onderneem ook die vervaardiging van masjinerie en toerusting wat in die verpakkings- en verwante bedrywe gebruik word

Metal Box is die laaste paar jaar betrokke in 'n aansienlike uitbreidingsprogram met die doel om die vermoe te vergroot en voordeel te trek uit die jongste tegnologiese veranderings Hierdie program sal na voltooiing ongeveer R35 miljoen kos en die groep verseker dat dit goed toegerus is vir die vereistes van die volgende paar jaar

Die finale fase van die program is nou bereik met die voltooiing van die twee hoofbestanddele van die program, naamlik die uitbreiding van R6 miljoen aan die visblikvervaardiging- en pakhuisvermoe by Walvisbaai asook die belegging van meer as R10 miljoen in nuwe kanproduksiegeriewe by Rosslyn

Bogenoemde uitbreidingsprogram is aanvanklik hoofsaaklik deur medium- en korttermynlenings gefinansier In Desember 1976 is 'n groot deel van die korttermynlenings vervang deur aandeelhouersfondse ná 'n regte-uitgifte wat meer as R11,5 miljoen gelewer het

Ná so groot regte-uitgifte is dit dus vanselfsprekend dat dit tyd sal neem voordat die groep weer sy opbrengs op aandeelhouersfondse wat in 1976 verkry is, en dus sy wins per aandeel, sal kan ewenaar

Om die rede is dit interessant om te sien dat die direksie van Metal Box besluit het om sy rekeningkundige metode te verander om sodoende onder meer die aanpassingstydperk tot een jaar te verminder In die bepaling van die koste van produk verkoop, het die bestuur besluit om die benadering in die verkope en gebruik van voorrade te wysig van die verkope en gebruik van voorrade te wysig van eerste in eerste uit (EIEU) tot laaste in eerste uit (LIEU) Die gebruikmaking van die LIEU-benadering het daartoe gelei dat die groep se bedryfswins sowat R6,3 miljoen laer is as wat die geval sou gewees het indien voortgegaan is met die EIEU-waardering

KITSONTLEDING, waarin VIC DE KLERK kyk na die maatskappye agter die aandele.

Volgens die groep se finansiele direkteur, mnr Peter Campbell, is besluit om die gewysigde voorraadwaarderingsmetode te gebruik weens die buitengewone skerp styging in die pryse van grondstowwe en ander voorrade Die afgelope 2 jaar het die materiaal gebruik se pryse gemiddeld met 21 persent toegeneem Die gevolge van dié gewysigde benadering is drieerlei naamlik.

Die feit dat die groep se voorbelaste wins R6,3 miljoen laer was, het daartoe gelei dat die Ontvanger van Inkomste R3 miljoen minder in belasting ontvang het en dit het gevolglik gelei tot 'n verbetering in die groep se kontantvloei Die Ontvanger sal tog met verloop van tyd sy inkomste herwin na mate die ou voorrade gebruik word

Die feit dat dié benadering gevolg is, sal daartoe lei dat die groep se voorraadsyfer op die balansstaat aansienlik onder gewaardeer word Daar word gevolglik voorsien dat die groep se voorraadbelegging sal daal van R45 miljoen in 1976 tot ongeveer R38 miljoen in 1977 ondanks 'n toename van 9 4 persent in die omset

Die oorskakeling tot dié metode en die beklemtoning van die onderwaardering van voorrade in een spesifieke jaar sal daartoe lei dat die voordeel van die sogenaamde „geheime reserwe" geleidelik gedurende die volgende aantal jare te voorskyn sal kom in 'n verbetering in winste

Dit is dus 'n ideale metode om te help om winsgewendheid vinniger te verbeter, terwyl die nuwe aandeelhouersfondse wat bekom is deur die regte-uitgifte nog nie in dieselfde mate benut is as wat die geval was met bestaande aandeelhouersfondse nie

Uit bostaande ontleding is dit dus duidelik dat die groep tans 'n ingeboude reserwe het om by te dra tot verbeterde winsgewendheid in die nabye toekoms

Wat die handelaarsbedrywighede betref, word daar geen reele groei in omset vir die groep vir die 1978-boekjaar voorsien nie aangesien die verpakkingsnywerheid se wel en wee baie nou saamhang met algemene ekonomiese omstandighede

Met in agneming van dié feit word daar voorsien dat die groep vanjaar 'n verdienste per aandeel op die volle verhoogde uitgereikte kapitaal van 30,0c sal hê, teenoor verlede jaar se 23c

Cape Times 28/6/77

Dispute declared as pay talks break down

Own Correspondent

JOHANNESBURG — A complete breakdown occurred between unions and employers yesterday after 10 weeks of negotiations for a new wage agreement for the 470 000 workers in the iron, steel, engineering and metal industries

A compromise proposal by the 10 trade unions for CoL rises to be phased in with a five percent increase in July and a further five percent in January was rejected by the Steel and Engineering Industries Federation of South Africa (Seifsa) A final offer of four cents an hour to every worker from skilled artisans to manual labourers — to apply for one year — was found to be "totally unacceptable" by the unions

The seven representatives of black workers of the Central Bantu Labour Board and members of regions representing works and liaison committees, had accepted the Seifsa offer, which would have meant a seven percent rise at the lowest rates from 55c an hour to 59c

The trade unions said four cents an hour at the prescribed artisan rate of R2 10 an hour amounted to a 1.9 percent increase, and at actual rates a 1,25 percent rise

The industries involved in the negotiations now have no wage agreement from July 1

The trade unions have declared a state of dispute in the industry and last night Seifsa's director, Dr E P Drummond, said the employers had also done so

This means that the Minister of Labour will be called upon to appoint a conciliation board which will attempt to get the parties back to the negotiating table

The dispute holds serious implications for all other sectors Generally, the steel industry's agreement is largely taken up by the rest of the private sector.

Dr Drummond said last night that the four cent rise per worker per hour offered by Seifsa would have cost the industry R38m a year as against R250m a year had the initial union demands been met.

He said the Seifsa offer had been designed as basic CoL relief

'The cost of a loaf of bread is the same to all workers irrespective of their skills or colour "

It is estimated that the Bellville job will require the lorries to travel an extra 1 000 miles each.

Materials The Company has already bought all the materials for the Tarow job

1 000 units of Type A at R1 per unit
500 units of Type B at 50c each

Type A would not be used for the Bellville job, but could be sold for 50c each.

Type B has no alternative uses and zero scrap value, but 200 units can be used for the Bellville job. In addition it will be necessary to buy 3000 units of Type C at R10 each for the Bellville contract.

Both jobs will take exactly one year.

The Managing Director asks you to consider which of the two alternatives is most profitable.

Draw up a table showing the opportunity costs involved in each.

NDAY TIMES, Business Times, June 26, 1977.

EEC slump forces SA steel cutback

(189) 26/6/77 Sunday Times

LONDON — The depression in the European steel industry is the main reason for an agreement between South Africa and the EEC that Iscor should sharply reduce exports to member countries of the European community.

By NEIL BEHRMANN

The member countries of the EEC are Belgium, Denmark, France, Germany, Ireland, Italy, Luxembourg, Netherlands and Britain

Officials of the South African mission to the EEC denied that Iscor has been dumping steel in Europe They said in Brussels that Iscor was selling surplus products to the EEC

Despite these denials, however, it is known that Iscor is operating well below capacity because of depressed business conditions in South Africa There has thus been plenty room to utilise this spare capacity and export steel at prices well below those in Britain and the rest of the European community Towards the end of last year, 44 000 tons of South African reinforcing steel bars were sold in Britain

The British imposed an anti-dumping duty of $38 a ton because the authorities were worried that Iscor was undercutting British producers The EEC and South Africa have now agreed that Iscor should drastically reduce steel exports to the EEC and as a result of this agreement, the British Department of Trade is removing the anti-dumping duty.

The EEC is protecting member country steel producers not only from South African producers Spanish and especially Japanese steel have also been sold at lower prices, so the community has also taken measures to curb the import of steel from these countries

Fears of steel dumping arise from a world-wide-depression in the industry Like South Africa, Japan has found there is insufficient domestic demand to meet potential production, so surplus stocks are being sold elsewhere

The United States steel industry is also resorting to import restrictions to protect the domestic industry

After the world-wide boom in the steel industry in 1973 and 1974, the oil crisis and the subsequent recession reduced demand for steel

The recession still drags on, and with capital investment low, many European steel mills are operating at 60 to 70 per cent capacity. With lay-offs in the French industry and problems in Germany and Britain, it is hardly surprising that Europe is experiencing its worst steel crisis in more than two decades

By the end of 1976, EEC commissioner Henri Simonet worked on an anti-crisis plan and it was soon agreed that there would be production quotas imposed on six principal steel product groups which were delivered to the EEC.

Early this year, steel production in the EEC fell below the extremely low level of 1976 New orders received by iron and steel producers scarcely exceeded those recorded in mid-1975, which was the height of the recession On average, capacity utilisation was only 60 per cent, while the steel exports by the EEC remained low

By the end of March, the Davignon Plan was instituted. EEC industry commissioner Etienne Davignon introduced tough measures to assist the crisis-plagued steel industry

These measures included minimum prices for reinforcing steel bars, rolled steel products and import licences The South African Agreement to reduce steel exports to the EEC is thus a culmination of independent events which have been taking place for some time

It is interesting to note that South Africa, which produced 7,1-million tonnes of steel last year, is the 18th biggest steel producer in the world and the biggest in Africa The most important producers are Russia (147-million tonnes), United States (116-million tonnes), Japan (107-million tonnes) and West Germany (42-million tonnes)

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Allied Technologies buys Standard Telephones

CAPE TIMES 23/6/77

181

By PAUL DOLD
Financial Editor

ALLIED TECHNOLOGIES is buying Standard Telephones and Cables (SA) and Allied Electric in a deal which will create a South African controlled electronics group with sales of R46m a year and equity earnings of R3,2m.

Altech is paying for STC and Allied through the issue of shares and will end up being owned 36,3 percent by STC of Britain (wholly owned subsidiary of ITT of the United States) and 63,7 percent by South Africans.

The deal ends weeks of speculation that ITT was negotiating with Abercom and creates the largest South African controlled group in the electronics field.

There had also been speculation that ITT had been seeking to withdraw its investment in South Africa but last night a source close to Altech said that the group had wanted to make a 100 percent cash bid for ITT's local operations but this had been turned down by the US parent.

And it is noteworthy that the ITT announcement issued in New York last night stressed that ITT wanted to stay in South African market.

"ITT in agreeing to the merger with Altech indicated that it is doing so as a means of maintaining a presence in a national market while at the same time substantially increasing local ownership participation."

However in view of STC's large slice of strategic public sector work the authorities are bound to welcome STC becoming South African controlled.

New issue

Altech is to issue 3 050 354 new Altech shares and 3,4m 11pc prefs to pay for STC (SA) and 4 757 777 for Allied.

At Altech's pre suspension price of R2 this puts a price tag of R19 250 000 on the deal, which rationalizes under a single umbrella three of South Africa's major electronic groups. Clearly, this will have important benefits in competing with major multinationals in both local and export markets.

Altech's business will be spread among a range of high-technology and strategic operations that will make it the major supplier to the Post Office of microwave systems and of multi channel carrier open wire telephone and telegraph equipment.

It will also be the largest South African owned manufacturer and distributor of electronics components, such as semi conductors, capacitors integrated circuits fe[illegible] computer, commun[illegible] and general manufac[illegible] industries.

Agr[illegible]ements

Altech will hold agency and [e]xclusive li[c]ence agreements [w]ith leadin[g] European and [illegible]

Pty, ITT Consumer Products and a significant holding in Maister Directories and African Telephone Cables.

Last night's announcement said that STC in the form being bought by Altech had sales of R31m in the year to December 1976 with net taxed profits of R1,9m. Some 70 percent of STC's business consists of supplying the Post Office with telecommunication equipment.

Electronics

Allied was formed in 1965 by Mr Bill Venter and four associates and last year achieved sales (excluding Altech) of R12,4m and equity earnings reached a record R1,3m.

Allied distributes electronic components to the professional market (as opposed to the domestic market) and claims to hold 40 percent of the market. Its manufacturing companies produce products which include solid state electronics equipment, water treatment equipment, and battery chargers.

Before the deal Allied Electric was Altech's holding company and had a 65,4 pc stake in Altech with the public owning 34,6 percent. After the deal the public's stake in the enlarged Altech will be 17,8 percent.

"This consolidation of Altech and Allied not only gives Altech technical know-how and financial muscle in order to continue building up a major South African electronics industry, but also prevents any possible conflict of interest developing at a later stage between the JSE listed Altech and the privately held Allied."

● Altech will be relisted on June 27. The JSE has agreed to continue the suspension until then to allow for certain formalities to be completed.

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US firm takes back seat

Altech gets control of STC

RDM 23/6/77

Deputy Financial Editor

ALLIED Technologies acquisition yesterday of Standard Telephones & Cables (SA) represents a dramatic rise to prominence and power by a modest shell of a company created less than two years ago.

Altech, formed out of the shell of the Uniewinkels quotation, will become a South African-controlled electronics and electrical group with sales of more than R46-million and attributable profits of more than R3-million when it absorbs STC and its own former parent, Allied Electric (Pty). And in closing the STC deal, Altech has pipped its more illustrious competitor in the race, Abercom

Altech made a profit of R68 000 in its first year as a listed company, increased that tenfold to more than R600 000 in its second year and aims to make a pre-tax profit of more than R6-million this year.

Acquisitions are, of course, at the heart of this sensational performance But even more commendable than the rise in the numbers is the manner in which it has been achieved

Altech's balance sheet has not been stretched by any of its acquisitions and the latest actually improves the share's net worth materially, in addition to the 80% improvement it will mean in earnings to Altech's shareholders

The deal which Altech has done with STC's owners, the giant American multi-national group, ITT, involves it in the issue of 3 050 354 new ordinary shares and 3 400 000 11% preference shares

Shareholders will also be asked to approve the issue of 4 757 777 shares for the acquisition of Allied Electric — the private company which has hitherto controlled Altech but, which for reasons of convenience, will become a subsidiary of the listed company

Once these shares have been issued, Altech will be owned 36,3% by STC of Britain (a 100% subsidiary of ITT) and the rest by South African interests This will make it by far the largest South African controlled company in the R1 000-million electronics industry

Minority shareholders, who owned 34% of Altech before this deal, will have their interest reduced to about 18%

The deal seems to have such obvious advantages, however, that its passage through shareholders' meetings should be smooth.

For STC's part, it regards its investment in Altech as permanent. Speculation that ITT was withdrawing from its South African investment in response to pressures on American investors from political pressure groups, was rejected by STC spokesmen yesterday

They said the partnership with South African interests in what was becoming increasingly a strategic industry made commercial sense. STC has long-term contracts with Government agencies and departments which can only be cemented now that the company is not foreign-controlled.

Altech will be able to draw on the technical expertise of ITT as a result of the association.

Altech's business will be spread among a range of high-technology and strategic operations that will make it the major supplier to the Post Office of microwave systems and of multi-channel carrier open-wire telephone and telegraph equipment

It will also be the biggest South African-owned manufacturer and distributor of electronics components, such as semi-conductors, capacitators and integrated circuits for the computer, communications and general manufacturing industries

For Mr Bill Venter, Altech's founder and controlling shareholder, the acquisition of STC must be particularly gratifying It is only 12 years since this 43-year old entrepreneur resigned from a promising career with STC to set up on his own.

The acquisition of a multi-million rand business which he knows from the inside caps a remarkable two years since he bought the Uniewinkels shell

The electronics industry, incidentally, is one of South Africa's fastest growing and it would be surprising if Altech were not able to increase its sales by between 20% and 25% annually for the next few years

The shares, when they are relisted on Monday, will be in demand and are likely to remain so now that Altech has established its credentials

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189

Resessie knou ook vir Plate Glass

DIE onverwagse groot daling in Plate Glass se wins vir die jaar tot 31 Maart 1977 het nie net as 'n skok vir die aandeelhouers en beleggers van die groep gekom nie, maar ook die direksie onkant betrap. Dié feit word erken deur die voorsitter, mnr. Morris Lubner, in sy voorsittersrede wat pas verskyn het

Nadat die beleggers snuf in die neus gekry het dat alles nie pluis is nie, het die groep se aandeelprys binne die bestek van enkele weke met bykans 3o persent tot 160c gedaal

Die hoofrede vir die ongelukkige toestand, was die daling van 34 persent in die groepwins ná belasting en die vermindering van die slotdividend van 10c tot 9c om 'n totale dividend vir die jaar op 20c te staan te bring, teenoor 30c die vorige jaar

By die halfpad-merk was die groep nog in staat om sy wins ietwat te verhoog en 'n onveranderde tussentydse dividend van 11c te verklaar Hoewel die direksie daarop gewys het dat handelstoestande besig was om te verswak, het hy sekerlik nie voorsien dat die groep se wins in die tweede helfte van die jaar met 64 persent sou daal nie

Die hoofredes wat aangevoer is vir dié ingrypende daling, was dat toenemende mededinging in markte waar die omset gedaal het, daartoe gelei het dat die groep se bruto winsgrense aansienlik afgeneem het

Om sake te vererger, was die groep verplig om groot bedrae af te skryf vir slegte skulde asook waardevermindering op voorrade Ongelukkig word die omvang van laasgenoemde afskrywings nie aangedui nie

Die Plate Glass-groep is 'n beherende maatskappy van talle bedryfsmaatskappye, waarvan die volgende die belangrikste filiale is

- P G Holdings versprei vensterglas, veiligheidsglas vir voertuie en geboue asook spieëls, spieëlrame, bed- en stortdeure asook aluminumdeure en vensters

P G Wood Products vervaardig en versprei hardelaaghout, voorafvervaardigde dakkappe, rakke, gelamineerde balke en planke, deure, vloerblokke ens
P G Building Supplies versprei hoofsaaklik hout en hout-produkte asook ander ysterware

- Plate Glass Shopfitting Services is 'n kontrakteursmaatskappy wat winkels toerus asook alle soorte binne- en buite afwerkings van geboue onderneem

- Fibreglass S A vervaardig veselglas vir verskeie aanwendings

- Plate Glass Environment Systems vervaardig versprei en installeer vertoontoerusting, biblioteekrakke, huishoudelike rakke, beligting, ens

- Shatterprufe Safety Glass Co vervaardig gelamineerde veiligheidsglas vir die motor- en boubedryf

Die groep se wins is hoofsaaklik afkomstig van verspreiding en kontrakwerk, terwyl vervaardiging 'n kleiner dog belangrike bydrae tot die wins lewer

Soos blyk uit die ontleding van die groep se bedrywighede, is dit duidelik dat die ael en wee van die groepwins hoofsaaklik afhang van toestande wat in die bou-, meubel- en motorbedryf heers Soos bekend, ondervind al drie hierdie sektore uiters moeilike saketoestande.

Die boubedryf ondervind tans sy diepste en langste resessie sedert die Tweede Wêreldoorlog Verskeie kleiner bouers moes al die handdoek ingooi. Volgens die statistiek beskikbaar, wil dit voorkom asof die resessie vir dié sektor nog nie verby is nie.
Volgens die hoeveelheid bouplanne goedgekeur, is daar nie minder nie as 33 persent minder planne in waarde goedgekeur in die eerste vier maande van die huidige jaar, teenoor 1976

Wat die motorbedryf betref, het die mark vir nuwe passasiersmotors en handelsvoertuie uiters traag sedert 1973 gegroei
In die eerste 5 maande van 1977 is daar sowat 23 persent minder voertuie as gedurende die ooreenstemmende tydperk in 1976 verkoop 'n Vierde swak jaar word vir die sektor in die vooruitsig gestel

Die vraag na ruite en windskerms vir die gebruikte voertuie is egter nie in dieselfde mate as die nuwe motormark deur ekonomiese omstandighede geraak nie.

Die Suid-Afrikaanse meubelbedryf is 'n kwaai knou toegedien deur die koms van televisie tesame met die algemene resessietoestande wat heers
Daar kan egter voorsien word dat die bedryf sy laagstepunt reeds bereik het en nou 'n geleidelike verbetering sal toon
Uit die voorafgaande ontleding is dit dus duidelik dat die groep vanjaar weer eens 'n daling in wins sal ondervind, maar dat die omvang van die daling nie so ingrypend soos die afgelope jaar sal wees nie
Een van die redes vir die kleiner daling is dat daar voorsien word dat die groep vanjaar nie in dieselfde mate afskrywings vir slegte skulde en voorrade sal hoef te doen nie 'n Daling in die wins per aandeel van die huidige 46c tot 40c word voorsien
'n Kommerwekkende aspek is die feit dat meer as 25 persent van die groep se langtermyn-lenings vanjaar vervang moet word wat die groep se verpligting ten opsigte van korttermynlenings dus tot 'n ongemaklike vlak van R26 miljoen lig Hoewel daar voorsien word dat die meeste van die langtermynlenings hernuie sal kan word, kan dit egter net die deurslaggewende faktor wees om die direksie te laat besluit om die groep se dividend verder te verlaag
Indien dit sou plaasvind, word voorsien dat die groep se totale dividend vir die lopende jaar tot 16c per aandeel verminder sal word, teenoor vanjaar se 20c
Teen die huidige prys van sowat 160c per aandeel staan die aandeel dus op 'n verwagte 10 persent opbrengs Met die verwagting dat die groep in 1979 beter sal vaar en die wete dat die groep oor 'n goeie bestuur beskik en dus 'n goeie langtermyn-potensiaal besit, kan langtermynbeleggers geleidelik hul belang in die groep teen die huidige prysvlak vergroot

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1. Zero.
2. Not measurable.
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4. Infinite.
5. None of the above.

RDM
27/6/77
(189)

Business Mail

Usco slumps as steel loses in first four months

UNION Steel Corporation does not expect a profit from its steel division in 1977, says the chairman, Dr M D Marais.

He told the annual meeting in Vereeniging it was expected that the domestic market for steel would continue to drop.

Export prices were uneconomical and shipments to the European Economic Community were restricted.

Usco had already used its quota for Europe.

However, it was expected hollow-drill steel and forgings would maintain their profitability

The steel sector incurred a loss for the four months to April 1977, and despatches were lower than in the corresponding period last year Export steel prices in many cases did not cover costs

Because of weak market conditions the company had cut working hours in some plants.

The melting plant and the 16-inch mill at Vaal works were working a five-day week

The international steel situation was causing great concern, and many producers in Europe were working at 60% of capacity

Some factories were working at a loss of more than $1-million a day An early revival in the steel industry was unlikely, as was a general revival in the Western world, he said

No recovery in the South African economy could be expected, and any planning based on expectations of a recovery would cause a dilemma, especially in the steel industry

All actions taken now must be aimed at survival, and cash flow was the most important single factor, even if it meant sacrificing some profits

Because of satisfactory orders it was expected that copper and castings would improve their profitability for the year.

He said Veldmaster (Pty) was experiencing strong competition in the United States and competition was strong from Britain, France and Brazil

Group taxed profit in the four months to April 30, 1977, was R126 000 (R1 814 000). The drop was mainly due to lower profits from Alcor, the steel section, as well as from Veldmaster.

In 1976 taxed profit was R5 640 000 (R6 298 000) — Reuter.

Options deals

46. A buffer stock scheme which aims to stabilise prices -

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2. Costs the government nothing because it buys or sells stocks at the same price.
3. Stabil...
4. Both ...
5. Can ne... the weather.

Metbox faces standstill year

RDM 27/6/78

189

METAL BOX regards 1977-78 as a no-growth year, says the chairman, Mr B C Smither, in his annual review

His reasons are depressed economic conditions and political factors affecting South Africa, and the environment in which the company operates

The group's prospects he says must be viewed against the state of the South African economy and its export markets

Mr Smither believes the change in basis of accounting by the company to the last-in-first-out (LIFO) system provides a better method of matching current costs with current sales' income and improves the quality of earnings a share

At the same time, a reduction in the cash outlay for tax on inflated profits has been achieved

"The switch to the Lifo method of valuing stocks at the year-end resulted in the operating income being reduced by R6 339 999 to R10 904 000 and, at the same time, decreased the impact of taxation on our profits"

On a directly comparable basis, taxed profit for the year rose to R8 889 000 from R8-665 000, but the former figure was reduced to R5 239 000 by the introduction of Lifo Tax for the year was sharply lower at R2 703 000 against R4 854 000

The directors say in their report that the company is in a strong financial position to meet any upsurge in demand for its products, and to explore selectively possibilities of broadening the base of its business

Capital and reserves are nearly R54 900 000 after the R11 500 000 rights issue made to replace certain short-term borrowings

Group sales at R156-million showed a 9,9% increase, but there was little growth in real terms

The metals division was hit by the 45% cut in the fishing quota, but the plastics division achieved a modest volume growth in bottle blowing and injection moulding, which serve a wide range of consumer markets

The dividends were 22c on earnings a share of 25,5c — Sapa

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5. Increase exports.

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1. Zero.
2. Not measurable.
3. Variable.
4. Infinite.
5. None of the above.

Page 11. / ....

availability of domestic and foreign interest rates and credit will influence the demands for and supplies of foreign capital.

A further influence on the money base, again ceteris paribus, is the government's fiscal deficit. The difference, over any period of time, between government spending and tax revenues requires financing. One such method of finance is via money base creation. This can take place in the form of decreases in the Treasury balar … e Bank. The Reserve Bank might alternatively, … ct on the money base, grant overdraft facilities … or borrowers or take up more government secto … less obvious form of money base creation t … ed by the Reserve Bank is lending to the dis … anks on terms that encourage them to inc … nding to the public sector. As the proceeds of th … btained are spent by the Treasury the money ba … e fiscal deficit is likely to increase the money … eipts fall relatively to government spending a … the government is insufficiently attrac … with other kinds of lending.

The authorities … ticularly concerned themselves with the s … deficit when the balance of payments has been … atisfactory. Correcting the balance of paymen … o require increases in interest rates and als … vernment revenues relative to expenditure. A ve … ion of this process of adjustment is to be fo … examination of monetary developments between 1 … fiscal deficit was officially recognised … credit creation by the banks and therefore wo … ing the balance of payments. Improving the balance … had become a prime obj … and fiscal policy and this in turn demanded … e fiscal policy. This indicates that fiscal … y cannot be regarded as independent of each o … be seen as independent of the balance of payr…

RDM 7/7/77

189

Seifsa reports falling demand

THE metal and engineering industries continues to experience falling domestic demand throughout all sectors

A growing number of plants are adjusting to these conditions by working short-time, generally in the form of a four-day working week, says the Steel and Engineering Industries Federation of South Africa in its business conditions report for May

Buyers' terms have hardened and many manufacturers increasingly face loss-situations on prices and terms negotiated in an endeavour to obtain work and secure contributions to meeting fixed and overhead costs

The 15% import surcharge is exerting a strong upward influence on costs in the Seifsa sectors Some diversion of imports to domestic industry may result from the surcharge, although no large gain in this respect is expected Many imported components have no local counterparts

There is, nevertheless, a still-important area of domestic production in the metal products and engineering sectors which imports are affecting severely. Cut-prices and credit inducements offered in the case of many such imports have resulted in a reverse flow of business from domestic to foreign sources. — Sapa.

-The-

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16th June 1977.

Overtime paid during slump, union claims

189

RDM 8/7/77

By CLIVE EMDON
Labour Correspondent

THE slump in the steel and engineering industries is not as bad as claimed by employers, says the Metal and Allied Workers' Union.

And, the union adds, it has evidence of substantial overtime being worked in Witwatersrand factories.

Concerned at the breakdown in wage talks in the industry — affecting some 370 000 black workers — the union says black workers have had to put up with CoL rises of 30% and more in the past year and can't be expected to tighten their belts indefinitely.

The union says many firms are cutting costs by retrenching workers while maintaining production levels.

While firms may argue that this is done to maintain their competitive positions, the union says it is being done mainly at the expense of their employees.

"Firms are allowed to fight inflation by cutting costs, while workers are expected to be more productive while receiving no increases to help them fight inflation," says the union.

It disputes the claim by the employers, the Steel and Engineering Industries Federation (Seifsa) that bad business conditions made it impossible to grant wage increases or improved fringe benefits at present.

The union says that despite the recession, conditions are not so bad that the work force has to wait for rises or that increases should necessarily lead to further retrenchments.

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FIN MAIL 8/7/77 189

Going down

It's definitely a case of "going down" in the lift industry. Although suppliers Otis, Mitsubishi, Schindler, Sabiem and Express are still working on orders placed in the last year or so the almost stagnant building trade promises little for short term prospects.

SA has a passenger lift population of around 12 000 (excluding mines which are almost entirely an Otis preserve) and some 700 escalators. The latter are entirely imported. Lifts however contain as much as 80% local content with the major imported component being drive units.

Purchase price of equipment varies on floor spacings and speeds but a lift costs upwards of R20 000. Escalators being imported and subject to a 15% surcharge on landed cost and 16% sales tax on current domestic value fetch at least R35 000-R45 000 for a single floor though these are ideal for heavy traffic movement shifting around 6 000 people hourly.

Share of the market is hard to estimate. On installed lifts Otis holds some 40%, Schindler 35%, Mitsubishi 15% and Express and Sabiem each with 10%.

The fighting really emerges on who is getting the share of current business. Mitsubishi for example, manufactured partly by Melcorp SA under licence, only operates in Johannesburg, Pretoria and Durban and claims well over 30% of that business. Schindler claims 35% of the overall market.

Sales of course aren't all. "Those with large installed base obviously make money on service contracts," points out one manufacturer, "as well as being able to take advantage of the refurbishing lifts market."

Maintenance going up

For lift owners there are three alternative maintenance contracts (maintenance is compulsory). "A" type is the cheapest (around R50) merely offering engineer maintenance but not including parts. "B" type — developed for public works — offers certain smaller parts such as light bulbs as well as maintenance.

Certain manufacturers claim that the B contract has fallen away and that most customers opt for A or the C — fully comprehensive — but Schindler for one says that the B contract is still quite popular.

Whatever the contract type building owners can safely reckon on 12%-15% maintenance cost increases by 1978.

The lift companies are not making a killing on the business. Otis' excellent balance sheets are reflecting historical business not the current position. Bill Patterson, director of Schindler points out that the minimum wage rate in 1970 was R1,12 an hour for European mechanics and now stands at R2,70 with negotiations due in July. Black minimums comparably rose from 24c an hour to 70c an hour. Raw material increases have been around 214% for electrical and 243% for mechanised material over the same period.

Still, if the lift companies are straining at the order cable, they are showing some initiative in diversification.

Schindler, for one, exports to Rhodesia, Botswana, Swaziland and Hong Kong. "Last year," reckons Patterson "it was some 8,5% of our new sales."

The company is also diversifying into fire warning and evacuation systems in competition with companies like Minerva and Mather & Platt and building security systems. "We have a very complex system at Volkskas Pretoria," says Patterson.

"There's no way one can move the metal engineering side of the business into other fields," reckons Sabiem's MD Jack Lipch. "At present its cut throat and our work tends to be precise, decorative and architectural." However he concedes that Sabiem with its marketing set up is looking at this to utilise it for the sale of other products.

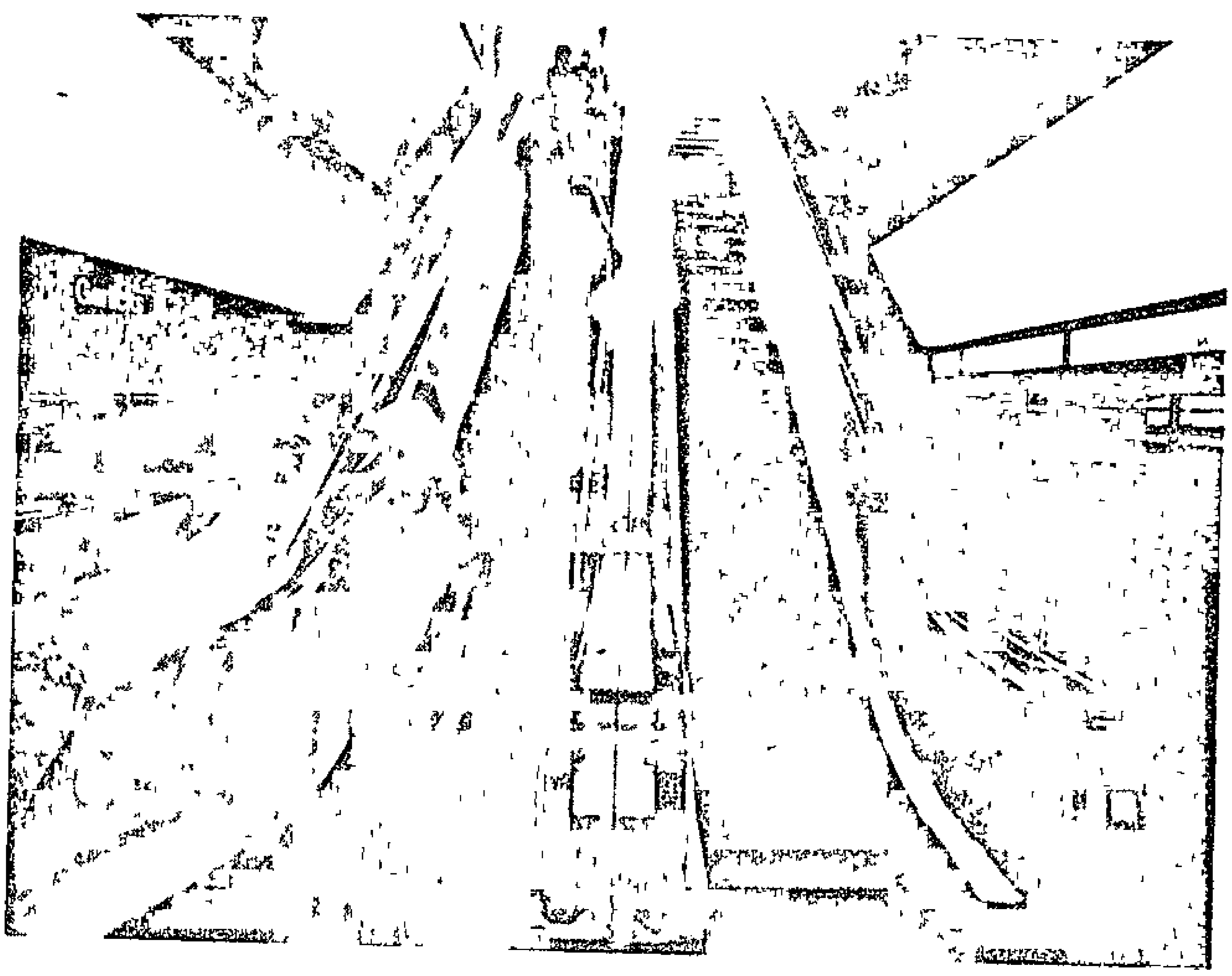
Express Lift, part of the GEC group, is relatively lucky in that its manufacturing facilities can be turned to other GEC products.

Not so with Otis and Mitsubishi. The latter's look at diversifying is largely at handling other Mitsubishi products, especially electrical goods.

To date Otis, playing hot and cold on local acquisitions, has launched one product not quite in the lift and escalator business. This is the Servolift — an automatic carrier which follows high frequency wire guide paths through areas like factories, hospitals and airports.

The Servolift can be programmed directly by on line computer, is motivated by battery which it can automatically recharge, but is expensive with the carrier unit costing some R50 000 and the computer control adding more.

First developed in France, it's unlikely to be greeted by a mad rush of customers. Other companies with similar "robot" type carriers have not yet thought SA a budding market.



Lift companies . . . hunting for business elsewhere

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FIN MAIL
1/7/77

189

NOTHING SLUGGISH ABOUT SLAG

Local slag (a steel waste product) which is being dumped at a rate of 700 000 t a year should find wider markets when the SA Bureau of Standards draws up a proposed national specification for the commodity.

At present slag aggregate is being used for road construction as a sub-base but, as Fowler Construction points out, without standards certain potential large users such as railways won't accept the material.

"Overseas where there are standards the material is extremely popular," says Fowler's MD Louis van Iddekinge. "It has skid resistance and durable qualities that are in considerable demand.

"What SA needs is a local standard regarding particle size and quality of slag aggregate (manganese slag, for example differs from its steel counterpart and some of the older slag dumps are often poorer quality)," says Van Iddekinge.

Fowler uses the material drawing only on Iscor's various dumps. Largest supplier is Heckett — a Pretoria-based concern which in 1976 produced some 204 000 m^3 of slag for aggregate and selling it, depending on quantity from sites at Pretoria and Vanderbijlpark, at between R3-R3,20 m^3.

Heckett also agrees that a local standard would increase demand considerably.

Unfortunately, it's going to take SABS about two years to prepare the standard. It is currently preparing the first draft for the specification and to some extent will base this on European and US standards.

The specification will cover, among other things, the grading of slag and lay down limits for substances in slag which would be harmful in its use in concrete or road construction.

Another company using slag for different applications is Slagment, which also draws on Iscor dumps at Vanderbijlpark and Pretoria.

Slagment produces a powdered material (around 400 000 t/year) which is a type of cement and sells this in bulk.

"Smallest amounts are a rail truck or bulk road tanker load," says GM Kennith Wood, who cites the Hendrik Verwoerd Dam's use of some 200 000 t of the material as the type of consumer that Slagment likes.

Looks as if slag products can be money spinners.

FIN MAIL 1/7/77 (189)

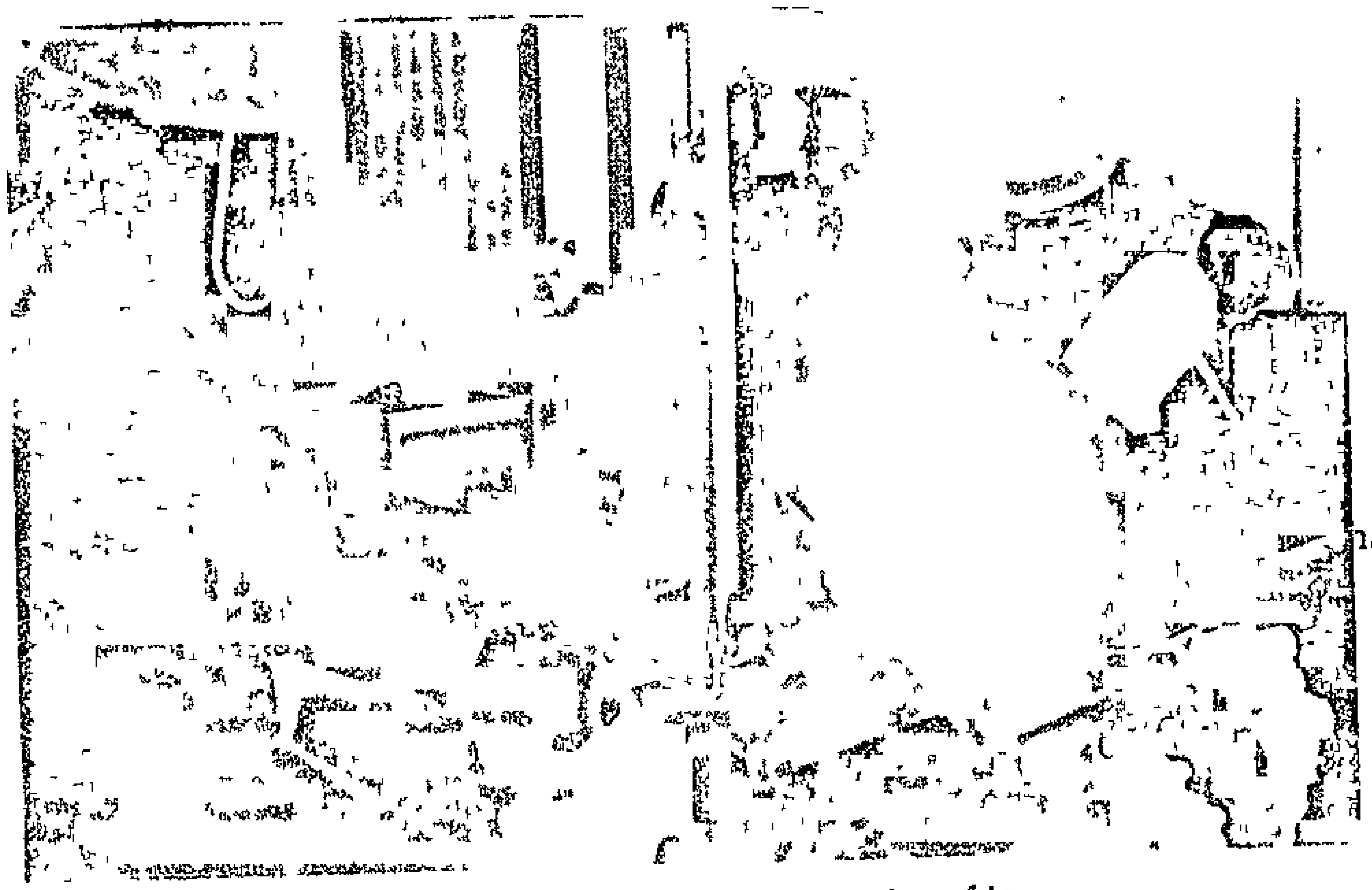
FOUNDRIES

Approach to exports

A foundry which has been in production for barely six months has scooped a R1m export order and is proving the point that in the foundry business, specialisation pays off

Chamdor Stainless Cast Products, located outside Krugersdorp on the West Rand, is owned by Krugersdorp Engineering, the German foundry equipment supplier Hottinger and two individuals Jurgen Deist and Alistair Elrich

The intention in starting the foundry was to make products that SA was importing from Korea, Taiwan and



Chamdor pouring for export profits

Japan "Ironically," says Deist, "we based our feasibility on the production of pipe fittings for the chemical and petro chemical industries only to discover that this was a depressed market carrying high stock holdings "

But other lines such as pump and valve components went down well Largely through ignorance we got the idea that we ought to be competitive on world markets," jokes Deist

"Other countries are more efficient on machining, but we've got the advantage on casting with all the materials available locally "

Unlike other foundries such as Scaw Metals Thomas Begby and Apex which produce stainless steel castings as well a grey iron products Chamdor which cost about R1m to set up, concentrates entirely on stainless steel products

It s also a highly automated plant Deist's previous experience was in helping to set up Messina's autocast foundry at Brits and some of the philosophies behind that have obviously gone into Chamdor

The export order will occupy Chamdor for about two years although it is hoping to balance its business more equitably between local demand and overseas business "We hope to build production up to around R150 000/month," says Deist

Other foundries are not doing so well An export agency based in Johannesburg concentrating on handling foundry products reckons many are not sufficiently flexible on pricing

"Local profit margin is around 20%. The companies expect the same from export business Another snag in attitude is that although foundries pay lipservice to exporting, if the local market picks up - they will drop the overseas business," reckons the agency director

In one year, the agency has helped to export some R50 000 to Europe and the US "There's fantastic potential there Look at companies like International Harvester which requires some 100 000 t yearly and prefers to source this out of several locations "

"The stainless steel industry has a progressive and lively outlook," reckons Deist "It's just not like that with the grey iron industry. That needs more co-ordination and livening up "

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D DEVELOPMENT RESEARCH UNIT

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FIN MAIL 1/7/77

189

SEIFSA AGREEMENT

Left in limbo

Unions and employers in the engineering industry seem set for a lengthy confrontation African workers are increasingly becoming a factor in the battle

The industry's wage negotiations broke down this week when the unions rejected Seifsa's offer of a 4c an hour across-the-board increase. No new negotiations are likely to take place until July 31, when the existing industrial agreement expires

"The ball is now in the employer's court," says Ben Nicholson, secretary of the Confederation of Metal and Building Unions (CMBU) Unless Seifsa comes up with a new offer a formal dispute will be declared on July 31.

Chances of a new offer are slim. "Even this week's employer proposal was limited. Two key employer associations wouldn't commit themselves to it and the 4c was only offered to a section of the industry," observes Nicholson.

What happens when the agreement expires? The industrial council will first have to meet to decide whether to resolve the matter internally. If it doesn't, a conciliation board will be appointed. This is the first step on the way to a strike but, while the unions say they won't back out of a confrontation, the road to a strike is lengthy and strewn with red tape.

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A more important point is that workers will have no legal protection after July 31 This isn't likely to be much of a problem for artisans, but may hi lower-paid African workers.

"Our members will be placed in a terrible position. Not only their rates o pay, but overtime and leave condition will be affected. We'll be totally at th mercy of employers," says Jane Hlongwane, secretary of the unregistered (African) Engineering and Allied Workers Union.

Nicholson concurs: "Employers are unlikely to try and cut our members' pay or benefits. But some of them may try to take advantage of Africans, using tight economic conditions as an excuse."

Nicholson believes employers will have

Seifsa's Errol Drummond . tough bargaining ahead

to settle soon, however — if only because African labour unrest is an increasing possibility "I have consulted the African trade unions and they agree with this assessment

Hlongwane adds that she backs the registered unions' stand, despite the danger of her members finding themselves without protection "The employer offer may have been accepted by the Central Bantu Labour Board, but we reject it totally It's hardly an increase at all "

LABOUR AND DEVELOPMENT RESEARCH UNIT

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Sharp out to button up the market

Colly Fram.

Sunday Times (Business Times) 10/7/77

SHARP ELECTRONICS, distributor of electronic equipment, is aiming for 10 per cent of the South African portable calculator market with its latest wafer-thin buttonless calculator.

The Elsimate 8130 being launched this week is 5 mm thick and slimmer than a cheque book — thanks to the electronic sensor panel which replaces the conventional keyboard

Because it has no buttons to depress, a "bleeper" indicates that a key point has been touched.

Sharp Electronics is a South African-owned distributor for Sharp Corporation of Japan Chairman Colly Fram believes that Sharp has a 45 to 50 per cent of the local calculator market, which he estimates is running at 30 000 units a month.

Despite market growth of about 15 per cent a year, Mr Fram says there has been a "tremendous thinning of the ranks." The 20 makes available here in 1974 have been reduced to eight.

Sharp's main rival is Casio, which was ahead in sales volume last year, he said

The rapid lowering of prices is a major reason for the booming market, but Mr Fram believes the pace of technological change is slowing down.

189

SUNDAY TIMES, Business Times, July 10, 1977.

IBM back in the top spot

R30-million orders cast no doubt on US backup

ORDERS FOR more than R30-million worth of equipment in six months have put IBM firmly back in the driving seat of the South African computer market.

By TONY KOENDERMAN

They also provide strong evidence that the computer divisions of IBM (which I estimate have an annual turnover of R80-million) are unaffected by doubts concerning continuity of supply from the United States

'My division has exceeded our quota for the whole year in only six months," says national data processing sales manager Mike Yachad "And we're confident the second half of the year will also be very good "

Recent orders placed include a R1,7-million contract from Anglo American Corporation for 300 terminals, and a R1-million order from Caltex for a 148 medium-large computer

Last year was bad for IBM, which has an estimated 35 per cent of the installed computer base in South Africa

Sales fell short of quota, and the growth rate slumped from the 25 per cent which prevailed previously to about 10 per cent And a major client, Escom, recently switched to Control Data and ICL equipment.

Managing director Jack Clark cautiously predicted another 10 per cent year for 1977, which was somewhat less than the bouncing 25 per cent that British rival ICL was expecting

But suddenly it's all come right for IBM, the world's largest computer company, as potential orders have been converted into hard cash on an unprecedented scale

Undoubtedly helpful has been the flood of new equipment which has come on to the market here this year It includes two small computers — the Series/1 and the System 34 — and enhancements to the System 3/15 in the company's general systems division (small systems)

In the data processing division (big computers), the new products are the 3033 processor, a family of terminals in the 3270 range, the 3630 plant communications system, and the high-speed 3800 off-line printer which is capable of printing 20 000 lines per minute.

The R3,8-million 3033 processor, several of which have been sold here, has 1,8 times the performance of the previous top-of-the-line model, the 370/168, but is 20 per cent cheaper This gives it twice the price performance, says systems service manager Liam McKenna

Prices have, in fact, been slashed across the board, with an average reduction of 20 per cent, thus further increasing IBM's competitiveness

In software, the major new product is the MVS/SE system

Biggest success areas have been communications equipment which has accounted for a third of the business written this year, and large systems

Small computers, which have not in the past been IBM's strong point, are also selling well, with sales 50 per cent above quota last month.

IBM products start with the Series 1 minicomputer, rising through the System 32, the System 34 (a growth version of the 32), four models of the System 3, six models of the System 370, and the most powerful of all, the 3033

IBM's comeback, alongside the vigorous performance of ICL this year, show that the marketplace is far from around dormant

Natal Mercury, 12/7/77

Seifsa unit visit

THE STEEL and Engineering Industries Federation of South Africa's communications unit will visit Durban on July 25. It will give an introductory presentation to senior management at Metal Industries House, Ordnance Road, on industrial relations. The session will start at 3 p.m.

(189)

Unions agree to blacks being trained

189

EDM 30/7/77

Labour Staff

WHITE artisan unions have agreed to several thousand blacks and coloureds being trained for semi-skilled jobs at Sasol 2 after hearing rumours that the US contractors for the project proposed bringing in 3 000 to 4 000 South Koreans

Fluor, the US managing contractors of the project, at Secunda in the Eastern Transvaal yesterday confirmed that the white unions blocked them from bringing in up to 2 000 "white Americans"

Enthusiasm for the training of blacks and coloureds developed when the representatives of the 10 building and engineering unions concerned heard rumours in late March of the possible introduction of South Korean labour.

A training agreement was negotiated between the construction employers association and the unions and was signed early this month.

Yesterday Sasol confirmed that at peak employment in 1978-79 there will be 14 000 or more workers involved in building the R3 000-million coal gasification plant which will produce up to 40% of South Africa's fuel requirements. An estimated 8 000 people will be employed when the plant opens in 1981.

Mr A J van der Watt, an official of the 16 000 member Boilermakers, Iron and Steel, Shipbuilders' and Welders' Society, first realised that it was Fluor's intention to use foreign labour when he was inquiring in January about their labour requirements

"It became apparent that it would be impossible for South Africans to provide the necessary labour, unless there was some kind of training programme. Fluor had done nothing about planning such a programme."

SAKE - RAPPORT 31/7/77

Metkor sit op miljoene

189

Deur DAVID MEADES

TWEE van Yskor se genoteerde maatskappye het vandeesweek hul winssyfers vir die afgelope ses maande en jaar tot 30 Junie bekend gemaak. Die een se wins na belasting het met byna R5 miljoen gedaal, terwyl die ander een ook 'n swakker syfer getoon het.

Samancor se wins na belasting het in die halfjaar van R26,7 miljoen tot R22 miljoen gedaal of van 95,4c tot 78,5c per aandeel. Hierdie daling kom in 'n stadium waar daar heelwat bespiegelinge oor die beheer van hierdie maatskappy was.

Die notering van sy aandele bly steeds opgeskort weens die onderhandelinge wat aan die gang is waardeur Yskor dalk sy beherende belang aan General Mining sou verkoop.

Dit is egter baie stil op hierdie front. Dit wil voorkom of daar nog hard onderhandel word Die kanse dat daar wel 'n transaksie gaan plaasvind, lyk nou al hoe skraler.

Dividend

Samancor het egter sy tussentydse dividend onveranderd op 20c gehou en die direksie sê dat hoewel daar verwag word dat die winsdaling sal voortduur, die dividend vir die jaar op 65c per aandeel gehandhaaf sal word.

Die ander Yskor-filiaal, Metkor-Beleggings, se wins na belsting het in die jaar tot 30 Junie van R3 911 000 tot R3 482 000 of van 7,24c tot 6,44c per aandeel gedaal.

Maar hierdie daling is hoofsaaklik weens die feit dat Fowler geen dividend verklaar het nie en Wispeco sy dividend verlaag het. Met die oog hierop is die vertoning van Metkor dus nie so swak nie en kon hy sy dividend op 5c handhaaf.

Uit die winsverklaring blyk dit dat Metkor die afgelope jaar weer 'n kapitaalwins van R1 233 000 getoon het wat nie by sy winssyfer hierbo ingesluit is nie

Dié syfer vergelyk met R1 934 000 verlede jaar. Die afgelope jaar se kapitaalwins spruit uitsluitend uit die verkoop van 186 800 aandele in Samancor. In die vorige jaar is 394 500 aandele in Samancor verkoop en Metkor se belang in Samancor staan dus nou op 1 088 000 aandele, wat 'n boekkoste van sowat R2 miljoen het

Die oorblywende Samancor-aandele het teen Samancor se prys van 780c voor die opskorting 'n markwaarde van R8,5 miljoen, wat aan Metkor 'n potensiele wins van sowat R6,5 miljoen gee.

As daar dus 'n aanbod vir Samancor teen minstens die markwaarde voor opskorting kom, kan daar vir Metkor 'n baie sterk kontantinspuiting kom Die bedrag van R8,5 miljoen verteenwoordig terloops 15,7c per Metkor-aandeel, teenoor sy huidige prys van sowat 40c.

SAKE-RAPPORT 31/7/77

(189)

SAMANCOR

SA MANGANESE AMCOR LIMITED

Die direksie kondig aan dat die gekonsolideerde ongeouditeerde wins na belasting vir die ses maande wat op 30 Junie 1977 geeindig het, vir SA Manganese Amcor Limited en sy filiale, soos volg is

	6 maande tot 30 Junie 1977	6 maande tot 30 Junie 1976	12 maande tot 31 Des 1976
	R000's	R000's	R000's
Wins voor belasting	40 133	48 740	94 074
Min Belasting	17 659	21 716	40 018
Wins na belasting	22 474	27 024	54 056
Min Minderheidsaandeelhouersbelange	397	288	743
Wins wat aan SA Manganese Amcor Limited toeval	22 077	26 736	53 313
Min Voorsiening vir voorkeurdividend	350	350	700
	21 727	26 386	52 613
Tussentydse dividend verklaar	5 538	5 534	5 534
Finale dividend verklaar			12 460
Teruggehoue winste	R16 189	R20 852	R34 619
Uitgereikte gewone aandele	27 690 800	27 669 800	27 688 600
Verdienste per gewone aandeel	78,5 sent	95,4 sent	190,0 sent
Dividend per gewone aandeel	20 sent	20 sent	65 sent

Die Groepresultate vir die ses maande wat op 30 Junie 1977 geëindig het, vergeleke met dié vir dieselfde tydperk in 1976, toon 'n laer winspeil, soos die Voorsitter in sy jaarverslag in Maart voorspel het. Na verwagting sal hierdie tendens die res van die boekjaar aanhou, omdat dit onwaarskynlik is dat daar enige betekenisvolle verbetering in marktoestande sal intree wat sowel uitvoer- as plaaslike verkope betref. Daar word egter vertrou dat verlede jaar se dividendpeil gehandhaaf sal word

DAAR WORD HIERMEE KENNIS GEGEE dat tussentydse dividend 72, van 20 sent per aandeel ten opsigte van die tydperk wat op 30 Junie 1977 geëindig het, betaalbaar verklaar is in die valuta van die Republiek van Suid-Afrika aan aandeelhouers wat in die boeke van die Maatskappy geregistreer is wanneer sake op 12 Augustus 1977 afsluit

Dividendbetaalbewyse sal op of om en by 31 Augustus 1977 gepos word.

Die oordragboeke en lederegister sal vanaf 13 Augustus tot en met 17 Augustus 1977 gesluit wees

Daar word kragtens die Republiek van Suid-Afrika se Inkomstebelastingwet, 1962, soos gewysig, 'n belasting op buitelandse aandeelhouers gehef ten opsigte van dividende wat betaalbaar is aan

(a) Diegene, nie maatskappye nie, wat nie gewoonlik in Suid-Afrika woon of alhier sake dryf nie,

(b) maatskappye wat nie in Suid-Afrika geregistreer is of alhier handel dryf nie

Die maatskappy sal dienooreenkomstig die belasting teen 15% aftrek van dividende wat betaalbaar is aan aandeelhouers wie se adresse in die aandeleregister buite Suid Afrika geleë is

Op las van die direksie
SAMNCOR MANAGEMENT SERVICES (PTY.) LIMITED
Sekretarisse
Per B.N. Beyers
Amcor House
Marshallstraat 88
2001 Johannesburg
(Posbus 8186, Johannesburg 2000)
28 Julie 1977

Sun. Trib
Business briefs
7/8/77
189

CAPITAL * expenditure in the metal and engineering industries in 1976 was slightly above the previous years projections, but, says the Steel and Engineering Industries Federation, was "in line with projections". Total was R835-million, R11-million up on the expected top limit. *

D.D 13/5/77

PAGE

189

Steel trade workers to get higher wages

JOHANNESBURG — A pay settlement has been reached in the steel and engineering industries with minimal increases of R7,74 a month for more than 300 000 workers in unskilled work rising to R15.48 a month for artisans

The increases take effect on September 1 They will cost the industries R47.9 million a year compared with the R250 million they said the initial union demands would have cost them

The new minimum wage paid in the industries will now be 59c an hour — R26.55 a week or R114,17 a month

The Central Bantu Labour Board had asked for 75c an hour or R145 a month

The black Metal and Allied Workers Union, which was not directly represented at the talks, argued for a 40 per cent rise in the minimum rate to give a monthly R154 a month

The ten white trade unions — the main parties to the agreement — initially made demands with pay increases of 8 per cent at the top level rising to 20 per cent at the bottom, as well as better artisan rates, overtime, leave and allowance on tools, travelling and subsistence — DDC

For tl ... en prepared by the F.

			TAL ES ... TION	POINTS
			7	99
1	5	2	29	106
-	6	3	25	87
	2	0	35	163
5	3	3	24	88
	0	3	30	143

A full ... be circulated to all members in due cou...

5 August 1977

(Prof.) A.H.R.E. PAAP
Dean, Faculty of Arts

Sun. Tr. Busi in brief 14/8/77

STEELMILL production for the six months to June rose by 2,1 percent over the 1976 total of 3 347 300 tons for the first half. Production this year totalled 3 418 700 tons.

189

189 ~~183~~ ~~175~~

Big firms in Vaal Triangle need artisans

By S J WROTTESLEY

THREE big firms in the Vaal Triangle said through spokesmen yesterday that they were short of workers and had recruiting staff out in force.

They were answering claims that many of their white workers — mostly immigrants from Britain — had been laid off because of the economic climate.

The businesses are the Iron and Steel Corporation (Iscor) in Vanderbijlpark, African Explosives and Chemical Industries (AECI) in Sasolburg, and Vereeniging Corporation (Vecor) in Vereeniging.

It has been claimed by Vaal Triangle residents that many immigrant workers had been laid off by the companies.

Mr G J de Swart, personnel manager for Iscor, said that he had heard of the claims and that the corporation had conducted an investigation

He said that a survival curve was made for Iscor workers every January and their positions with the company assessed monthly

He reported that the immigrants stayed with the firm longer than local workers and that, when their staff left, it was usually to other firms in South Africa.

Mr De Swart said: "Iscor, however, is desperately short of artisan staff. The number leaving last year was about 20% and it increased at the beginning of this year to about 26%. It is declining now and we are investigating the reasons

"We are not desperately short but we can't get enough artisans Few immigrants have left because of the recent unrest but most feel they should stick it out because they are getting good wages in South Africa and should give something in return"

Mr G J van Zyl, personnel manager of AECI, said there where no redundancies at their Sasolburg branch and that they were recruiting black and white workers all the time

A spokesman for Vecor, Mr W S van der Bergh, said that they too were recruiting, especially artisans, and there had been no redundancies at their metal-rolling works

Iron ore record on the way

189

RDM 18/8/77

By ADAM PAYNE

ISCOR is to hit a new high in iron ore shipments next week with tonnage of 800 000 in five ships. It will bring about R12-million in foreign exchange for South Africa.

The improvement in the current balance of payments has been greatly aided by the growing bulk exports of iron ore from Saldanha Bay and coal from Richards Bay. Coal exports reached a record total of R34-million in June

The iron ore exported through Saldanha is mined in the Sishen area of the North West Cape, where Iscor confirmed this week that its reserves for open cast mining of high-grade haematite ore total 1 188-million metric tons

Since ore of this grade is worth R15 a ton on world markets, the value of the deposit can be estimated at about R17 800-million

A similar ore reserve was estimated in 1972 but the latest confirmation, after extensive drilling, shows that this ore contains a much larger percentage of reserves that can now be described as proven

Ore reserves are considered to be proven only when the spacing of the boreholes is on a grid of at least 100 m by 100 m

The high-grade haematite deposits in the Northern Cape occur intermittently in the Gamagara Hills and to the west over a strike length of about 60 km and a width of five to eight km

Sishen and Postmasburg are at the northern and southern extremities of these hills and the total insitu reserves on Iscor property in the area are estimated to amount to 3 888-million tons

The number of boreholes on which the estimates of Sishen reserves is based has trebled since evaluations in 1971 and 1972

With the additional borehole information, a provisional computerised estimate of the potentially insitu open cast ore reserves was made

This indicated the open cast reserves of 1 188-million tons out of a total insitu reserves of about 2 630-million tons

"Since the drilling programme is still going ahead these figures cannot be regarded as final," says Iscor

In all calculations of insitu ore reserves, the quoted figures are based on the fact that only borehole cores showing ore with an iron content of 60% or more are considered to be ore.

However, it is current practice at Sishen also to mine ore with an iron content of less than 60%

This ore is then upgraded in the beneficiation plants to a high-grade product with an iron content of about 66% — which is high by world market standards

Telefunken stel weer aan

Sake-Rapport 21/8/77

(189)

ONDANKS die slapte in die televisiebedryf het een vervaardiger, Telefunken, die meeste van die 220 werkers wat hy noodgedwonge verlede jaar van Augustus tot Desember moes afdank, weer in diens geneem.

In die jongste tyd het 132 nuwe werkers hulle by die maatskappy se bedryf in Oos-Londen aangesluit — die meeste nadat hulle in die begin van die resessie in die TV-bedryf afgedank was Nog 100 sal oor die volgende ses weke in diens geneem word.

Die rede vir die toename in die vraag na arbeid is die verhoogde produksie in SATV se komponent- en oudio-vervaardigingsafdelings

Bemarking

Die geleidelike bekendstelling van Telefunken se oudioprodukte in die Suid-Afrikaanse mark en die aggressiewe bemarking van stelle met die doel om 'n groter deel van die kleiner televisiemark te verower, was ook betekenisvolle faktore, sê die besturende direkteur, Mike Bosworth.

SATV Manufacturing se totale personeel beloop 1 015

TEDELEX

TEDELEX

Television and Electrical Holdings Beperk

(In die Republiek van Suid-Afrika Ingelyf)

Direkteure B Slome (Voorsitter en Mede- Besturende Direkteur)
J Cohen (Mede- Besturende Direkteur), A A Macduff,
J Davidson, V G Mansell, D Hyslop

Sake-Rapport 21/8/77

189

TUSSENTYDSE VERSLAG

WINSTE

Die ongeouditeerde Groepwins vir die ses maande geeindig 30 Junie 1977 saam met die ongeouditeerde Groepwins vir dieselfde tydperk verlede jaar en die geouditeerde Groepwins vir die jaar geeindig 31 Desember 1976 is

	6 maande geeindig 30 Junie		Jaar geeindig 31 Des
	1977	1976	1976
	R000	R000	R000
Groepwins voor belasting	3 689	7 703	8 823
Belasting	1 310	2 377	2 340
Groepwins na belasting	2 379	5 326	6 483
Aandeel van winste van filiale toeskryfbaar aan buite-aandeelhouers	721	42	94
	1 658	5 284	6 389
Voorkeurdiwidend	2	—	—
Toeskryfbaar aan gewone aandeelhouers	1 656	5 284	6 389
Verdienste per gewone aandeel (sent)	12,77	40,75	49,30

KAPITAALVERPLIGTINGE

Verwagte kapitale verpligtinge bedra R750 000

VERANDERINGE VAN FILIALE

Op 15 Maart 1977 het die maatskappy sy belang in die Carlton Lighting-Groep vanaf 66,5% na 100% verhoog

WYSIGING VAN FINANSIELE JAAR

As gevolg van praktiese rekeningkundige oorwegings het u Direksie besluit om die Finansiele Jaareinde vanaf 31 Desember tot 30 Junie te verander In terme hiervan sal die volgende geouditeerde Finansiele State van die maatskappy en die groep strek oor 18 maande wat eindig op 30 Junie 1978 'n Tussentydse verslag vir die twaalf maande tot 31 Desember 1977 sal voorgelê word

DIWIDENDBELEID

Die direkteure is voornemens om die praktyk van die verlede te volg om slegs 'n finale diwidend ten opsigte van elke boektydperk van die Maatskappy te verklaar Aangesien die lopende boektydperk nou 'n tydperk van 18 maande dek, is dit die voorneme om 'n tussendiwidend om en by Februarie 1978 te verklaar, gevolg deur 'n finale diwidend om en by Augustus 1978, waarna die direkteure na hul vorige beleid om diwidende een keer per jaar te verklaar, sal terugkeer

OPMERKINGS OOR RESULTATE

Algemene besigheidstoestande gedurende die eerste ses maande van hierdie jaar was steeds uiters moeilik, met voortdurende kosteverhogings en groot druk op winsgrense

Die aankoop van 'n beherende belang in die Ellerine-organisasie het 'n aansienlike bydrae tot die Groep se winste tot gevolg gehad, en die beraamde verlaagde bydrae van televisie verkope is grotendeels hierdeur vervang.

Met hierdie faktore in ag geneem, beskou die Direksie die wins vir die oorsigtydperk as aanvaarbaar

In teenstelling met 1976 sal die normale seisoensverbetering in verkope gedurende die laaste gedeelte van hierdie jaar weer van krag wees Alhoewel 'n versigtige benadering oor die kort termyn steeds nodig is, en onderhewig daaraan dat geen verdere agteruitgang in die huidige ongunstige klimaat of ander onvoorsiene omstandighede plaasvind nie sien die Direkteure vooruit na 'n bevredigende resultaat vir die tydperk van twaalf maande wat op 31 Desember 1977 eindig

Namens die Direksie
B SLOME
(Voorsitter en Mede-Besturende Direkteur)
J COHEN
(Mede-Besturende Direkteur)

Johannesburg
15 Augustus 1977

CAPE TIMES 3/9/77

More firms working short time — Seifsa

(169)

JOHANNESBURG — More firms are working short time and more employee retrenchments are looming without any sign of an early economic upturn, says the July business conditions report of the Steel and Engineering Industries Federation (Seifsa)

Reports from the metal and engineering industries indicate no revival as yet of demand for capital goods, it says

However, since March the general downtrend of demand, though not of production, has shown signs of levelling out

It says the rate of cost escalation in the first-half of 1977 has slowed appreciably compared with the previous two years

Official cost indices for mechanical and engineering industry materials rose 2,9 and 1,9 percent respectively in this period compared with 12,1 and 10,1 percent respectively in the full year 1976

With the conclusion of the metal and engineering industries' wage negotiations labour costs will shortly increase, but not on the scale of recent years

It adds "The current phase of relatively low escalation of costs may not however continue for the remainder of the year in view of the import duty surcharge and the electricity and rail tariff increases which occurred earlier in the year and whose full impact has not yet been felt.

"Price control, administrative decisions and severe competition have tended to suppress their full impact so far" — Sapa

189

FOR IMMEDIATE RELEASE

PRESS STATEMENT ISSUED BY THE MINISTER OF ECONOMIC AFFAIRS.

RE-IMPOSITION OF CONTROL OVER THE PRICES OF AGRICULTURAL MACHINERY, IMPLEMENTS AND EQUIPMENT AND PARTS THEREFOR

During June 1977 the Government decided to abolish with effect from 1 July, 1977, the price control measures imposed on agricul= tural machinery, implements and equipment and parts therefor, in terms of the Price Control Act, 1964. The main reasons for this decision were that there were a large number of suppliers and dis= tributors of these goods and that there were no shortages in respect thereof.

In the light hereof, as well as the fact that current economic conditions in the country did not provide scope for under= takings to increase their prices unjustifiably, it was considered that the free play of the market forces of supply and demand should be able to ensure that prices would be maintained at reasonable levels.

However, since the abolition of price control, price increases have occurred in respect of a wide range of agricultural machinery, implements and equipment and parts therefor and it has been decided that the justification, or otherwise, of such price increases should be verified by the Price Controller. Consequently, the Government has decided that control over the prices of agricultural machinery, implements and equipment and parts therefor must be re-imposed and that such prices be frozen immediately ~~at~~ the levels which existed on 5 August, 1977. It should be emphasised, however, that only the **maximum** selling prices are fixed in this manner and that any individual firm is free to sell the goods supplied by him at prices lower than the permissable maximum prices.

Furthermore, it has been decided that all entrepreneurs who have increased their prices since the abolition of price control on 1 July 1977 must immediately submit full particulars of the cost increases on which such price increases have been based as well as their latest financial details in the customary manner to the Price Controller for clearance.

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A Government Notice to give effect to this decision regarding the re-imposition of control over the prices of agricultural machinery, ,implements and equipment and parts therefor will be published in the Government Gazette as soon as possible.

ISSUED BY THE DEPARTMENT OF INFORMATION AT THE REQUEST OF THE MINISTRY OF ECONOMIC AFFAIRS.

PRETORIA

5TH AUGUST, 1977

The electronic squeeze

189

Growth of 20% a year is needed. The problem is that not enough electronic engineers can be trained

Tough external pressures on SA mean it's more than ever necessary to have a viable, growing electronics industry. Along with petro-chemicals and steel, electronics is of vital importance

Let's not kid ourselves, the pressures are already taking shape Their most visible form, to date, can be seen in US attitudes to local computer customers Late last year, for example, the US Office of Export Administration imposed restrictions on sales of computers intended for the Atomic Energy Board, police and defence Two months ago, restrictions extended to the Ministry of Bantu Affairs

Local responsibilities

IBM for one stoutly maintains that the US action has not affected business It has gone on record that it has taken over R30m in equipment sales since January But significantly UK's ICL has also taken over R30m in the same period — and many feel that the recent large Escom order went to ICL largely because of US attitudes

In any event, in the longer term, it's obvious that our electronic needs can't be left entirely in the hands of overseas multinational groups, either US or European

These needs add up to big business. Local demand is worth around R1 000m, with telecommunications accounting for R200m, electronic computing equipment R100m, entertainment and consumer electronics R200m, with some R500m going on measurement and control, specialised communications and military requirements Of all this, about R800m is currently imported

So it's encouraging to see real signs that the local industry is awakening to its responsibilities Concrete signs that it is beginning to grow on a significant scale are two recent major mergers

Barlows' took Fuchs to give it dominance in consumer electronic products (with Tedelex as a major competitor) as well as in the defence communications

Allied Technologies' spectacular deal with the US conglomerate, IT&T, has secured for it Standard Telephones' (STC's) electronics and telecommunications divisions, plus a huge chunk of Post Office business

It is equally important, though, that SA shouldn't stampede into making huge investments to turn out non-competitive components or electronic hardware (in a world market sense) in order to be electronically self-reliant

One answer lies in economies of scale — wherever these are obtainable —

Computer operator . . . the pressure's on

which suggests further mergers and takeovers in the local industry. This likelihood raises two major questions

- How monopolistic is the industry becoming? And
- Has SA got sufficient skilled manpower, and the local training facilities, to supply growth of around 20% yearly?

On the takeover front, Allied Technologies' boss Ken Maud is currently looking at several companies

"Pre-requisites," he says, "are companies earning at least R100 000 after tax, holding a dominant share of a particular market and with good management"

Others known to be on the electronic takeover trail are Tongaat (whose electronic subsidiaries are R S Trivett and United Electronics), the Rembrandt Group and Abercom (who both courted STC) Local electronics experts, however, reckon that, under Maud, Allied Technologies will probably eventually sew up some 70% of the market

Firms currently being ogled, and occasionally actively wooed, by suitors are generally the wholly-owned subsidiaries of overseas concerns who, although they assemble or manufacture here, have no SA shareholders

Racal has a 10% local shareholding and is regarded as marriageable Without local participation are AEI-Henley and GEC (part of UK GEC group), Marconi (wholly owned by the UK parent) and Fulmen SA (part of the giant French CGE group)

Equally appetising, though perhaps less vulnerable, are companies like Saftronics (turning over R5m in thyristor controlled variable speed drives, crane controls, rectifiers, metal detectors, etc and working hard on exports to the US and Canada), and Pietermaritzburg-based Electromatic, which exports some R750 000 worldwide in the specialist field of traffic control

As the pace of takeovers increases, the SA electronics industry will become more monopolistic. The Post Office and defence must be aware that tenders go out to very few groups — who have thus no reason to be altruistic over pricing

In this context, it's interesting that the Post Office has decided to review its decision on semi-electronic telephone switching In 1975, it opted for the Siemens CP44 system (expenditure would have amounted to some R1 000m over 10 years and was scheduled for introduction next year) Now the PO is taking a fresh look at phone technologies and keeping all its options open.

Spelling it out

It's on the labour front that the prospect of sustaining a 20% "electronics" growth rate is daunting Professor Louis van Biljon (a director of Fuchs and head of Pretoria University's electronics engineering department — the only one in the country) spells it out

"Of the R1 200m to be spent this year on electronics, 20% is local manufacture, 80% is imported (1976 figures put electronic componentry at R71,2m and computer and associated equipment at R65,4m) The estimate is that one electronic engineer and 10 technicians account for R500 000 equipment.

"We shall need 480 electronic engineers plus 5 000 technicians annually. This year, Pretoria will hopefully produce 30 electronic engineers, other universities such as Stellenbosch and RAU will produce electrical engineers who have been given light current or electronic options."

The gap is startling. We just don't have the electronic engineers — membership of the Institute of Electrical Engineers numbers only 3 349, of whom 1 527 are light current engineers

So it's not just in technology and manufacturing capacity that we're embarrassingly dependent on overseas goodwill and knowhow in electronics The people problem is much tougher

STEEL

Iscor turns tables

Iscor's canny negotiators are quietly pulling off a commercial coup in the cut-throat international steel market

Despite the metal's oversupply and slump conditions, Pretoria-based sales teams confidently expect to export at least a third of this year's production (3,6 Mt of saleable steel last year) to earn somewhere between R140m and R200m abroad

The January-June period has already notched up foreign orders worth R100m Two years ago, SA steel imports were running at 1 Mt annually.

A small but significant order comes from the US west coast-gulf region dominated by the Japanese for a decade. Last year, SA sold a meagre 1 800 t in this area but US speculation is that Iscor (and possibly other local steelmakers) will ship in upwards of 50 000 t this year.

Iscor is keeping mum about this and other deals, but confirms that an export target of 1,3 Mt this year is within sight.

Iscor's decision, months ago, to go for low unit cost by maintaining high production, while other big steelmakers were (and still are) cutting back and even closing plants, was a calculated gamble that looks like paying off

Domestic demand has fallen markedly, while the international market is riddled with a crossfire of dumping allegations against its competitors from virtually every steel-producing nation

Against this background, SA's foreign steel sales will not, naturally, make the same percentage contribution to revenue as domestic sales as export prices are pared to the bone

Pared even more so, if that's possible, to help (along with steelmakers from South Korea, Taiwan, Australia, New Zealand, the Philippines and soon Mexico) break Japan's west coast-gulf grip on what was virtually its home ground

Japan, ironically, looks like letting the region slip from its grasp after restraining supplies in an attempt to fend off US dumping charges

Other suppliers, including SA, were quick to fill the gap and even undercut Japanese prices in a regional market taking an estimated 2,7 Mt of imported steel annually and rising

Iscor's exports . . . just rolling along

FM 29/7/77

(189)

(189) FM 5/8/77

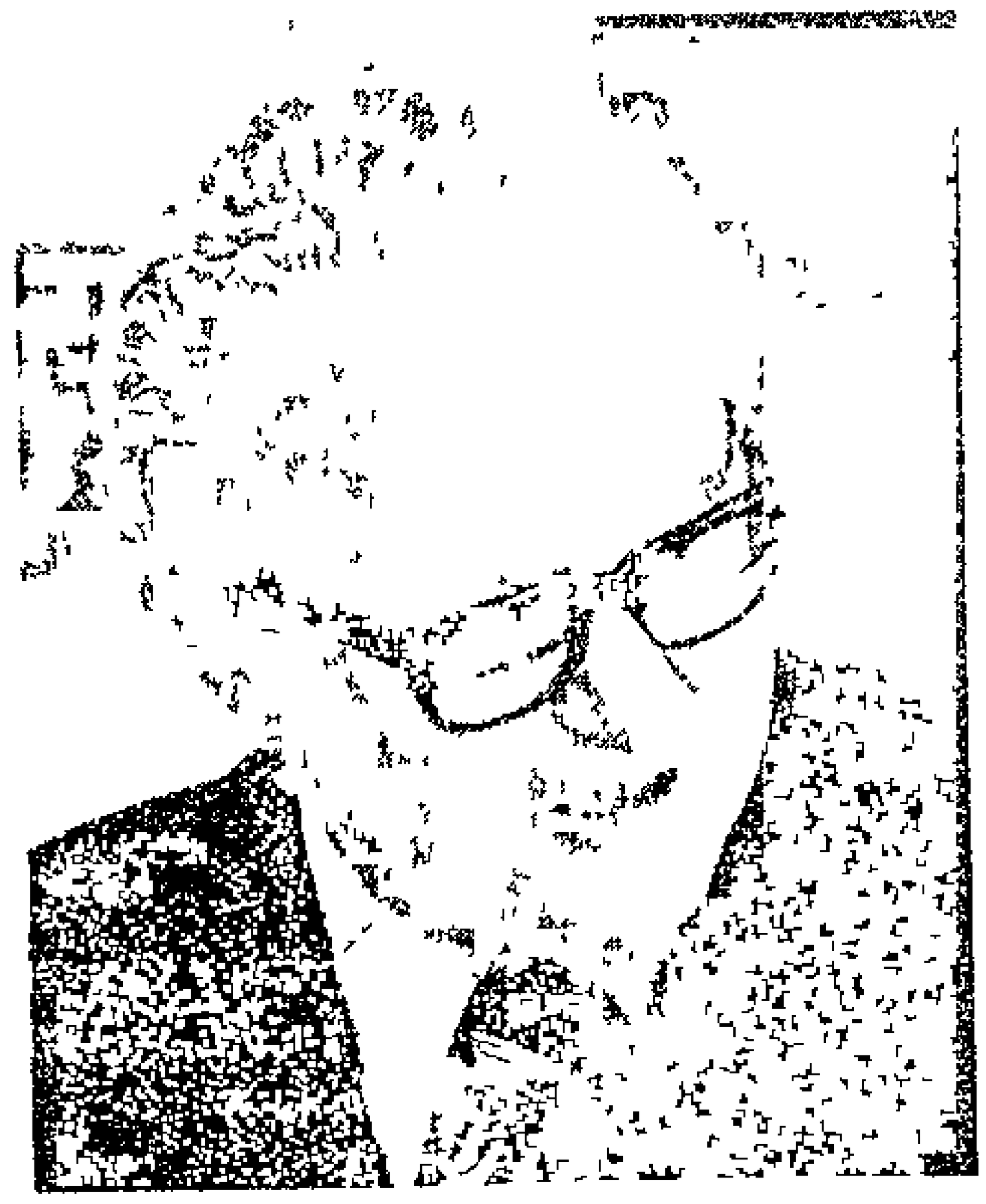
SEIFSA

Steel yourself

In contradiction to the FCI's conclusion that an upturn is around the corner, Seifsa's forecast for capital expenditure in the metal and engineering industries for 1977 indicates that the economy has still some way to go before any real signs of recovery become apparent

The forecast, based on an extensive Seifsa survey, estimates that the decline during 1977 in total capital expenditure in these industries will be as much as 30% in real terms

According to Seifsa "This sharp reduction not only accounts in part for the much lower levels of demand on the metal and engineering industries currently experienced but also reflects the low expectation of a demand recovery arising in other sectors of manufacturing



Seifsa director Errol Drummond . . business is still bad

industry, particularly in present circumstances, an upturn arising from building and motor vehicle activity"

The basic metal industries are expected to be hardest hit with a decline in capital expenditure of at least 40% in real terms The real change in expenditure is calculated by adjusting the actual expenditure according to the rate of inflation indicated by Seifsa's index of plant and machinery costs This index reflects a rise in inflation of 34% over the last two years, although there has been a slowdown in recent months

To compound the decline in capital expenditure, it appears that these industries are allowing insufficient in the way of provisions for depreciation and the replacement of capital items The average rate of depreciation in the basic metal industries is only 6%, while that in metal and fabricating industries is 20% Seifsa claims that in the light of escalating plant and machinery costs, and greater technological obsolescence, the existing allowances for depreciation are inadequate

Yet another negative factor is that the engineering industry is being plagued by labour problems, as the conflict between the unions and Seifsa remains in a state of limbo following their inability to reach agreement on wage increases (*FM* July 1)

Seifsa's business conditions report for June sums up the situation by stating "Business conditions are poor in all sections without exception" The only possibility of an early reprieve for the steel and engineering industries appears to be the present high tonnages of iron ore, steel and ferro-alloys now being exported and the anticipated further rise in these exports in the future

In the light of all these factors, and also taking into account the lag which must occur if any reflationary measures are adopted by the government, any expectation as to the possibility of a real upturn in the business cycle must be premature

AFRICAN UNIONS (189)

Challenge to Anglo FM 2/4/77

Yet another African trade union has approached a company to discuss the problems of workers in its factory. What gives the case added significance is that the company concerned is a subsidiary of Anglo American, whose chairman, Harry Oppenheimer, has publicly stated that "there is nothing in law to prevent employers from recognising (black unions) and negotiating with them."

• The union is the Reef branch of the Metal & Allied Workers' Union (MAWU), while the firm is Zinchem, a Reef-based subsidiary of Zimro (Zinc Chemical & Industrial Mineral Resources (Pty)), which is in its turn wholly-owned by Anglo.

MAWU says it was approached earlier this year by a group of Zinchem workers who felt they were not adequately represented by the company's liaison committee and therefore wanted the union to raise a number of "grievances" with Zinchem management

Zinchem told the union that the "queries" raised had been dealt with by the committee Zimro MD "Buck" Buchanan says the union was satisfied that the queries had been dealt with by the committee and that the company's 'exchange of letters with the "sensible, levelheaded' union representative was 'most cordial

He adds that, while the company has not yet formally met MAWU, it is "only too happy to deal with it We are waiting for it to submit its constitution and a list of its members at our Benoni plant "

Zinchem wants to retain its liaison committee but, says Buchanan, that doesn't preclude a relationship with the union "Simple housekeeping matters like canteen facilities would be liaison committee issues, but broader problems like pay-scales would obviously be a union matter "

He points out that, as an Anglo subsidiary, the company adheres to "policy documents"drawn up in head office

In terms of these, Anglo companies are expected to deal with African unions which approach them

Between 50 and 60 of the 250 Africans at the plant are members of the union Some of the liaison committee members are also union men

A spokesman for the union disputes some of the points raised by Buchanan, however He tells the *FM* that the company's reply was discussed earlier this week at a meeting of union members, who were not satisfied with it He adds that the members have now instructed him to go back to management and report that they do not accept that the matters raised have been adequately dealt with by the liaison committee

D.D. 6/9/77

Seifsa reports trend in demand levelling

189

JOHANNESBURG — Reports to Seifsa of business conditions in the metal and engineering industries in July indicate as yet no revival of demand for capital goods Since March, however, the general downtrend of demand, although not of production, has showed signs of levelling out

Some slight improvement in the expenditure of households is discernible, with motor vehicles remaining an exception. Orders by the motor vehicle assembly plants on the component manufacturers continue to be poor.

The rate of cost escalation in the first half of 1977 has slowed appreciably, compared with the previous two years. Official cost indices for mechanical and engineering industry materials rose 2,9 per cent and 1,9 per cent respectively during this period, compared with 12,1 per cent and 10,1 per cent respectively in the full year 1976.

Steel costs have remained generally unchanged, and the price of the non-ferrous metals have weakened, except for aluminium.

With the conclusion of the metal and engineering industries' wage negotiations, labour costs will shortly increase, but not on the scale of recent years

The current phase of relatively low escalation of costs may not, however, continue for the remainder of the year in view of the import duty surcharge and the electricity and rail tariff increases, which occurrred earlier in the year and whose full impact has not yet been felt. Price control, administrative decisions and severe competition have tended to suppress their full impact so far.

Iron, steel and ferro alloys: it remains difficult for the steel mills to find adequate overseas markets for the surplus onnages of rolled steel products, which cannot be sold in the South African market Competition and trade obstacles affect the ferro alloy sector, and have lowered price levels

Building industry supplies: the sector comprises plumbers' brassware, builders' hardware and metal doors and windows, and a slight strengthening of demand is apparent, according to reports Consequently production reports are also slightly more favourable

Electric cables: business conditions are severly poor, but are not currently deteriorating further.

Electrical machinery: somewhat improved conditions were reported for July in the case of electric motors, transformers and switchgear. A similar improvement in the flow of orders was reported by the domestic appliance manufacturers, and the slow uptrend continues.

Foundries: the steel, iron and non-ferrous foundry sectors, which reflect the general business situation within the Seifsa sectors, report exceptionally weak demand and substantial under-employment of foundry capacities Many iron foundries are working a four-day week

General engineering: activity in this large sector is declining at a significantly lower rate than earlier in the year

Heavy engineering: July reports were generally poor, despite an improvement in orders for railway rolling stock The recent decline in production levels has been steep

Light metal manufacture: although the downtrend appears to have levelled out in the second quarter of the year business conditions in the sector remain exceptionally poor.

Plastics manufacture: the flow of orders has strengthened in recent months and July reports were markedly more favourable

Structural steel and reinforcing steelwork: Power Station, SASOL II and other public sector projects provide important support for this sector which would otherwise be in considerable difficulty The general level of demand and production remain nevertheless well down on normal levels.

Tubes and pipes: July orders were lower than previously Production although well below plant capacities is reportedly improving

A disquieting feature of current reports from the Seifsa sectors is the upward trend of short-time working and, additionally, signs that employee retrenchments will proceed without it being possible to anticipate an early economic upturn with any confidence.

Agricultural and irrigation machinery and implements: a steady fall in the flow of orders from the farming sector, is reflected in a sharp slackening in the tempo production. The sector, generally, is working far below capacity.

Automotive component manufacture: business conditions continue to worsen. The call-off from the assembly plants for components shows no indications of improving.

Grim estimate of steel exports

189

Mercury Correspondent 14/9/77

JOHANNESBURG — The ability of Highveld Steel and Vanadium to maintain last year's good profit performance will depend on an improvement in the demand and price of the company's products on local and overseas markets.

In his report for the year to June, chairman, Mr W G Boustred, says that the additional iron, steel and ferro-sally production facilities should all be fully commissioned and available during the current financial year.

In addition, the commissioning of the plate mill will allow the company to participate in a new section of the local market and produce higher steel sales

However, tempering these comments is Mr Boustred's rather grim assessment of the potential for exports, which made up 65,5 percent of total turnover in the past year

Referring to the international steel market, Mr Boustred says that unless there is a strengthening for capital goods and construction, there must be some doubt about the depth of the American recovery

"Europe, and to a lesser extent Japan, remain depressed with little expectation for improvement in 1977"

During the past financial year, European industry was particularly depressed, which led to reaction against steel imports from Japan, Spain, Australia and South Africa.

This resulted in a reduction in South African streel exports to EEC countries "This browing protectionism in the larger steel consuming countries is of major concern and it is not in the long-term interests of the world steel industry"

The additional vanadium production facilities that have been introduced by Highveld and the major American and finish producers has resulted in over-capicity at a time when demand is depressed

Accordingly, Mr Boustred believes that because of this additional capacity, the Vanadium market will be well supplied for some years ahead

In the year to June, profits rose encouragingly to R20 740 000 from R15 908 000, equivalent to earnings of 27,3c on the increased capital against 30,6c previously.

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IRONMENTAL STUDIES
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Yours sincerely,

R.F.Fuggle
Shell Professor a ol of Environmental Studies

RFF/afa

HIGHVELD

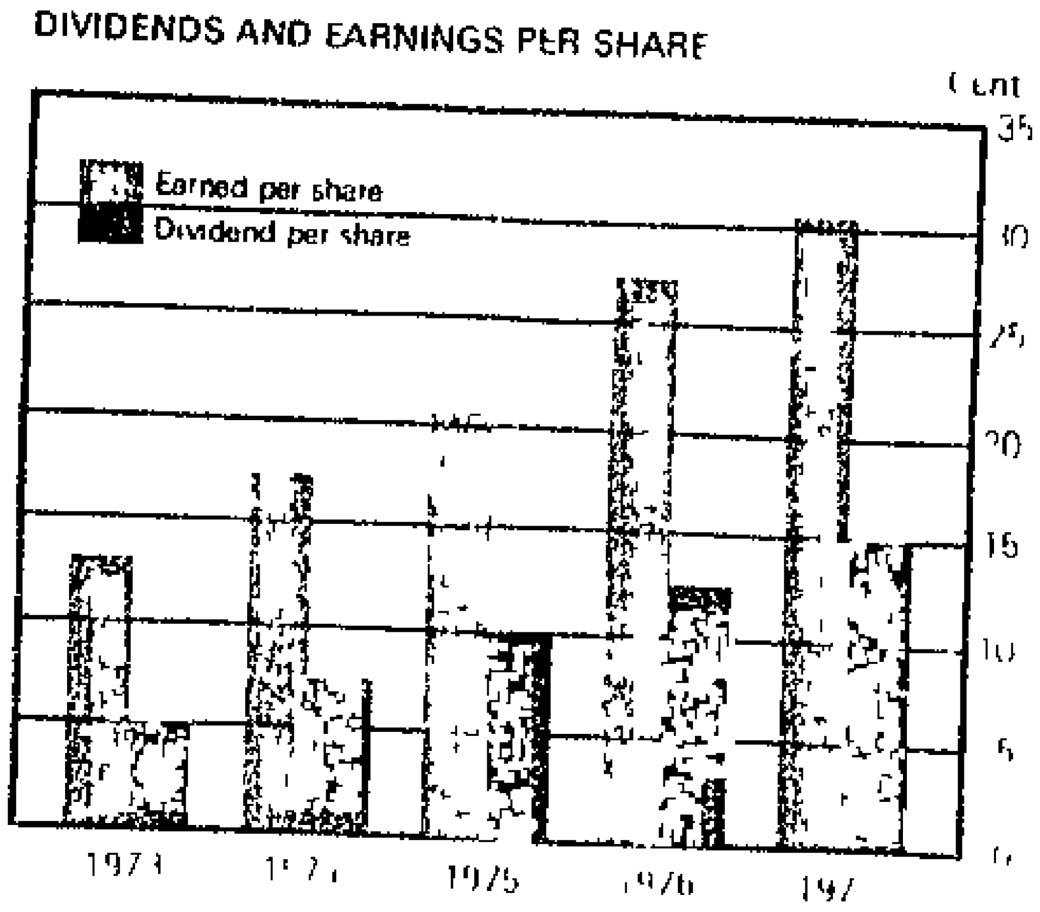
STEEL AND VANADIUM CORPORATION LIMITED

Review by the chairman, Mr W. G. Boustred

In today s difficult trading conditions it is pleasing to report that the corporation s consolidated profit before providing for deferred tax and minority interests showed an improvement on the previous year rising from R28 041 000 to R33 107 000 After providing R11 041 000 for deferred taxation and R1 326 000 for minority interests the net profit of R20 740 000 represented a 30 per cent increase on the 1976 result of R15 908 000 The net profit for the year was achieved after providing for interest charges of R2 797 000 and depreciation of R8 780 000

During the year the issued share capital rose by R9 534 740 from R58 186 030 to R67 720 770 as a result of subscription rights being exercised in respect of 6 342 240 shares by the holders of option warrants attached to the Deutsche Mark and US dollar bonds an issue of 3 120 000 to the vendors for the acquisition of the 65 per cent shareholding in Transalloys (Proprietary) Limited and 72 500 issued to participants in the corporation s share incentive scheme for senior employees. The closing date for option warrant holders to subscribe was December 31 1976 and of a total of 10 800 000 shares 72 per cent were eventually subscribed for during the full currency of the option warrants. The European investors decision to subscribe is an encouraging sign in the current politico-economic climate and is, we believe an indication of their continuing faith in South African industry Despite this 16 per cent increase in equity the after-tax earnings per share increased by 12 per cent from 27,3 cents in 1976 to 30,6 cents

DIVIDENDS AND EARNINGS PER SHARE



In view of the improved results your board decided to declare a final dividend of 10 cents a share which makes a total of 15 cents a share for the year an increase of 20 per cent over the 12,5 cents last year The total dividend for the year will absorb R10 158 000

The group results for the review period are not strictly comparable with the previous periods as they include for the first time the profit of Transalloys (Proprietary) Limited which was R4 607 000 before tax

The additional production facilities in the iron and steel plants were commissioned ahead of schedule and the plate mill should be brought into operation in the first six months of the new financial year thus completing the flat product expansion The fifth furnace at Transalloys was successfully commissioned in June 1977 It is worthy of note that by the year end the group s capital expenditure commitment had been reduced to R18 858 000 from R58 948 000 at the previous year end

As a result of the adverse economic conditions both in the Republic and in the rest of the world, particularly in the second half of the year difficulty was encountered with the marketing of all the corporation s products This necessitated production cutbacks at the Vantra division and at Transalloys The output of rolled products was also reduced and the surplus steel was exported in the form of continuously cast semis The lower export prices associated with the continued high rate of cost increases reduced the profit margins as illustrated by an improvement in pre-tax profit of only 18 per cent despite a 30 per cent increase in turnover

Sales revenue was R144 450 000 and the value of exports at R94 723 000 represented 65,6 per cent of the total turnover compared with 48 per cent last year These export earnings showed a 77 per cent increase on the 1976 figure of R53 601 000

Deferred tax

A provision for deferred tax was introduced by Highveld in the 1974 financial year and in the years 1975 and 1976 the calculated provisions approximated to the then ruling rates of company tax as applied to the corporation s profits This year due to the commissioning of the major iron and steel plant extensions ahead of schedule additional investment allowances are available so that the charge for deferred tax in respect of this financial year of R10 223 000 represents only 35 per cent of Highveld s unconsolidated profit As the new rolling mill facilities will be commissioned during the next financial year, and further investment allowances thus become available the charge should again be below the ruling rate of tax The accumulated provision as at June 30 1977 of R31 952 000 should ensure that the charge for tax in later years does not absorb a disproportionate amount of income earned in those years

On the acquisition of Transalloys it was decided to adopt the same approach to deferred tax as is applied by Highveld As a result R818 000 has been provided during the year bringing the provision for tax on consolidation of the group to R32 910 000 It is expected that Transalloys will pay tax on the profits for the 1978 year but Highveld is not expected to become liable for tax earlier than in the 1979 financial year

Steel

Another difficult year was experienced by the world steel industry in 1976 The apparent recovery in the world economy levelled off in the third quarter, the steel industry suffering a downturn in the fourth quarter While free world production in 1976 increased by 7 0 per cent over the previous year it was 8 0 per cent below the 1974 record year and reports for 1977 to date show no improvement on the 1976 level

The European industry was particularly depressed, which led to reaction against steel imports from Japan, Spain Australia and South Africa with the result that South African steel exports to the EEC have been reduced This growing protectionism in the larger steel consuming countries is of major concern and is not in the long-term interests of the world steel industry

Local steel demand remained low throughout the financial year and domestic orders for the corporation s rolled products amounted to no more than 60 per cent of mill capacity The tonnage of export orders taken for rolled sections was insufficient for the mill to operate at capacity As a result of the additional steel make and a lower mill throughput, the sale of semis, mainly in the form of continuously cast blocks was at a high level of 193 000 tons

As expected the heavy export steel load in both semis and rolled products has put extreme pressure on southern African port facilities The corporation continues to make full use of Maputo despite operating difficulties which have resulted in delays and increased costs However, provision has now been made for a proportion of the corporation s exports to be handled through Durban which will ensure continuity of supply to our customers.

The steel market in the USA began to improve in the second quarter of 1977 mainly as a result of a strong demand for automotive products. However, this improvement is similar to the pattern in 1976 and unless there is a strengthening in the demand for capital goods and construction there must be some doubt about the depth and strength of the USA recovery Europe, and to a lesser extent Japan, remain depressed with little expectation for improvement in 1977

Vanadium market

As mentioned in last year s report the demand for vanadium was sustained by pipeline developments in Alaska Canada, the North Sea and Russia but due to the continuing recession the demand for pipelines has also fallen off, adversely affecting sales of vanadium During the past twelve months additional vanadium production facilities have been commissioned by Highveld and by the major American and Finnish producers As forecast this has resulted in overcapacity at a time when demand is depressed and we believe that as a result of this additional capacity the vanadium market will be well supplied for some years ahead Highveld s own vanadium market development division and Vanitec the Vanadium International Technical Committee are increasing efforts to promote and develop the usage of vanadium-bearing high-strength steels against strong competition from the producers of other micro alloys mainly molybdenum and niobium

The demand for the corporation s vanadium-bearing slag remained firm during the review period, but pentoxide sales were lower in the second half of the financial year In order to balance production against demand three of the kilns at the Vantra division were taken out of operation in December 1976 and the fourth in April 1977. With the current lower demand for pentoxide and the higher supply situation the Vantra division will operate at a substantially reduced level during the next financial year.

Transalloys

In line with all other ferro-alloys prices of manganese alloys fell with lower demand in the second half of the financial year and output was reduced in January 1977. With the commissioning of the new No 5 smelter in June, the two original furnaces were taken off early in the new financial year. During the year Transalloys assumed the supply of Highveld's total manganese requirements which coupled with lower exports, resulted in domestic sales rising to 27,7 per cent of total sales compared with 18,1 per cent in the previous year. The product mix is being reviewed with the aim of further strengthening the domestic sales base.

The profit mentioned earlier was achieved in declining market conditions due to higher domestic sales together with a major cost reducing development in the production of medium carbon ferro-manganese, an achievement which reflects great credit on Transalloys' operating management.

Inflation

It is disappointing to report that operating costs in the iron and steel works rose by 28 per cent, an even higher rate than the 20 and 23 per cent respectively for the two previous years. This was mainly due to price increases in the four major cost elements - power, coal, railage and labour – which together represent 65 per cent of the costs excluding depreciation. These increases were 58 per cent in power, 50 per cent in coal, 28 per cent in railage and 10 per cent in labour, compared with an 8 per cent domestic steel price increase. Since the oil crisis of November 1973 which precipitated the very high rates of inflation the price of coal has increased by 175 per cent, power by 117 per cent and railage by 87 per cent whilst the local steel price has risen by only 59 per cent. In the same period labour costs rose by 52 per cent.

During the period from 1974 to 1976, the increase in the cost of production was compensated by local steel price increases. However the cost increases in the financial year under review rose at a much higher rate than the local steel price, causing serious erosion of profit margins.

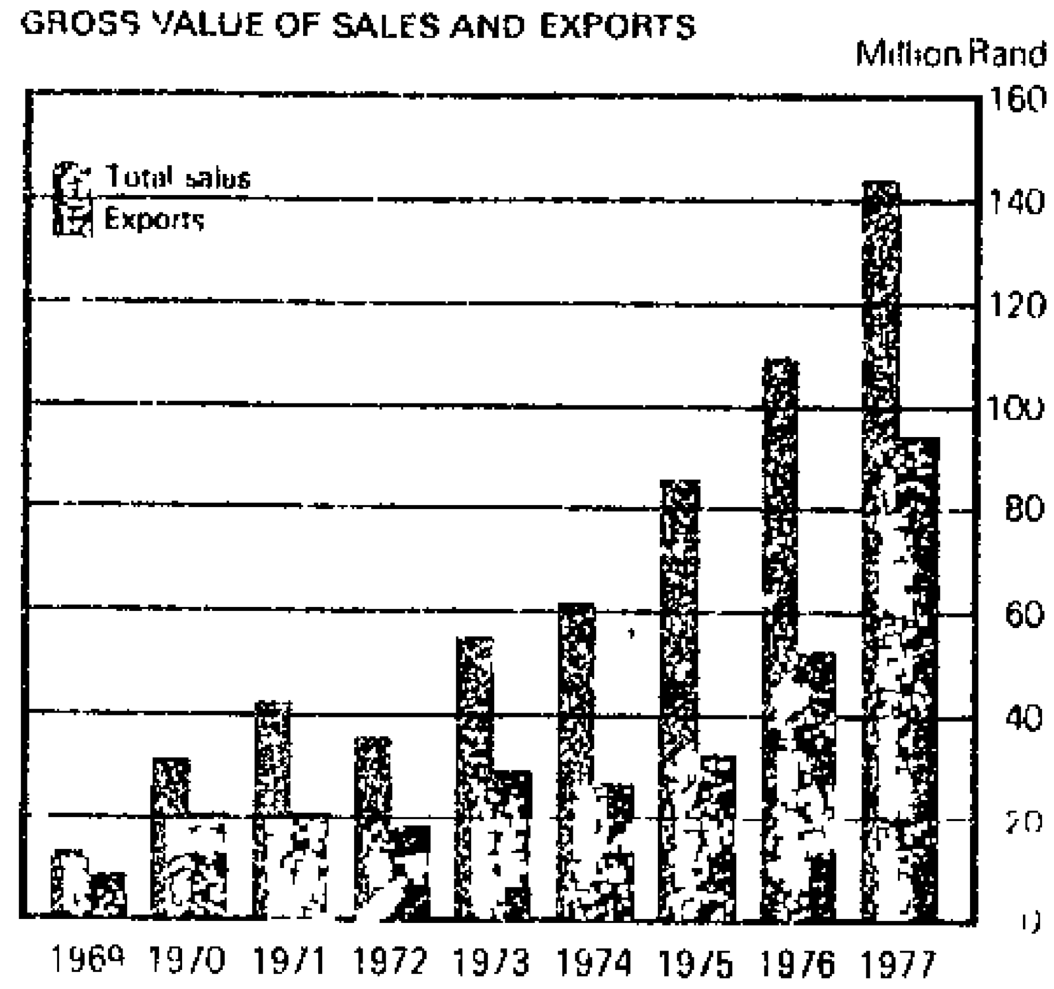
The inflation manifesto made a contribution towards the national effort to contain inflation and notwithstanding the fact that the manifesto period terminated on March 31 of this year it is vitally important that efforts to reduce the current rate of cost increases should continue. Considerable sacrifices will be required from all sectors of the economy in order to achieve this objective.

Expansion

Highveld's sixth iron furnace came into production in October 1976 closely followed by the seventh pre-reduction kiln in December. In May and June 1977 the third shaking ladle emplacement, the third basic oxygen furnace and the slab caster were all successfully commissioned. The continuous casting plant now consists of five machines producing billets, blooms and slabs which makes the Highveld steel plant unique. It reflects credit on our management that all of this equipment was brought on line either on or before the scheduled dates with minimal disruption of current production. The commissioning of the plate mill is planned for August and the eighth pre-reduction kiln for September 1977 to complete the flat product expansion. The fifth smelter at Transalloys was successfully commissioned on schedule in June 1977. It is pleasing to report that these additional investments of more than R90 million will have been mainly financed from the cash flow of the two companies.

The Highveld expansion has resulted in a steel-making and rolling mill capacity of about one million

GROSS VALUE OF SALES AND EXPORTS



tons with a current iron-making capacity of three-quarters of a million tons. Highveld is thus well placed to take full advantage of any upswing in the world steel demand. Furthermore, the next phase of expansion will be based on additional iron-making capacity only, which will be at a relatively low capital cost. The new furnace at Transalloys also ensures that we are well placed to take advantage of any market recovery.

Environmental control

During the year an additional gas cleaning unit was commissioned in the steel plant at a cost of R2 000 000. An order was also placed for an electrostatic precipitator for No 5 pre-reduction kiln to replace the original multiclone cleaning unit. To date R16 000 000 has been spent on emission control, but in order to make it more effective a further R15 000 000 will be required over the years ahead.

The new furnace at Transalloys was commissioned with emission control equipment which, at a cost of R2 800 000 represented 23,2 per cent of the total capital investment. In addition, an order was placed for a bag filter plant for the four original furnaces at a cost of R4 000 000.

Whilst recognising the need for this equipment, it is important to note the very high investment cost, the non productive additional operating cost and the additional energy requirement to operate the units. All of this places an additional financial burden on the industry for which the consumer must ultimately pay.

Labour

The overall availability of labour has improved as a result of the recession but skilled artisans in one or two trades remain in short supply and the long-term need to make better use of our black labour force remains paramount.

The Minister of Labour has announced plans for strengthening the liaison and works committee structure enabling black workers to negotiate with individual managements on conditions of employment. Whilst this is welcomed as a step forward, it only covers negotiations at plant level and until black workers are allowed participation on a national and industry wide basis industrial relations with these workers will not be fully effective in meeting the challenges that lie ahead.

The serious unemployment problem in the Republic, particularly among black workers, gives cause for concern. While government action in curtailing State expenditure over the past year or more has been correct the time may have come when the economy needs some selective stimulus in order to provide more jobs. The view has been widely expressed that construction is an obvious area for stimulation as it consumes local raw materials and would therefore not affect the balance of payments. Furthermore it is labour intensive and if directed towards black urban development could do much to alleviate urban unrest.

Social commitment

Highveld has committed itself to improving amenities for the local black urban community and on June 10 1977 our managing director officially handed over to the authorities a junior secondary school in the Witbank black township. This school, which cost in the region of R120 000 was jointly financed by the corporation and Anglo American Corporation's Chairman's Fund.

Safety

In the NOSA national competition for 1976, the iron and steel works were second in the SEIFSA/NOSA competition, having won it the three previous years. Transalloys were runners-up in the FAPA/NOSA competition, having won it the two previous years and Mapochs Mine was also placed second in its competition, having won it the previous year. While this can be regarded as a fine achievement during a period of major construction work on our plants there is no doubt that significant improvements can be made to our safety programme and there remains much scope for reducing accidents and damage to plant and equipment.

Outlook

The group's additional iron, steel and ferro-alloy production facilities should all be fully commissioned and available during the next financial year. In addition, the commissioning of the plate mill will allow Highveld to participate in a new sector of the domestic market which should result in higher local steel sales. Despite these favourable factors the maintenance of Highveld's excellent profit performance will depend on an improvement in both demand and price for all the group's products in the domestic and overseas markets.

General

I would like to express my sincere appreciation to the managing director and all employees for their loyal and efficient service during another excellent year of operation.

W G Boustred
Chairman August 5 1977

The annual report and chairman's review may be obtained from Consolidated Share Registrars Limited, 62 Marshall Street, Johannesburg 2001

The annual general meeting of members will be held at 44 Main Street Johannesburg on Friday, November 4 1977 at 12h00

FIN MAIL
16/9/77

(189)

APPRENTICES

Placement problems

A potentially serious situation in the training of apprentices in some of Natal's recession hit industries has been averted through action by employers, workers' representatives and the Department of Labour

In the metal industry, for example, 95 apprentices found themselves without sufficient work earlier this year largely because of a decline in the shipbuilding and ship repair sectors James Brown & Hamer ran out of orders, and the re opening of Suez combined with a decline in world trade to reduce repair work

The trades worst affected were plating, plater-boilermaking, electrical and electrical wiremanship Unlike journeymen apprentices cannot be dismissed when there is no work, or have their contracts summarily cancelled Equally, they can hardly learn a trade when there is nothing to do and nobody to train them

In April an action committee was formed Forty-one of the 95 apprentices in the metal industry were transferred to other firms employers secured new contracts to keep another 33 in jobs, nine are still working short time, while efforts are still being made to place the remaining 12, some of whom have asked for their contracts to be cancelled

Seifsa director Errol Drummond is not unduly perturbed He regards Durban as a special case "As far as the country as a whole is concerned, we will still be taking on apprentices in the same numbers because there will be an upturn again and then we're going to be right back with this critical bottleneck of skilled artisans

Shortages of skilled men

"We're still very short in certain key trades - the more sophisticated ones such as electronics electrical, and that type of thing We're also short of certain boilermaking trades in view of the developments which are taking place — Koeberg, Sasol 2, etc"

As might be expected, the building industry has been most severely affected by the economic downturn Nearly 80 (12,4%) apprentices in the Durban and Pinetown area, are without sufficient work The hardest hit have been carpenters (57) and bricklayers (12)

It has been possible to transfer only three men to other employers Six have left the industry and are working elsewhere, 51 are working short-time, and the remaining 18 are twiddling their thumbs

Master Builders' Association president Bob Stevenson notes with concern that last year the number of apprentices registered in the Durban area dropped below 1 000 for the first time for many years As recently as 1974 397 new contracts were registered, compared with last year's 109 This year the figure may be even lower, as Department of Labour figures show only 629 apprenticeships registered in the building trade in Durban Last year there were 978 in the full year

Surprisingly the problem does not exist in the motor industry. The explanation offered is that motor mechanics are being kept fully occupied because people are having their cars repaired rather than buying new ones.

HIGHVELD

STEEL AND VANADIUM CORPORATION LIMITED

(189)

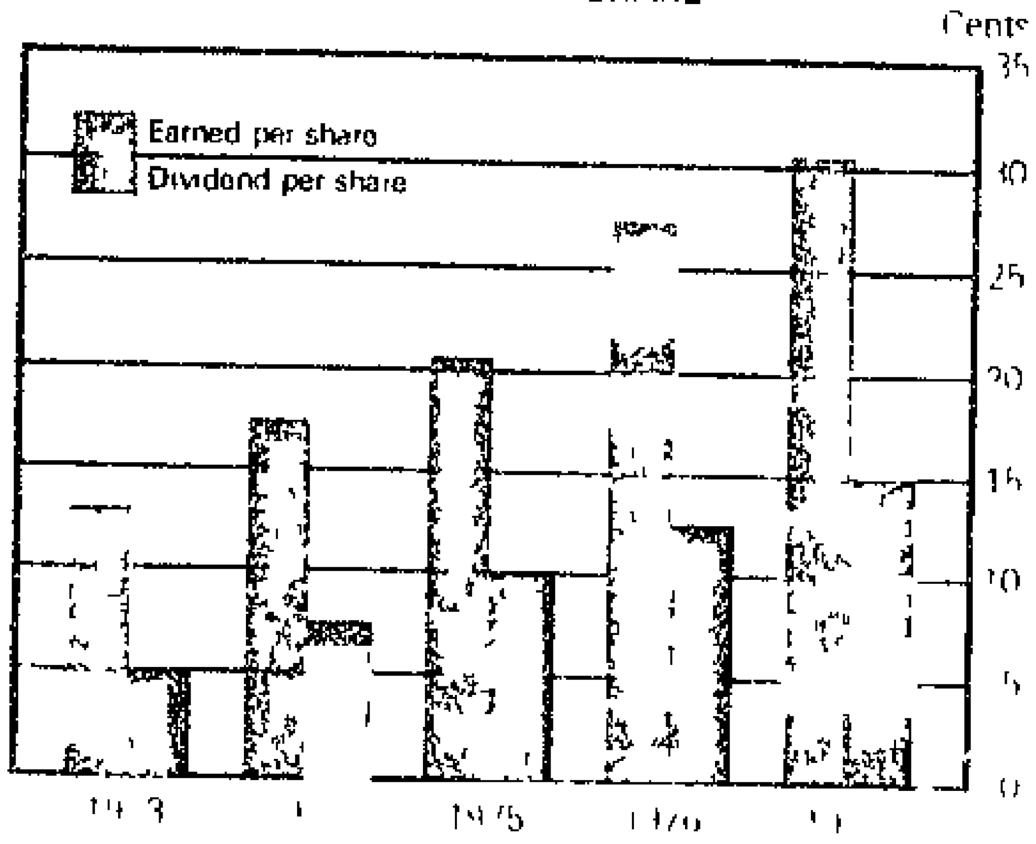
FIN MAIL 16/9/77

Review by the chairman, Mr W. G. Boustred

In today's difficult trading conditions it is pleasing to report that the corporation's consolidated profit before providing for deferred tax and minority interest showed an improvement on the previous year rising from R28 04[illegible] 000 to R33 [illegible] 000. After providing R11 041 000 for deferred taxation and R1 [illegible]26 000 for minority interest the net profit of R20 710 000 represented a 30 per cent increase on the 1976 result of R15 908 000. The net profit for the year was achieved after providing for interest charges of R2 797 000 and depreciation of R8 780 000.

During the year the issued share capital rose by R9 534 740 from R58 186 030 to R67 720 770 as a result of subscription rights being exercised in respect of 6 342 240 shares by the holders of option warrants attached to the Deutsche Mark and US dollar bonds, an issue of 3 120 000 to the vendors for the acquisition of the 65 per cent shareholding in Transalloys (Proprietary) Limited and 72 500 issued to participants in the corporation's share incentive scheme for senior employees. The closing date for option warrant holders to subscribe was December 31 1976 and of a total of 10 800 000 shares 72 per cent were eventually subscribed for during the full currency of the option warrants. The European investors' decision to subscribe is an encouraging sign in the current politico-economic climate and is, we believe, an indication of their continuing faith in South African industry. Despite this 16 per cent increase in equity the after tax earnings per share increased by 12 per cent from 27.3 cents in 1976 to 30.6 cents.

DIVIDENDS AND EARNINGS PER SHARE



In view of the improved results your board decided to declare a final dividend of 10 cents a share which makes a total of 15 cents a share for the year, an increase of 20 per cent over the 12.5 cents last year. The total dividend for the year will absorb R10 158 000.

The group results for the review period are not strictly comparable with the previous periods as they include for the first time the profit of Transalloys (Proprietary) Limited which was R4 607 000 before tax.

The additional production facilities in the iron and steel plants were commissioned ahead of schedule and the plate mill should be brought into operation in the first six months of the new financial year thus completing the flat product expansion. The fifth furnace at Transalloys was [illegible] fully commissioned in June 1977. It is worthy of note that by the year end the group's capital expenditure commitment had been reduced to R18 858 000 from R58 948 000 at the previous year end.

As a result of the adverse economic conditions both in the Republic and in the rest of the world particularly in the second half of the year difficulty was encountered with the marketing of all the corporation's products. This necessitated production cutbacks at the Vantra division and at Transalloys. The output of rolled products was also reduced and the surplus steel was exported in the form of continuously cast semis. The lower export prices associated with the continued high rate of cost increases reduced the profit margins as illustrated by an improvement in pre tax profit of only 18 per cent despite a 30 per cent increase in turnover.

Sales revenue was R141 450 000 and the value of exports at R[illegible]4 723 000 represented 65.6 per cent of the total turnover compared with 48 per cent last year. These export earnings showed a 77 per cent increase on the 1976 figure of R53 601 000.

Deferred tax

A provision for deferred tax was introduced by Highveld in the 1974 financial year and in the years 1975 and 1976 the calculated provisions approximated to the then ruling rates of company tax as applied to the corporation's profits. This year, due to the commissioning of the major iron and steel plant extensions ahead of schedule additional investment allowances are available so that the charge for deferred tax in respect of this financial year of R10 223 000 represents only 35 per cent of Highveld's unconsolidated profit. As the new rolling mill facilities will be commissioned during the next financial year, and further investment allowances thus become available the charge should again be below the ruling rate of tax. The accumulated provision as at June 30 1977 of R31 952 000 should ensure that the charge for tax in later years does not absorb a disproportionate amount of income earned in those years.

On the acquisition of Transalloys it was decided to adopt the same approach to deferred tax as is applied by Highveld. As a result R818 000 has been provided during the year bringing the provision for tax on consolidation of the group to R32 910 000. It is expected that Transalloys will pay tax on the profits for the 1978 year but Highveld is not expected to become liable for tax earlier than in the 1979 financial year.

Steel

Another difficult year was experienced by the world steel industry in 1976. The apparent recovery in the world economy levelled off in the third quarter, the steel industry suffering a downturn in the fourth quarter. While free world production in 1976 increased by 7.0 per cent over the previous year it was 8.0 per cent below the 1974 record year and reports for 1977 to date show no improvement on the 1976 level.

The European industry was particularly depressed, which led to restrictions on imports from Japan, Spain, Australia and South Africa with the result that South African steel exports to the EEC have been reduced. This growing protectionism in the larger steel consuming countries is of major concern and is not in the long term interests of the world steel industry.

Local steel demand remained low throughout the financial year and domestic orders for the corporation's rolled products amounted to no more than 60 per cent of mill capacity. The tonnage of export orders taken for rolled sections was insufficient for the mill to operate at capacity. As a result of the additional steel make and a lower mill throughput the sale of semis, mainly in the form of continuously cast blocks was at a high level of 193 000 tons.

As expected the heavy export steel load in both semis and rolled products has put extreme pressure on southern African port facilities. The corporation continues to make full use of Maputo despite operating difficulties which have resulted in delays and increased costs. However provision has now been made for a proportion of the corporation's exports to be handled through Durban which will ensure continuity of supply to our customers.

The steel market in the USA began to improve in the second quarter of 1977 mainly as a result of a strong demand for automotive products. However, this improvement is similar to the pattern in 1976 and unless there is a strengthening in the demand for capital goods and construction there must be some doubt about the d[illegible] and strength of the USA recovery. Europe and to a lesser extent Japan, remain depressed with little expectation for improvement in 1977.

Vanadium market

As mentioned in last year's report the demand for vanadium was stimulated by pipeline developments in Alaska, Canada, the North Sea and Russia but due to the continuing recession the demand for pipelines has also fallen off and [illegible] affecting sales of vanadium. During the past [illegible] additional vanadium production [illegible] have been commissioned by Highveld [illegible] the major American and Finnish [illegible] has resulted in overcapacity [illegible] when demand is depressed, and we believe that [illegible] this additional capacity the vanadium market will [illegible] supplied for some years. [illegible] vanadium market developments [illegible] the Vanadium International Technical Committee are increasing efforts to promote and develop the usage of vanadium-bearing high strength steels against strong competition from the [illegible] other [illegible] alloys mainly molybdenum and niobium.

[illegible] demand for the corporation's vanadium-bearing slag remained firm during the review period, [illegible] lower in the second half of the financial year [illegible] to balance production [illegible] kilns at the Vantra division were taken out of operation in December 1976 and the fourth in April 1977 With the [illegible] lower demand for pentoxide and the higher supply situation the Vantra division will operate at a substantially reduced level during the next financial year

Transalloys

In line with all other ferro alloys prices of manganese alloys fell with lower demand in the second half of the financial year and output was reduced in January 1977 With the commissioning of the new No 5 smelter in June the two original furnaces were taken off line early in the new financial year During the year Transalloys assumed the supply of Highveld's total manganese requirements which coupled with lower exports resulted in domestic sales rising to 27 7 per cent of total sales compared with 18 1 per cent in the previous year The product mix is being reviewed with the aim of further strengthening the domestic sales base

The profit mentioned earlier was achieved in declining market conditions due to higher domestic sales together with a major cost reducing development in the production of medium carbon ferro manganese an achievement which reflects great credit on Transalloys operating management

Inflation

It is disappointing to report that operating costs in the iron and steel works rose by 28 per cent an even higher rate than the 20 and 23 per cent respectively for the two previous years This was mainly due to price increases in the four major cost elements – power coal, railage and labour – which together represent 65 per cent of the costs excluding depreciation These increases were 58 per cent in power 50 per cent in coal, 28 per cent in railage and 10 per cent in labour, compared with an 8 per cent domestic steel price increase Since the oil crisis of November 1973 which precipitated the very high rates of inflation the price of coal has increased by 175 per cent power by 117 per cent and railage by 87 per cent whilst the local steel price has risen by only 59 per cent In the same period labour costs rose by 52 per cent

During the period from 1974 to 1976 the increase in the cost of production was compensated by local steel price increases However, the cost increases in the financial year under review rose at a much higher rate than the local steel price causing serious erosion of profit margins

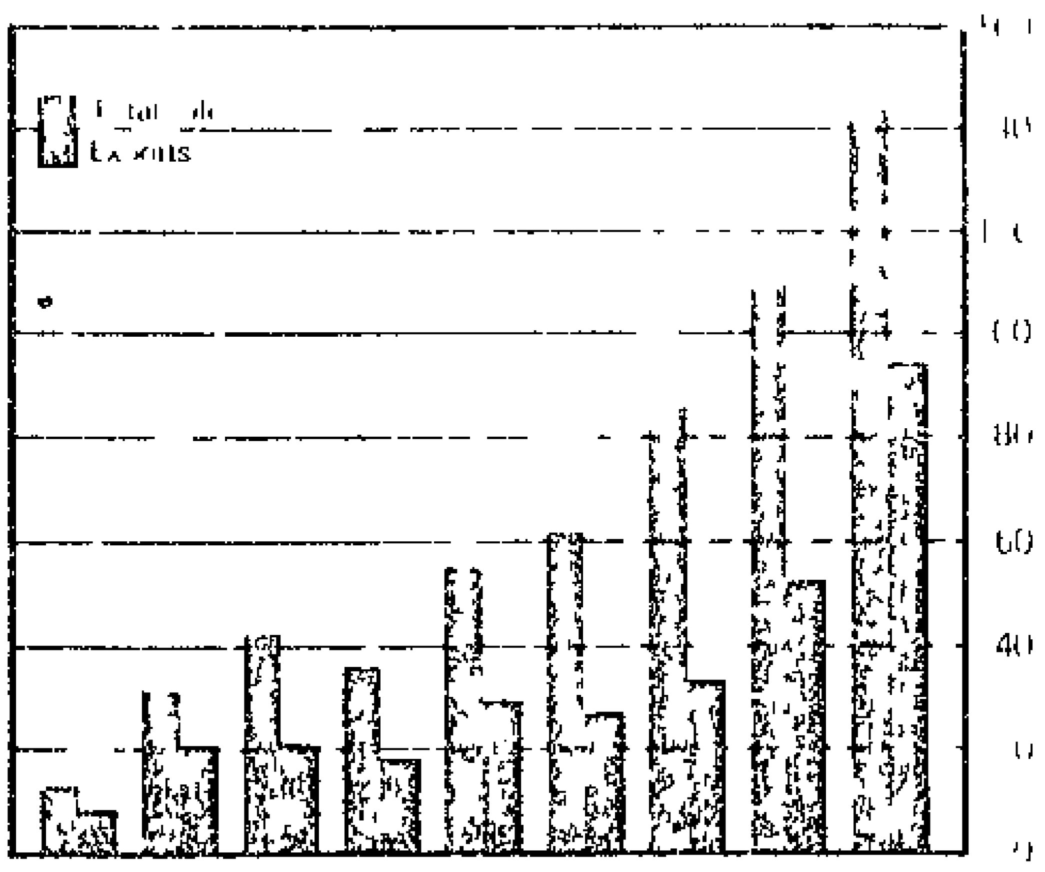
The inflation manifesto made a contribution towards the national effort to contain inflation and notwithstanding the fact that the manifesto period terminated on March 31 of this year it is vitally important that efforts to reduce the current rate of cost increases should continue Considerable sacrifices will be required from all sectors of the economy in order to achieve this objective

Expansion

Highveld's sixth iron furnace came into production in October 1976 closely followed by the seventh pre-reduction kiln in December In May and June 1977 the third shaking ladle emplacement the third basic oxygen furnace and the slab caster were all successfully commissioned The continuous casting plant now consists of five machines producing billets, blooms and slabs which makes the Highveld steel plant unique It reflects credit on our management that all of this equipment was brought on line either on or before the scheduled dates with minimal disruption of current production The commissioning of the plate mill is planned for August and the eighth pre-reduction kiln for September 1977 to complete the flat products expansion The fifth smelter at Transalloys was successfully commissioned on schedule in June 1977 I am pleased to report that the additional investment of more than R90 million will have been mainly financed from the cash flow of the two companies

The Highveld expansion has resulted in a steel making and rolling mill capacity of about one million

GROSS VALUE OF SALES AND EXPORTS



tons with a current iron making capacity of three-quarters of a million tons Highveld is thus well placed to take full advantage of any upswing in the world steel demand Furthermore the next phase of expansion will be based on additional iron making capacity only which will be at a relatively low capital cost The new furnace at Transalloys also ensures that we are well placed to take advantage of any market recovery

Environmental control

During the year an additional gas cleaning unit was commissioned in the steel plant at a cost of R2 000 000 An order was also placed for an electrostatic precipitator for No 5 pre-reduction kiln to replace the original multiclone cleaning unit To date R16 000 000 has been spent on emission control but in order to make it more effective a further R15 000 000 will be required over the years ahead

The new furnace at Transalloys was commissioned with emission control equipment which, at a cost of R2 800 000 represented 23 2 per cent of the total capital investment In addition an order was placed for a bag filter plant for the four original furnaces at a cost of R4 000 000

Whilst recognising the need for this equipment it is important to note the very high investment cost the non productive additional operating cost and the additional energy requirement to operate the units All of this places an additional financial burden on the industry for which the consumer must ultimately pay

Labour

The overall availability of labour has improved as a result of the recession but skilled artisans in one or two trades remain in short supply and the long-term need to make better use of our black labour force remains paramount

The Minister of Labour has announced plans for strengthening the liaison and works committee structure enabling black workers to negotiate with individual managements on conditions of employment Whilst this is welcomed as a step forward, it only covers negotiations at plant level and until black workers are allowed participation on a national and industry wide basis industrial relations with these [illegible] successfully [illegible] that [illegible] [illegible]

[illegible] gives [illegible] Stare expenditure [illegible] more [illegible] been [illegible] economy [illegible] to provide more [illegible] widely expressed that construction [illegible] an obvious area for stimulation as it [illegible] and would therefore not affect the [illegible] of payments Furthermore it [illegible] labour [illegible] if directed toward black urban development could do much to alleviate urban unrest

Social commitment

Highveld has committed itself to improving amenities for the local black urban community and on June 10 1977 our managing director officially handed over to the authorities a junior secondary school in the Witbank black township This school which cost in the region of R120 000 was jointly financed by the corporation and Anglo American Corporation's Chairman's Fund

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Outlook

The group's additional iron steel and ferro-alloy production facilities should all be fully commissioned and available during the next financial year In addition, the commissioning of the plate mill will allow Highveld to participate in a new sector of the domestic market which should result in higher local steel sales Despite these favourable factors the maintenance of Highveld's excellent profit performance will depend on an improvement in both demand and price for all the group's products in the domestic and overseas markets

General

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Chairman August 5 1977

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RDM 16/9/77

Regional (189)

Iscor grants pay rises in spite of likely loss

By GERALD REILLY

ISCOR has granted its workers pay increases totalling R14-million in spite of an expected loss of more than R50-million for the current financial year.

The loss is expected to be announced by Iscor's chairman, Dr Tom Muller, at Iscor's annual meeting at the end of November. Total Iscor losses over the past 3 years exceed R120-million.

Iscor's increases and the increases granted recently to Escom employees has deepened dissatisfaction in the public service

Senior public servants claimed yesterday that if the funds could be found for Iscor increases, there was no reason why public servants should not also get relief from mounting living costs

Iscor and Escom, they say, are State enterprises and should fall under the same umbrella as State departments.

A senior Iscor official said yesterday that trade union members would get 5%, black workers 6% and other workers 4%.

Iscor was strongly advised by its economic advisers to ignore pressure from workers for increases

However, it was pointed out that Iscor, in spite of the recession, still had a shortage of skilled workers

The increases would make the corporation more competitive in the labour market, it was claimed

In the corporation's annual report at the end of next month the steep rise in costs are expected to be heavily emphasised

Iscor is a big user of power — Escom's rates have escalated by more than 60% in the past two years — and of coal.

There is, therefore, strong justification for another increase in the price of steel, and this will also be stressed in the annual report.

189

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CAPE TIMES 16/9/77

Pay rise for Iscor workers

PRETORIA — Iscor has granted its workers increases totalling R14m in spite of an expected loss of substantially more than R50m for the current financial year

The loss is expected to be announced by Iscor's chairman, Dr Tom Muller, at the end of November

Total Iscor losses over the past three years exceed R120m

It is claimed that as Iscor has a shortage of skilled workers, the increases will make the corporation more competitive in the labour market.

R80m explosion at Iscor

CAPE TIMES 17/9/77

Steel output cut 60pc

189

NEWCASTLE. — The general works manager at the Iscor plant here, Mr Floors Kotze, said yesterday that the series of explosions which wrecked the R80m No 5 blast furnace on Wednesday had cut the plant's steel production by about 60 percent

Mr Kotze said it would be a week to 10 days before the cause and the extent of the damage could be assessed and the duration of the repair work estimated.

He said apparently molten iron had burst through the outer walls of the furnace, causing an explosion when it made contact with the wet ground outside.

Mr Kotze described the damage as "fairly extensive". No one was injured. — Sapa

D.D. 11/10/77

(189)

Unchanged flow in orders for steel

JOHANNESBURG — No change in the flow of orders to the metal and engineering industries was reported in August, for the third consecutive month. The flow is reportedly weak, but not worsening.

Nevertheless, trends in some sectors show slight but continuing improvement, and these include household electrical appliances, which can be attributed to seasonal restocking.

Local demand on the steel mills and on the large general engineering sector continue to decline. In contrast, there are now comforting indications that overseas demand for steel products is strengthening slightly.

Reports to Seifsa of working hours in the metal and engineering sectors signify a mild corrective to the previous month's disquieting feature of an upward trend in shorttime work hours.

The steady fall in the order intake from the agriculture sector is reflected in a slacking in the tempo of production. The sector, generally, is working far below capacity.

With motor vehicle sales more or less bottomed, some replacement demand can be anticipated following the introduction of new car models. Nevertheless, business conditions show little sign of improvement, and the call-off from the assembly plants for components reflects no recovery during August.

Although it remains difficult for the steel mills to find adequate overseas markets for the surplus tonnages of rolled steel products, which cannot be sold on the South African market, there are welcome signs that overseas demands are improving. Competition and trade obstacles still continue to affect the ferro alloy sector and price levels. — DDC

Iscor confident on coking coal

EDM 24/9/77

189

Industrial Editor

ISCOR appears confident it has found the solution to its coking coal problem in the deposits of coal that have been discovered at Ellisras and in the Venda homeland in the Northern Transvaal.

The corporation does not believe it will have to use briquette technology which, through a blend coking process, enables steel producers to use non-coking coal previously considered unsuitable for steel

Iscor still has the problem, however, of finding the cash to fund the exploitation of these deposits

With the Venda deposit estimated to be about 100-million tons, which Iscor envisages can be mined at a rate of a million tons a year, the corporation has turned to the mining industry for help About R90-million is needed to develop a mine

Several mining companies are carrying out investigations and have yet to decide whether they are prepared to participate in a mining project with Iscor in the Venda homeland Iscor is confident that they will

At Grootegeluk in the Ellisras area, Iscor is keen on developing a mine on its own But at this stage it has still to find the cash The sale of the rail link between Sishen and Saldanha Bay to the Railways was to have offered a solution, but this is no longer the case

It will be several years before Iscor will be able to make use of either of the two mining prospects The shortage of coking coal remains a problem for the corporation which will probably have to continue importing part of its needs for blending with South African low-ash coal

According to a spokesman, Iscor while still confident it will not now have to resort to briquette manufacture to meet its coking requirements, is still keeping pace with developments in this field and believes it has as comprehensive a knowledge of the technology as any in the steel in[illegible]

[illegible] this area is [illegible]tention in view of [illegible]ing demand for hard [illegible]al throughout the w[illegible]

The Nippon Steel Corporation of Tokyo has developed its briquette technology to the commercial stage and is marketing the process Its first order is to the Pohang Iron & Steel Company in Korea

The order is for a briquette manufacturing plant with a daily capacity of 1 785 tons The plant is scheduled to be completed by November, 1978

Nippon Steel's process diverts 30% of fine coal for the coke ovens from a conveyor to the briquette production facility, where binding material is mixed in and briquettes are formed by a double roll machine

Enamel growth

Sun Trib 21.8.77

(187)

HENDLER and Hendler, one of the country's leading manufacturers of enamelware is successfully exporting it products to a large variety of world market-places to the tune of R2 million a year

"And," says export manager Ashley Levinson, "the company is confidently looking to maintaining its export growth rate of ten percent a year."

Hendlers first broached the export field nine years ago, with its range of "Pointerware" (porcelain clad steel) pots.

"But," says Levinson, "it is only in the last five years that the programme has really been of serious worth. The four years before that were spent knocking on doors and trying to get into this highly competitive business."

Levinson and his export team are continually promoting their brand image in the North American European and Australasian markets to which they export. Cut price Far Eastern and Spanish products are always a threat. And he says, the only way to combat this is to maintain an image of quality.

Most of the competition is directed at the lower quality end of the enamelware range, and Hendlers have had less of a struggle in the top-end of the market. Levinson points out that only about four or five factories in the world are capable of the same standards of product in the high-quality field with Germany the most aggressive of the opposition.

While rising costs, particularly the cost of steel, have been a problem, Hendlers have maintained their competitiveness mainly due to the lower labour costs in South Africa in what is a highly labour-intensive field.

Also of advantage is the fact that the US is not a major manufacturer of enamelware, and Hendlers have only to fight European competition for that market.

Other markets require more attention, and Levinson's export team is extremely active in maintaining market share in the most competitive of these. An activity which has met with success as that R2 million in foreign exchange highlights.

EXPORT SUCCESS

Entries are still rolling in for the Sunday Tribune/Safto Exporter of the Year Award, but there is still time for you to enter. If you are an exporter (large or small) and you feel you have made a contribution to the better balance of payments situation, phone Tribune Finance, Durban 324324, Ext 372.

Iscor spends R2,5 million on better steel

Sun Trib Bus 1/10/77

189

Finance Reporter

ISCOR is currently spending R2,5 million for the production of better steel. Two new desulphurisation plants, one with a capacity of 3,[illegible] million tons a year and the other with a capacity of 2 million tons, have been commissioned at the Vanderbijlpark and Newcastle works. The installation costs will be R1,5 million and R1[illegible] million and they are expected to bring about considerable savings in steel production costs in the long run.

A spokesman for Iscor explains that an excess of sulphur in the steel adversely affects the quality. Previously metal has been produced that could not be used in the oxygen furnaces because of an excessive sulphur content. This hot metal would then be classed as under-grade pig iron selling at a much lower price than steel — resulting in a financial loss to the corporation.

Sodium carbonate was also used to lower the percentage of the sulphur in the steel. But this chemical is imported, it causes pollution and it has a corrosive effect on the linings of the ladles and blast furnaces.

The new desulphurisation plants use calcium carbide which is obtainable locally and causes no pollution.

The process by which desulphurisation is effected through the use of calcium carbide was developed by the steel concern of August-Thyssen Hutte of West Germany from which Iscor acquired the know-how to operate the two plants.

Enamel growth

Sun Trib 3/4/77

(149)

HENDLER and Hendler, one of the country's leading manufacturers [illegible] successfully exporting its products to a [illegible] variety of [illegible] [illegible] to the [illegible] of [illegible] [illegible]

"And," says export manager Ashley Levinson, "the company is confidently looking to maintaining its export growth rate of ten per cent a year."

Hendlers first broached the export field nine years ago with its range of Pottery [illegible] (porcelain clad steel pots).

"But," says Levinson, "it is only in the last five years that the [illegible] [illegible] has really been [illegible] serious growth. [illegible] [illegible] that [illegible] knocking on [illegible] [illegible] to [illegible] into the [illegible] competitive [illegible]."

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Most of the competition is directed at the lower quality end of the [illegible] range, and Hendlers have had less of a struggle in the top-end of the market. Levinson points out that only about four or five factories in the world are capable of the same standards of product in the high quality field, with Germany the most aggressive of the opposition.

While rising costs, particularly the cost of steel, have been a problem Hendlers have maintained their competitiveness mainly due to the lower labour costs in South Africa in what is a highly labour-intensive field.

Also of advantage is the fact that the US is not a major manufacturer of enamelware, and Hendlers have only to fight European competition for that market.

Other markets require more attention and Levinson's export team is extremely active in maintaining market share in the most competitive of these. An activity which has met with success as that R2 million in foreign exchange highlights.

RDM 8/10/77

189

Heavy industry still looking for orders

BUSINESS conditions remain depressed, according to the Steel and Engineering Industries Federation of South Africa.

It says there was no change in the flow of orders in August for the third consecutive month

"The flow is reportedly weak, but not worsening," says the Seifsa report, adding that trends in some sectors show slight but continuing improvement

South African demand on steel mills and the large general engineering sector continues to decline, it says, but there are now comforting signs that overseas demand for steel products is strengthening

Reports of working hours in the metal and engineering sectors "signify a mild corrective to the previous month's disquieting feature of an upward trend in short time work hours."

A sector-by-sector reports shows

• Agricultural and irrigation machinery and implements: The steady fall in the order intake from the agriculture sector is reflected in a slackening in the tempo of production The sector is working far below capacity.

• Automotive component manufacture· With motor vehicle sales more or less bottomed, some replacement demand can be expected following the introduction of new car models. Nevertheless, business conditions show little sign of improvement and the call-off from the assembly plants for components reflects no recovery for August.

• Iron, steel and ferro alloys: Although it remains difficult for the steel mills to find adequate overseas markets for the surplus tonnages of rolled steel products, which cannot be sold on the South African market, there are welcome signs that overseas demand is improving. Competition and trade obstacles continue to affect the ferroalloy sector and price levels

• Vuilding industry supplies: The sector, which comprises plumbers' brassware, builders' hardware and metal doors and windows shows a marked downturn in order intake.

• Tlectric cables: Business conditions are poor and August reports reflect a further slight deterioration.

• Tlectrical machinery: Conditions remain steady for electric motors, transformers and switchgear, but there are improved orders in the domestic appliance manufacturers.

•Moundries The steel, iron and non-ferrous foundry sectors continue to report weak demand and substantial under-use of capacity

• Beneral engineering: Activity in this large sector continues at below normal production levels, and with an insufficient order intake there are no indications that it is near a turning point in the downswing.

• Deavy engineering. August reports reflect a slight improvement in orders, but production levels, in spite of orders for railway rolling stock, remain below normal.

• Uight metal manufacture· Although the downtrend continues to level out, business conditions show no signs of an upturn

• Son-ferrous metals and semis· The trend of orders and production continues downward and has reached low levels. This may be ascribed in part to falling copper, zinc and lead price trends and consequential further lowering of stock levels.

• Glastics manufacture· Although orders are improving over the low levels in the second quarter, conditions remain poor

• Ohipbuilding and repairs· Although shipbuilding yards are able to maintain near-normal production, concern is expressed at the lack of new orders Ship-repair work remains steady, but is below normal.

• Otructural steel and reinforcing steelwork· Power station, Sasol 2 and other public sector projects continue to provide important support for this sector, which would otherwise be in considerable difficulty The general level of demand and production remain nevertheless well down on normal levels

• Aubes and pipes Production, although well below plant capacities, is improving. Order intake continues to be disappointing — Sapa

Warning of world steel trade war

Mercury Correspondent 11/10/77 (189)

LONDON — World steel industry leaders were warned that there could be a steel trade war if manufacturers resorted to protectionism. Common Market Commissioner for Industry, Vicomte Etienne Davignon made the warning on the eve of the international Iron and Steel Institute's annual conference in Rome.

The sharp words were especially directed against United States manufacturers, who filed anti-dumping suits against some importers.

Two big United States companies are also planning anti-dumping actions against British Steel and other European and Japanese steel makers.

Vicomte Davignon said the industry could not solve its problems by closing its markets. It would simply create a trade war

American companies are basing their anti-dumping suits on the basis that steel imports from British, European and Japanese manufacturers rose by 16 percent.

Imports

Nearly one fifth of U.S. requirements of steel are supplied by imports. U.S. manufacturers believe that European producers are worse offenders against U.S. anti-dumping regulations than the Japanese.

Commodities Research Unit Limited (Cru), says that capacity utilization in European steel plants fell to the alarmingly low level of 54 percent during August. Cru believes that the European steel industry is in a worse plight than the industry in North America and Japan.

Vicomte Davignon designed a strategy to restore a viable price structure in European steel markets. But this plan has been threatened by stockholders outside the EEC's control.

Major European steel companies are using stockholders to dump steel on to each other's markets.

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pulchella, Buddleia salviifolia, Euclea lanceolata, Rhamnus prinoides and Halleria lucida.

RDM 21/10/77 (189)

Seifsa calls for further stimulus in soft areas

FURTHER restimulation of the economy in those sectors and industries where an oversoft situation has developed was called for yesterday by the president of the Steel and Engineering Industries Federation, Dr J P Kearney.

He told the annual meeting of Seifsa in Johannesburg that in spite of the adverse effects which overstimulation would generate it was necessary to bring about a selective upswing and to reverse the continued downtrend

This was because of not only overall economic considerations, but the socio-economic implications of the growing number of unemployed

Underused capacity was the order of the day, with output decreasing, accompanied by problems in keeping labour in full employment

In a number of Seifsa sectors, substantial lay-offs of labour had occurred and in an attempt to mitigate the social consequences, work had been spread over the available labour force in many plants Short time had been introduced to keep people occupied

A number of Seifsa sectors had been adversely affected as a result of spillovers affecting them, resulting in similar downtrends being experieneced by secondary industry in general

These included the large-scale drop in building and construction, marked slowdowns in motor assemly plants, cutbacks and postponements in certain important capital investment projects and a drop in expenditure in public sector and infrastructure schemes

Dr Kearney said that on the positive side, certain sectors as far as Seifsa was concerned were already benefiting from the work load from the Sasol 2 project Certain regions were worse hit than others The coastal areas were particularly hard hit because of the economic conditions in those areas

The fortunes of the metal and engineering industries group as suppliers of capital plant and equipment and service industries and suppliers of durable consumer goods were particularly sensitive to and reliant on the economic performances of other groups, investment and consumer demand

Nevertheless, the groups — particularly in the iron and steel sector — had been able to increase their export performances by volume, notwithstanding a drop in South African demand for their basic products

This had been done in spite of the difficult conditions in the international market The ferroalloy producers had maintained, and in some cases bettered, their export performances

The going for these two important sectors of the Seifsa group would become more difficult unless there was an upturn and a revival in the economies of South Africa's overseas trading partners

Financing costs for investment programmes continued to be high The economic downturn situation, as well as the incidence of corporate tax and the finding of even reduced inventories and work in progress, had put many companies into overtight cashflow situations

There was a tendency for the capital goods of overseas manufacturers to be credit financed at nominal rates of interest and to allow South African buyers to secure deferred payments terms

This, he said, was particularly significant in contracts whre project finance was provided These deferred credit facilities made it difficult for contractors to compete

If similar facilities were made available to South African manufacturers, this would equalise their competitive position, not only in the home market but in export markets — Reuter

MR W N Randell, of African Cables, was yesterday elected president of Seifsa.

Vice-Presidents are Mr C D Ellis, of Dorman Long, Vanderbijl Corporation; Mr R T Shaw, of Cementation Engineering (Pty); and Dr Kearney, of SA Manganese Amcor. — Sapa.

30/10/77 Sake-RAPPORT SAKE-R

Miljoene -eis in lug

RAPPORT (89)

Sake-RAPPORT het nou vasgestel dat Dorbyl die leweransier is wat die toerusting moes verskaf waarna mnr De Villiers verwys het.

Yskor

'n Woordvoerder van Sasol wou nie op mnr De Villiers se kommentaar uitbrei nie en wou nie bevestig of ontken dat daar 'n geding teen die verskaffer

P. T.O

SASOL KNOR VIR DORBYL

Deur DAVID MEADES

DIE feit dat 'n Suid-Afrikaanse kontrakteur „kritiese" toerusting na lang vertragings nie aan Sasol kon lewer nie, gaan waarskynlik tot 'n geding lei waarby miljoene rande betrokke kan wees.

Hierdie toerusting sal nou ook ten duurste uit die buiteland ingevoer moet word.

Die Suid-Afrikaanse kontrakteur is Dorman Long Vanderbijlkorporasie (Dorbyl), wat op sy beurt weer 'n onregstreekse filiaal van 'n ander groot staatskorporasie, Yskor, is

Mnr David de Villiers, voorsitter van Sasol, het Donderdag op hierdie korporasie se jaarvergadering bekend gemaak dat Sasol se gasuitbreidingsplan op Sasolburg 'n ernstige terugslag ondervind het

Dit het gebeur toe dit na lang vertragings geblyk het dat kritiese vergassingstoerusting nie deur die leweransier voltooi en aan die projek gelewer kon word nie

Om die produksieverlies so laag as moontlik te hou, moes onmiddellik reelings getref word om toerusting wat vir die Sasol II-vergassingsaanleg bestel is, na Sasolburg te stuur

Mnr De Villiers het gesê

MNR. DAVID DE VILLIERS . . . het as voorsitter van Sasol op die jaarvergadering gekla

dat die vertraging in die voltooiing en inbedryfstelling van die gasuitbreidingsplan 'n aansienlike produksieverlies meegebring het, wat tot in die lopende boekjaar sal voortduur.

aanhangig gemaak gaan word nie

Sake-RAPPORT verstaan egter dat Sasol wel stappe beoog, 'n syfer van 'n paar miljoen rand word genoem

Dorbyl is een van die land se voorste swaar ingenieursgroepe International Pipe and Steel Investments South Africa (IPSA) het 'n belang van 56 persent in Dorbyl Yskor het op sy beurt weer 'n belang van 50 persent in IPSA, terwyl die British Steel Corporation 'n belang van 35 persent en Anglo American 'n belang van 15 persent het

189

SUNDAY TIMES, Business Times, October 2, 1977.

'Too many computers in SA' bureaus claim

By TONY KOENDERMAN

SOUTH Africa is heavily over-supplied with computers, according to the Computer Services and Bureaus Association (Cosba).

Not surprisingly, there's sharp disagreement from the big companies in the business of supplying computers, especially as the rapid decline in the cost of data processing makes any surplus capacity ever less expensive

Cosba president Dave Teron reckons that the country's huge installed base of computers worth an estimated R450-million, is at least 50 per cent underutilised

Mervyn Smythe, another Cosba executive member goes so far as to say that it wouldn't matter if there was a ban on importing mainframe computers for the next three years

Strong views, but Messrs Teron and Smythe claim they have enough evidence to demonstrate that some users would be well advised to scrap their expensive hardware and switch to using the services of a bureau

An example given by Mr Smythe involved his own bureau operation, Automated Business Systems

"A client of ours, Ellerine's, had on order a computer which would have cost them about R10 000 a month," he said "We were able to show them they could get the same service from our bureau — at 60 per cent of the cost "

Another example was a leading public company with a computer costing R24 000 a month, which is only in use for 25 per cent of the 700 hours of available monthly time

It is in use during normal office hours, but is switched off at night and weekends A bureau cuts costs by using off-peak time, sharing its capacity between a number of different users, and running continuously if necessary

Some bureaus do not have their own computer, but buy spare time on in-house installations and thus help to reduce the costs of renting the hardware

However, one computer man pointed out that the steady growth of interactive processing means that for many companies the computer has to be available during office hours

Inter-active processing is when the user is responding to each set of results in order to feed in the next instruction The opposite to this is batch processing, when a batch of figures is fed in and the computer is left on its own to process them

It is felt by many mainframe suppliers that the main use of computers in future will be during working hours

Another point is that the cost of spare capacity is coming sharply down For example, if you upgrade from an IBM 168 computer to a 3033, the latest addition to the range, you nearly double your capacity for 80 per cent of the cost

The 3033 can perform 4-million instructions per second (1,8 times as many as the 168), but at 80 per cent of the price

There is also considerable scepticism among mainframe suppliers about the claim that there is 50 per cent spare capacity in the industry

"It's nearer 15 per cent, and that's not much when you consider growth needs," I was told

Martin le Roux, market development manager at ICL, says that while many computer users have their hardware in use for only six hours a day, the benefits to them are greater than if they switched to a bureau

ICL, one of the leading the computer' suppliers in country, also runs nine bureaus — the most extensive network in South Africa

Mr le Roux says that both sides of ICL's business are growing rapidly, but he doesn't believe there is a swing from in-house computers to bureaus

Cosba, however, argues that computer users should not plan for peak loads, but should call in a bureau when the peaks arise

The issue will be thrashed out at a Cosba seminar in Johannesburg on October 20 covering the advantages of using a service organisation in tough economic conditions

However, leading mainframe suppliers are prominent by their absence from the large panel of speakers

The total turnover of the computer service industry is estimated at R55-million a year, of which 80 per cent is done by bureaus

There are about 50 bureaus in the country, and Cosba, with 35 bureau members and 15 other members, represents a substantial slice of the bureau industry

RDM 20/10/77

189

JB and H sells Broderick

JAMES BROWN & Hamer, the Anglovaal marine and industrial engineering concern in Durban, has sold its 52,7% shareholding in Broderick Investments to Dorman Long for R3 073 000. The sale will produce a capital profit of R531 000.

The cash inflow will enable JB & H to meet its loan repayment commitments and, at the same time, put it in a position by which it will be able to fund more easily any increase in the general level of business activity.

JB & H says that at this stage it is not possible to assess accurately the effect of the sale on its share earnings.

However, it is expected that the Broderick dividend will be more than offset by interest savings following the cash injection.

STEEL FM 21/10/77

Against all odds

189

Indications that Iscor will soon top last year's 5,1 Mt steel output confound the desperate downward trend of the metal worldwide

• While Japanese majors struggle to cut stocks, Europeans limp on half-capacity production and Americans push a wad of dumping charges, SA's main (73%) producer seems to be riding the global crisis with uncanny confidence

Foreign steel scrap markets have collapsed Yet the 100-odd local scrap merchants are now dealing at prices higher than a year ago.

"We're taking all the scrap on offer and handling about 1 Mt a year," says Ferrous Scrap Distributor (Scrap Pool) GM Jack Weir He adds that the situation isn't rosy but the market is being maintained

Not so overseas steelmen Japanese enjoying the first tentative signs of modest recovery hope that fourth-quarter output, according to October's London-based Commodities Research Unit, will be "about 8,23 Mt a month or 64% working capacity"

European steelmakers, working at an average 54% capacity, "have moved from gloom to despair" on discovering that Japanese steel is allegedly being dumped into the EEC via stockholders and Swedish dealers.

Desperate Common Market producers are confusing the market even more by dumping, again through stockholders, glut shipments on each other Only in America are steelmen concentrating on international politics rather than cutting prices to match European rates which, for US steelmakers, would be suicidal

Having forced the Japanese to restrict voluntarily exports to its shores, the US producers are turning their big anti dumping guns on Europe with the French reeling under the first salvo of indictments and the British and Italians coming into line for the second broadside

Even with US mills retaining a 70% utilisation capacity, opposition is building up to European steel shipments which jumped this year from 19% to 36% of the metal's import market At the same time, the Japanese, fearing a backlash against their 60% domination of the import sector cut shipments back to 41%

Iscor production has been maintained against lack of demand in local construction, engineering and motor sectors, by a timely export fillip expected this calendar year to pass the 1 Mt mark

Another indication of SA's comparatively healthy steel sector comes from the Scrap Pool's Weir who says that, because the local market is absorbing all scrap steel coming through his distribution office, the price rose in July 1975 and June 1976

Conversely from a March 1976 peak to last month, average world scrap steel prices per ton have plunged US $89 to $59 (and now to $50)

THIRD WORLD THREAT

With steel demand low everywhere and new producing plants popping up all over the place, particularly in the developing world, competition is cut-throat The result is increasing calls for protectionism or, at least, new international agreements controlling trade in steel

In Rome more than 300 international steelmen got a full dose of gloomy analysis and demands for trade restrictions at the annual meeting last week of the International Iron and Steel Institute

IISI forecasts that world demand for steel is only likely to grow by about 1,5% a year until 1985, against an historical average growth rate of between 4% 5%

Between 1978 and 1985 the IISI expects European and North American steel capacity to grow by 9,1 Mt but in the Far East, the expansion will be 26 9 Mt and in Latin America 17 4 Mt

This shift of productive capacity to the developing world is causing growing problems for European and US Steel industries The European industry is losing its traditional export markets while, at the same time, both Europe and the US are being flooded with cheap imports

The European Common Market countries have already negotiated voluntary export restraint agreements with disruptive exporters like Japan, and even SA, and are now offering a similar agreement covering their own sales to the US, if Japan does the same In this way they hope to defuse growing protectionist pressures

Anglovaal koop Tristeel

139

SAKE-RAPPORT 23/10/77

ANGLOVAAL gaan 'n beherende belang in Trident Steel, een van Suid-Afrika se grootste staalhandelaars, teen 'n bedrag van R1 125 000 verkry.

Die maatskappy hanteer 'n omvattende reeks staalplaat-, blad en seksiesdiens asook 'n volgens maat gesnyde diens in beide die plaaslike en die uitvoermarkte. Trident se huidige belaste wins oorskry R1 miljoen per jaar.

Hierdie lonende en goed bestuurde onderneming is verkry van sekere aandeelhouers wat om persoonlike redes hul aandele wou verkoop. Die huidige bestuur het ingestem om by die maatskappy te bly.

Trident Steel is in 1972 gestig en het sedertien dramatiese jaarlikse toenames in wins getoon. 'n Woordvoerder van Anglovaal het aan Sake-RAPPORT gesê daar is geen moontlikheid hoegenaamd dat enige addisionele kapitaal in Trident gestort hoef te word nie.

● Die verkryging van Trident Steel moet binne die raamwerk van Anglovaal se algehele mynbou en nywerheidsbelange gesien word. Dit sal die groep mooi aanvul.

(189) 23/10/77

KENNISGEWING AAN AANDEELHOUERS

Plate Glass & Shatterprufe Industries Beperk ("PG")
Placor Holdings Beperk

VSA-VERKRYGING

Onderhandelinge is aangegaan vir PG se internasionale filiale om 100% van Sunglo Glass Company ("Sunglo") van Los Angeles te verkry wat handel dryf in 11 state op die Weskus van Amerika onder die naam National Auto Glass en West Coast Glass Distributors

Sunglo, wat 25 jaar gelede gestig is, versprei en pas veiligheids glas vir motorvoertuie – 'n onderneming wat ooreenkom met dié wat reeds vir 50 jaar deur PG in Suid-Afrika bestuur word Vir die afgelope 4 jaar voer PG na Sunglo kar- en -trokwindskerms uit wat deur sy filiaal in Port Elizabeth vervaardig word

Sunglo het tans 11 pakhuise en 18 volkleinhandelafsetgebiede wat in die jaar geeindig 31 Oktober 1976 verkope van $14-miljoen behaal het Boonop word dit verteenwoordig deur 178 onafhanklike werkers onder die naam National Auto Glass

Die aankoopvergoeding van $3,3-miljoen sal ten volle gefinansier word uit fondse wat deur PG in die Verenigde State verkry word Onderhewig aan die afhandeling van formaliteite sal die aankoop vanaf 1 November 1976 van krag wees Dit sal aanvanklik geen wesenlike uitwerking op of die netto batewaarde of aandeelverdienstes van PG hê nie, maar bied aantreklike vooruitsigte vir die toekoms

Paul Markiles, n direkteur van PG en hoofuitvoerende beampte van PG se glasafdeling in Suidelike Afrika sal die bestuursbeheer van Sunglo in Los Angeles aanvaar Sy verantwoordelikhede vir PG Glass Holdings (Pty) Limited is deur Ronald Hesp oorgeneem wat voorheen in beheer was van PG se glasaktiwiteite in Wes-Kaapland

HANDELSBELEID

PG volg 'n beleid om sy sake te konsentreer in die gebiede waar hy oor vaardigheid en kundigheid beskik – die verkoop van glas, werkhout en plankprodukte plus bouersbenodigdhede – en het oor 75 jaar 'n leier in hierdie bedrywe in Suidelike Afrika geword Groeigeleenthede oor die langtermyn word beskou om te lê in geografiese diversifikasie in gebiede waar PG se bewese tegnieke toegepas kan word
Hierdie beleid het gevorder tot 'n stadium waar by afhandeling van die Sunglo-aankoop, PG in 4 kontinente gevestig sal wees met

296 kantore en afsetgebiede in Suidelike Afrika
56 in Australie
29 in die Verenigde State
3 in Europa

In die langtermyn sal hierdie internasionale bedrywighede geleentheid bied vir byvoeging tot die groei van verdienste uit 'n verskeidenheid marke Dit behoort by te dra om daardie skommelinge wat voortspruit uit ekonomiese omswaaie in afsonderlike lande gelyk te maak

Dit is die beleid van PG om alle sleutelgebiede van bedryf te behou en indien moontlik markaandeel te verbeter Ten spyte van 'n verslegting van toestande in die nywerhede wat ons in Suidelike Afrika dien, het PG hierdie jaar die randwaarde van sy omset gehandhaaf – 'n duidelike aanduiding dat deurdringing in hierdie marke toegeneem het In tye van resessie soos wat tans ondervind word, het dit kleiner winsgrense tot gevolg, wat as deel van die koste van ons langtermynbeleid aanvaar moet word

HUIDIGE HANDELSTOESTANDE

Tans word meeste van die groep se winste in Suidelike Afrika verdien en is onontwarbaar verbonde aan die bou-, meubel- en motorrytuignywerhede Die resessie in hierdie nywerhede is strawwer en sal moontlik langer duur as wat verwag is toe die jaarverslag vir die 1977-boekjaar gepubliseer is Derhalwe moet my voorspelling dat winste vir die jaar tot Maart 1978 in die geheel ietwat laer sou wees afwaarts hersien word

Op hierdie tydstip word dit verwag dat PG se verdienstes vir die 6 maande tot September ongeveer 11 sent per gewone aandeel sal bedra, en die van Placor sal derhalwe ongeveer 3,9 sent per andeel beloop Ongeouditeerde resultate en die dividende vir die tydperk vir Plate Glass en Placor sal soos gewoonlik teen die einde van November gepubliseer word

Wat die vooruitsigte vir die tweede helfte betref is my verklaring in die PG-jaarverslag dat dit misleidend sal wees om verdienstes vir die volle jaar te voorspel behalwe in bree en die mees gekwalifiseerde terme, nog toepaslik Met die oog op die huidige handelstoestande, behoort aandeelhouers nie te verwag dat die resultate vir die tweede helfte 'n verbetering op dié van die eerste helfte sal toon nie

Morris Lubner
Voorsitter

Woensdag 19 Oktober 1977

ADVERTISEMENT IN SAKE-RAPPORT 23/10/77

(189)

189 NM 23/10/77

Firm to expand

DOWSON and Dobson Ltd., a member of the African Oxygen Group, is to spend R2 million on expansion.

A new office and works complex is to be built at the Krugersdorp manufacturing complex of Dowson and Dobson Engineering. This will include a large machine shop, boiler and roller shop extensions and expanded product development and design facilities.

189 30/10/77

S & L voer uit

BY enige veldtog om in Suid-Afrika 'n groter mark vir plaaslike goedere te kry, bly uitvoerbevordering steeds die baie belangrike ander pool as druk op die land se betalingsbalans verminder moet word. En in hierdie opsig is daar 'n hele aantal Suid-Afrikaanse ondernemings wat hul deel deeglik doen.

'n Voorbeeld is Stewarts & Lloyds, wat die Suid-Afrikaanse Buitelandse Handelsorganisasie (SAFTO) se Uitvoerder van die Maand in November is.

Hierdie groep bestaan eintlik uit 'n hele aantal maatskappye wat elk verskillende produkte in verskillende dele van die wêreld bemark. Van die dertig maatskappye in die groep is sewe daadwerklik op die uitvoermark bedrywig.

Tussen hulle voer hulle sulke goedere soos pypleidings, gietstukke, kleppe, vervoerbande en selfs windpompe uit. Hierdie goedere kan in lande so ver uitmekaar as Hongkong en Bolivië gevind word. S & L verdien hiermee vir Suid-Afrika sowat R5 miljoen per jaar.

En dit was maar eers sowat twee jaar gelede dat S & L sy uitvoerbedrywighede begin koordineer het. Uitvoerontwikkeling is nou 'n integrale deel van sy algehele beleid vir uitbreiding.

S & L het 'n groepuitvoerbestuurder, mnr. Lars Franzen, aangestel. Sy eerste taak was om al die maatskappye in die groep te ontleed om hul uitvoervermoë te bepaal.

Die groep moes ook op 'n basiese filosofie besluit. Dit was om eerder op die „sagte deel van die maag" van die uitvoermark te konsentreer en dit daar te probeer binnedring.

„Ons soek nie konfrontasie met groot internasionale vervaardigers in hul eie lande nie, maar probeer eerder om in die behoeftes van sektore te voorsien wat te klein is vir die grotes", sê mnr. Franzen.

Sake-Rapport 30/10/77

189

Defy to take on the refridgerator market

Sunday Times, Business Times 30/10/77

(189)

By TONY STIRLING

DEFY Industries is about to make a major assault on the domestic refrigeration market with the object of broadening its position in the home appliance industry.

Bob Symons, Defy's marketing manager, said this week that his company was about to launch a comprehensive range of fridges and freezers and hoped to secure 10 per cent of the R34-million market by the end of 1978

Allied to its new diversification will be a promotional campaign designed to take Defy out of its low-profile stove-oriented image

The Defy fridge range will include three single door models, two matching upright freezers, four double door versions and one fridge over freezer model

The fridge range, Mr Symons said, was being produced by a manufacturer with surplus capacity, but in strict accordance with Defy technical specifications

He added that it was his company's philosophy first to establish a market before considering whether to venture into the substantial cost of setting up a manufacturing plant

The broadening of Defy's base in the home appliance industry includes its tie up with the American company, Amana, in the field of air conditioning Defy is also marketing its own brand of home air conditioner and has recently signed a deal to make and market Chrysler's Airtemp units

In the same field Defy recently made a deal with Lennox, a market leader in the United States, to distribute its range of central air conditioning units

Mr Symons said that just over three months ago his company had contracted with Goblin BVC of Britain to market a range of floor care products in South Africa

"Initially we have aimed at penetrating the 20 per cent of the market not held by the two market leaders We are hoping to secure up to 25 per cent of this market within two years," he said

Mr Symons also revealed that the company was about to launch a new range of double ovens in its popular Gemini series

Before moving into fridges, Defy carried out a thorough survey which revealed a 40 per cent increase in the black market in one year, giving them 20 per cent of the total in that sector

It is Mr Symons' view that this market will increase with the introduction of electicity into black areas

He said that Defy estimated that its diversification programme would bring in an additional R6-million a year in turnover

MANUFACTURING

IRON, STEEL, ENGINEERING
Y ~~MECHANICAL~~ METAL

NOV. 1977 - DEC. 1978

Wispeco looks to black housing for a shove

RDM 3/11/77 (189)

By ELIZABETH ROUSE

WISPECO Holdings can hope only for selective stimulation of the building sector — housing for blacks, for instance — for a profit improvement in the coming year.

The chairman, Mr P K Hoogendyk, is not optimistic about prospects, and says in the annual report that he can see no material change in group earnings.

This means that earnings will stay around the 0,6c of the past year and that dividends will be passed. Wispeco paid a 1c interim and had to pass the final as profits plunged in the second half of the year.

Liquidity has improved — the current asset ratio is 1,8:1 against 1976's 1,6:1 — but this was the result of closing some production facilities.

The group is negotiating to sell certain surplus properties. This will allow growth or diversification into activities whose markets are anti-cyclical to those of existing investments, says Mr Hoogendyk.

The directors' report shows where the group came a cropper. The steel and aluminium building product division incurred a loss of R304 000 against a profit of R681 000 in 1976

Dividend income from non-controlled companies dropped to R93 000 from R500 000.

Hart, the kitchenware subsidiary, suffered from the consumer squeeze, but sales are looking up a little.

Wispeco shares were chased up to about 32c in September on rumours of takeover bids for this Metkor-controlled group, but have fallen back to 24c.

Unless there is a bid in the offering, the counter has little to recommend it.

TRENCOR

TRENCOR'S performance for the first three months of the current financial year is "on budget" at about the levels achieved in 1976, says the chairman, Mr N I Jowell

MOBILE

MOBILE Industries can still rely on a leasing subsidiary, Mobile Acceptances (Pty), to provide a cushion against the general economic downtrend, and results for the year so far are up to budget, says the chairman, Mr Jowell.

In the annual report, he said earnings for the current year should decline because of the company's dependence on Trenco. Taxed profit in the year ending June 30 was R1 190 000 (R948 000), and dividends totalled 10,5c (9,5c)

He told the annual meeting in Cape Town the acquisition by Barclays National Bank of a 26% share in Mobile Acceptances placed the subsidiary on a strong footing to exploit the continuing firm demand for leasing finance, reports Reuter.

COMMON FUND Investment Society is keeping up its profit growth record. Earnings are up 8,4% at the halfway stage.

Taxed profit for the six months to September, 1977, is R1 180 000 against R1 090 000 in the same time last year, equal to earnings of 16,08c against 14,84c.

Net asset value at the end of September was 298c compared with 237c at the end of Match this year.

The company says a major part of income is received in the first half of the year. Certain dividends received in the second half have been included in the past half-year's figures to make them comparable with last year's results

189

MALBAK

RDM 4/11/77

MALCOMESS-BAKKE LIMITED

Directors D V Benadé (Chairman) D L Keys (Deputy Chairman) J C Haslam F O H M Malcomess C J Newton, P Steyn A S Thomas G S Thomas B S W Winberg (Swedish)

DIVISIONS	PRINCIPAL ACTIVITIES
Bakke Industries	Packaging, plastics and mining supplies Plastic raw materials Specialised printing and box-making
Malbak Motor Holdings	Motor distributors in the Eastern Cape, Border and Orange Free State Brake, clutch and engine rebuilders Rubber manufacturers and tyre retreaders
Malcomess	Nation-wide distributors and retailers of farm machinery, and manufacturers of farm implements
Group Services	Administration, financial and investment services Specialised road haulage

INTERIM REPORT

	Half-year ended Sept 30 1976	Half-year ended Sept 30, 1977 (unaudited)	Year ended March 31, 1977
TURNOVER	40 677 000	42 348 000	81 808 000
PRE-TAX PROFITS	2 470 000	2 637 000	5 483 000
CONTRIBUTIONS MADE BY DIVISIONS TO AFTER-TAX EARNINGS			
Bakke Industries	639 000	563 000	1 117 000
Malbak Motor Holdings Limited	132 000	103 000	449 000
Malcomess	476 000	597 000	1 179 000
Group Services	139 000	138 000	348 000
	1 386 000	1 401 000	3 093 000
EARNINGS PER ORDINARY SHARE (cents)	13,2	13,4	29,5

COMMENT

DIVISIONS

1 Bakke's results were affected by a fluctuating seasonal demand for some of its products, fortunately this was partly countered by improved conditions in other markets

2 Malbak Motor Holdings continued to suffer from the general decline in the motor trade However, a significant contribution to profits emanated from its activities in the automobile service industry
Mr Tom Chalmers was appointed Managing Director with effect from October 1, 1977

3 Malcomess continued to trade strongly during the six month period, benefiting from a good maize crop
Mr Robin Manning, previously Managing Director of Malbak Motor Holdings, was appointed Deputy Managing Director with effect from January 1, 1978 Mr Dale Hillary has been appointed Financial Director

4 The transport companies of Group Services continued to perform satisfactorily, as did the contributions from other investments

GROUP

Overall, the Group's results for the year to March 31, 1978 are still anticipated to be in line with budget This represents a slight improvement on last year

D V BENADÉ,
B S W WINBERG

November 1, 1977

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(P O Box 3976, Johannesburg 2000)

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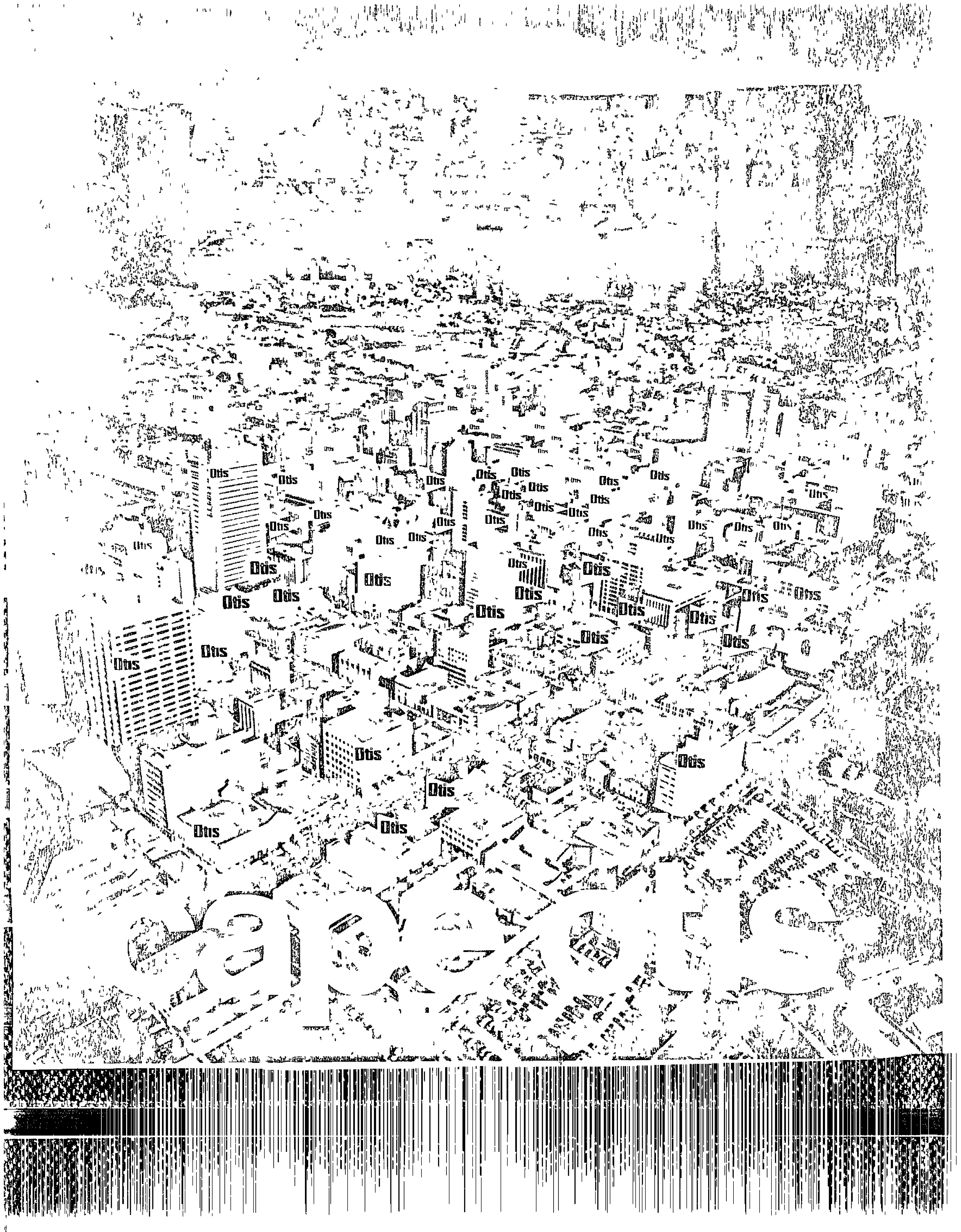


ıCDM 4/11/7- (189)

Chairman's Statement

FINANCIAL HIGHLIGHTS

Figures to nearest R1 000 unless otherwise indicated

	1977	1976
Turnover		
Contracts and orders invoiced	22 717	24 291
Net income before taxation	7 861	5 669
Current taxation	3 313	2 821
Net income after current taxation	4 548	2 848
Taxation recoverable on inventory write-off	106	390
Net income after taxation	4 654	3 238
Prior year provision reversed	—	407
Net income available for distribution	4 654	3 645
Dividends	3 740	3 060
Income for year retained	914	585
Net assets	8 030	7 116
Shares in issue (thousands)	3 400	3 400
Earnings per share — cents	136,9	95,2
Net income available for distribution per share — cents	136,9	107,2
Dividends per share — cents	110,0	90 0
Dividend cover ratio	1,24	1 06
Net asset value per share — cents	236	209

Last year I reported to you that the company had then just had the most successful year in its history It affords me considerable pleasure to be able to tell you that in the latest financial year we have surpassed those results

The net income available for distribution after tax and all adjustments increased from R3 645 000 in 1976 which was equivalent to 107 2 cents per share to R4 654 000 in the current year representing 136 9 cents per share

The preliminary income statement issued on 27 September 1977 forecasted a net income after taxation of R4 250 000 This figure has been exceeded because as a result of rigorous holding down of costs, construction and service contracts completed proved in the end to be more profitable than had been estimated Furthermore there was a benefit of R185 000 resulting from the write back of tax over-provided in previous years and adjustments to deferred taxation

Despite the current downturn in the building industry the total completions during the year were in excess of those of the previous year and well in excess of the turnover being amounts invoiced This was partially because of the growth in our servicing business but particularly attributable to the fact that we adopt a cautious policy of never bringing a construction contract to account until it has been completed Although there has been a fall-off in new buildings, we are however, experiencing an increase in modernisation business While the level of sales of new elevators still continues to decline steadily we anticipate that our completions for next year will not be significantly different to those for the year under review

These results incidentally were after writing down unutilised inventory to the anticipated consumption in the ensuing twelve months As the construction side of our business is at a low level we do not anticipate that a great deal of this inventory will be utilised in the current financial year so that this is a conservative write-down and is in accordance with the policy now adopted by all companies in the United Technologies Group

The enhanced profit has once again increased the liquidity of the company and at the year end we had cash resources of R8,0 million As I stated last year we have continued to be on the alert for a suitable acquisition to broaden the base of the company s operations but we still have not been able to find another business with the quality of our own earnings

Rather than dilute these we stated at the half-year when the interim dividend was declared, that we intended to pursue a policy of declaring dividends more or less in line with the annual earnings In accordance with this policy we have declared an interim dividend of 50 cents and a final dividend of 60 cents being an increase over the previous year s dividend of 20 cents In addition to these two dividends we announced at the time of declaration of the final dividend for the year that we expect during the current financial year, to change the year-end from 30 September to 30 November so that it will be nearer that of our ultimate holding company and that to compensate shareholders for this 14 month year, a special interim dividend of 20 cents will be declared on 30 November 1977 This dividend will be payable on or about 31 December 1977 and thereafter interim and final dividends will be declared in accordance with the company s stated policy Unless something unforeseen happens our expectation is that each of these two dividends will be 60 cents per share during 1978 However should the financial year-end not be changed the special dividend of 20 cents will be taken into account and deducted from either the interim or the final dividend I hope that by the time of the annual general meeting the exact position will have been clarified and I will be able to tell shareholders exactly what they can expect

I think you will agree that these results indicate how the efficiency of the company has improved and how soundly it is based None-the-less, it is disappointing to us that the volume of new sales continues to decline The time must surely be coming when in the interests of the country it will be essential that the Government applies some stimuli to revive business conditions

One of the most obvious fields for this is the building and construction industry which is not only labour intensive but employs a very high proportion of Non-Whites and makes very little use of imported materials I hope that an upturn in the economy will not be too long delayed because it is important to this company that the sales volume should continue to increase, not only on the service side but also on the construction side of the business

The benefits of the major restructure that has taken place over the last four years are now really beginning to show through, both to shareholders and customers alike The company has an extremely sound financial base an efficient management team highly competent staff technical expertise second to none in our industry and good morale

Much time and money has continued to be spent during the year on the training of both Whites and Non-Whites This has covered not only technical training within the company but also management supervisory and development training outside Customers staff and shareholders will all gain in due course from this investment

A great deal of attention has been focused during the year on the eleven American multinational companies who pledged themselves to support the six principles in the Sullivan Manifesto As your company is the only one of these American companies quoted on the Johannesburg Stock Exchange for all to see particular attention is naturally upon us

Your company has always tried to further the interests of our Non-White employees — Bantu Coloured and Asian — and continues to do so In fact we are proud of the long service of many of these employees and out of a total of 481 67 per cent have more than five years service 33 per cent have more than ten years service and 14 per cent have more than twenty years service with the company We believe this benefits both country and company We are not in a transitory business and we continue actively to pursue every way possible to improve their positions financially and environmentally

All companies involved in the construction industry are much concerned at the market down-turn and future prospects The senior management of your company foresaw this down-turn three years ago and took radical and necessary steps to consolidate and restructure your company The number of employees has fallen from 1 786 in 1972 to 1 181 at 30 September 1977 By cutting direct and indirect overheads we still managed to prosper and we will continue to do so over the foreseeable future Moreover as stated last year service is the backbone of our business and this side will continue to grow We face the future therefore with confidence

Additionally we have been able to move during this year a substantial number of men overseas These comprise managers at practically all levels together with many highly skilled men We have South Africans White and Non-White working in Iran Saudi Arabia Lebanon France and Venezuela all as a result of this redeployment policy Both the company and the men will gain enormously from this overseas exposure and experience and it is all part of the board s policy to build an even stronger company for the future

Mr I W Reynolds was appointed as managing director of this company four years ago and I told you last year that he had been appointed as Vice-President of Otis Elevator International Inc in charge of all its operations in Africa and the Middle East

While he has continued to serve your company as managing director during the past year, his repeated and prolonged absences from Johannesburg have made it desirable to appoint someone else as managing director We have accordingly secured the services of Mr B B H King who is at present undergoing a three months training and familiarisation course with the group s operations overseas He will assume duty as managing director on 1 January 1978 and Mr Reynolds will relinquish that post but will continue in office as a director of the company Results of recent years indicate what a remarkable contribution Mr Reynolds has made to your company during his period of office Your board has wished him well in his promotion but are extremely pleased that he will continue to be associated with the company I welcome Mr King to his new appointment and wish him every success in it

We have a small board and my other colleagues on the board made a considerable contribution to the success of the company and have afforded me most valuable advice and support

Finally it is of course apparent that the excellent profits are due to the valued efforts of our very competent staff and on your behalf I would like to thank them for outstanding efforts in what has not been an easy year

P W SCEALES *18 October 1977*

JA 8994

GENREC REK STEEDS

SAKE-RAPPORT 6/11/77

(189)

GENREC se nabelaste wins vir die ses maande tot 31 Augustus het met 21 persent gestyg tot R1 001 000. Die verdienste per aandeel is 22,15c en die tussentydse dividend is verhoog van 3c tot 5c per aandeel.

Volgens die tussentydse verklaring bly die vraag na dié ingenieursfirma se dienste redelik en verwag die direksie dat dit ondanks moeilike toestande sal voortduur

Genrec is natuurlik in die gelukkige posisie dat hy 'n besonder groot kontrak by Sasol 11 verower het Verder kan die jongste styging in die goudprys aanleiding gee tot 'n oplewing in vaste investerings by die goudmyne Genrec is tradisioneel baie sterk in dié veld

Volgens mnr Hennie Joubert, adjunk-besturende direkteur van Genrec, is die maatskappy op die oomblik baie likwied en soek hy eintlik na nuwe uitbreidingsmoontlikhede wat terselfdertyd die basis van die onderneming kan verbreed

Die finale dividend sal waarskynlik nie verhoog word nie, wat die totaal vir die jaar op 16c te staan kan bring Teen die huidige prys van 150c per aandeel bied dit 'n opbrengs van net meer as 10 persent wat heeltemal bevredigend is vir 'n maatskappy met Genrec se geskiedenis — VIC DE KLERK

Sake-Rapport 6/11/77 (189)

OTIS HYSERMAATSKAPPY BEPERK • 1977 JAARVERSLAG

Voorsittersoorsig

FINANSIËLE HOOGTEPUNTE

Syfers is tot naaste R1 000 tensy anders aangedui	1977	1976
Omset		
Kontrakte en bestellings gefaktureer	**22 717**	24 291
Netto inkomste voor belasting	**7 861**	5 669
Bedryfsbelasting	**3 313**	2 821
Netto inkomste na bedryfsbelasting	**4 548**	2 848
Belasting verhaalbaar op afgeskrewe voorraad	**106**	390
Netto inkomste na belasting	**4 654**	3 238
Vorige jaar se voorsiening teruggeskryf	—	407
Netto inkomste beskikbaar vir verdeling	**4 654**	3 645
Dividende	**3 740**	3 060
Inkomste vir die jaar behou	**914**	585
Netto bates	**8 030**	7 116
Uitgereikte aandele (duisende)	**3 400**	3 400
Verdienste per aandeel — sent	**136,9**	95,2
Netto inkomste per aandeel beskikbaar vir verdeling — sent	**136,9**	107,2
Dividende per aandeel — sent	**110,0**	90,0
Dividenddekkingsverhouding	**1,24**	1,06
Netto batewaarde per aandeel — sent	**236**	209

Verlede jaar het ek aan u berig dat die maatskappy die mees geslaagde jaar in sy geskiedenis beleef het Dit verskaf vir my baie groot genoeë om u nou te kan meedeel dat ons daardie resultate in die jongste boekjaar oortref het

Die netto inkomste na belasting en al die aanpassings het van R3 645 000 wat 'n verdienste per aandeel van 107 2 sent verteenwoordig aangegroei na R4 654 000 'n verdienste van 136 9 sent per aandeel

In die voorlopige inkomstestaat wat op 27 September 1977 uitgereik is is 'n netto belaste inkomste van R4 250 000 voorspel Hierdie syfer is oortref omdat die voltooide bou- en dienskontrakte uiteindelik vanwee streng kostebesnoeiing winsgewender was as wat aanvanklik geraam is Verder was daar 'n toegewing van R185 000 weens die terugskrywing van belasting wat in vorige jare oorvoorsien is en aanpassings van uitgestelde belasting

Ten spyte van die huidige afname in die boubedryf was die totale aantal voltooide kontrakte vir die jaar meer as dié van die vorige jaar en heelwat meer as die omset of die gefaktureerde bedrae Die groei van ons diensonderneming het gedeeltelik hiertoe bygedra maar die grootste oorsaak is ons versigtige beleid ons bring naamlik nie die wins op 'n boukontrak in berekening voor die werk voltooi is nie Hoewel die aantal nuwe geboue gekrimp het ondervind ons 'n toename op die gebied van modernisering Terwyl die vlak van die verkope van nuwe hysbakke steeds daal verwag ons nietemin dat aanstaande jaar se omset d w s die somtotaal van alle gefaktureerde kontrakte en bestellings grootliks dieselfde vlak as dié van die oorsigjaar sal handhaaf

Hierdie resultate is terloops behaal nadat die ongebruikte voorraad afgeskryf is na die verwagte verbruik oor die volgende twaalf maande Aangesien die Konstruksiesy van ons onderneming tans 'n afdaling ondervind voorsien ons nie dat 'n groot deel van hierdie voorraad in die huidige boekjaar gebruik sal word nie sodat hierdie afskrywing konserwatief is Dit strook met die beleid wat nou deur elke maatskappy in die United Technologies-groep gevolg word

Die vergrote wins het die maatskappy se likwiditeit nog eens verhoog en aan die einde van die jaar het ons oor kontantmiddele van R8 0-miljoen beskik Soos ek verlede jaar genoem het was ons voortdurend op die uitkyk vir 'n geskikte oorname om die basis van die maatskappy se werksaamhede uit te brei maar ons kon nog nie 'n ander sakeonderneming teëkom waarvan die verdienstegehalte met ons eie vergelyk nie Eerder as om ons verdienste af te water het ons besluit soos ons ten tye van die verklaring van die halfjaarlikse tussendividend bekendgemaak het om 'n beleid te volg wat die dividendverklarings min of meer in pas met die jaarverdienste hou Ooreenkomstig hierdie beleid het ons 'n tussendividend van 50 sent en 'n einddividend van 60 sent verklaar wat die vorige jaar se dividend met 20 sent oortref Benewens hierdie twee dividende het ons ten tye van die verklaring van die jaar se einddividend aangekondig dat ons verwag om ons jaareinde gedurende die huidige boekjaar van 30 September na 30 November te verskuif ten einde dit nader te bring aan ons uiteindelike beheermaatskappy s n en dat om die aandeelhouers vir hierdie jaar van 14 maande te vergoed 'n spesiale tussendividend van 20 sent op 30 November 1977 verklaar sal word Hierdie dividend sal op of ongeveer 31 Desember 1977 uitbetaal word en hiervandaan sal die tussentydse en finale dividende ooreenkomstig die maatskappy se verklaarde beleid betaal word Tensy 'n onvoorsiene gebeurtenis voorval verwag ons dat 1978 se twee dividende elk 60 sent per aandeel sal wees Word die jaareinde egter nie verskuif nie sal die spesiale tussendividend van 20 sent in berekening gebring word en van óf die tussentydse óf die finale dividend afgetrek word Ek hoop dat die presiese situasie teen die tyd dat die algemene jaarvergadering plaasvind duidelik sal wees en ek die aandeelhouers sal kan verwittig van wat om te verwag

Ek meen u sal saamstem dat hierdie resultate 'n aanduiding is van hoe die maatskappy se doeltreffendheid verbeter het en hoe gesond sy basis is Nietemin is dit teleurstellend dat die volume nuwe verkope steeds afneem Die tyd nader sekerlik wanneer dit in landsbelang noodsaaklik sal wees dat die Regering die ekonomie stimuleer om die sakewêreld nuwe lewe in te blaas Een van die mees vanselfsprekende gebiede hiervoor is die bou- en konstruksienywerheid wat nie alleen arbeidskragtig is nie maar ook 'n baie hoë persentasie Nie-Blankes in diens het en weinig gebruik maak van ingevoerde materiaal Ek hoop dat die ekonomiese opswaai nie te lank vertraag sal word nie aangesien dit vir hierdie maatskappy belangrik is dat die verkoopsvolume steeds moet aangroei nie alleen wat die dienssy betref nie maar ook die konstruksiesy

Die voordele van die grootskaalse herstrukturering van die afgelope vier jaar begin nou werklik deursout vir sowel die aandeelhouers as die klante Die maatskappy het 'n uiters gesonde finansiële basis, 'n doeltreffende bestuurspan hoogs bekwame personeel, tegniese vernuf wat sy meerdere in ons nywerheid nie ken nie en 'n gawe moreel

Heelwat tyd en geld is gedurende die jaar bestee aan opleiding van Blankes en Nie-Blankes Nie alleen tegniese opleiding binne die maatskappy is gedek nie maar ook bestuurs- opsieners- en ontwikkelingsopleiding daarbuite Die klante personeel en aandeelhouers sal die vrug van hierdie belegging mettertyd pluk

Gedurende die jaar is heelwat aandag toegespits op die elf Amerikaanse multi-nasionale maatskappye wat hulle aan die ses beginsels van die Sullivan-manifes verbind het Aangesien u maatskappy die enigste van hierdie Amerikaanse maatskappye is wat oop en bloot op die Johannesburgse Effektebeurs genoteer is, ontvang ons natuurlik besondere aandag

U maatskappy het altyd gepoog om die belange van ons Nie-Blanke werknemers — Bantoes Kleurlinge en Asiërs — te bevorder en gaan voort hiermee Ons is trouens trots op die lang diens van sovele van ons werknemers — uit 'n totaal van 481 het 67 persent meer as vyf jaar, 33 persent meer as tien jaar en 14 persent meer as twintig jaar diens by die maatskappy Ons glo sowel die land as die maatskappy baat hierby Ons is nie besig met 'n vervlietende onderneming nie en ons probeer voortdurend aktief om hulle posisie finansieel en andersins langs elke moontlike weg te verbeter

Elke maatskappy in die bounywerheid is besorg oor die afname van die mark en die toekomsvooruitsigte Die seniorbestuur van u maatskappy het hierdie afdaling drie jaar gelede voorsien en drastiese en nodige stappe gedoen om die maatskappy te konsolideer en te herstruktureer Die getal werknemers het van 1786 in 1972 afgeneem na 1 181 op 30 September 1977 Deur regstreekse en onregstreekse bokoste te besnoei het ons dit nogtans reggekry om te floreer en hierdie voorspoed sal vir die vooruitsienbare toekoms voortduur Bowendien soos verlede jaar gesê is is versiening die ruggraat van ons onderneming en hierdie aspek sal steeds groei Ons nader die toekoms dus met vertroue

Hierbenewens het ons dit gedurende die jaar reggekry om 'n aansienlike aantal werknemers na die buiteland te verplaas — bestuurders op feitlik elke vlak asook vele hoogs bekwame werkers Vanweë hierdie herontplooiingsbeleid het ons tans Suid Afrikaners Blank en Nie-Blank wat in Iran Saoedi-Arabië Lebanon Frankryk en Venezuela werk Sowel die maatskappy as die werknemers self sal grootliks baat by hierdie oorsese ervaring wat deel is van die direksie se beleid om 'n selfs sterker maatskappy vir die toekoms te bou

Mnr I W Reynolds is vier jaar gelede as besturende direkteur van hierdie maatskappy aangestel en soos ek u verlede jaar meegedeel het is hy aangestel as Vise-president van Otis Elevator International Inc belas met al die maatskappy se bedrywighede in Afrika en die Midde-Ooste

Terwyl hy voortgegaan het om u maatskappy die afgelope jaar as besturende direkteur te dien het sy herhaalde en langdurige afwesigheid uit Johannesburg dit wenslik gemaak om iemand anders as besturende direkteur aan te stel Ons het die dienste van mnr B B H King verkry wat tans 'n drie-maandlange opleidings- en vertroudmakingskursus by die maatskappy se buitelandse ondernemings deurmaak Hy sal die amp van besturende direkteur op 1 Januarie 1978 opneem en mnr Reynolds sal daardie pos bedank maar aanbly as 'n direkteur van die maatskappy Die afgelope jare se resultate toon die merkwaardige bydrae wat mnr Reynolds gedurende sy ampstermyn tot die maatskappy gelewer het U direksie het hom die beste toegewens met sy bevordering maar is bly dat hy steeds aan die maatskappy verbind sal wees Ek heet mnr King welkom in sy nuwe pos en wens hom alle sukses toe

Ons direksie is klein en my ander kollegas daarin het 'n aansienlike bydrae gelewer tot die welstae van die maatskappy en my kosbare raad en steun gegee

Ten slotte is dit natuurlik duidelik dat die uitmuntende wins te danke is aan die ywer van ons uiters bekwame personeel en namens u bedank ek hulle vir 'n uitstaande poging in 'n heel moeilike jaar

P W SCEALES — *18 Oktober 1977*

JA 8994

Jackson

CDM 8/11/77

189

Huletts Aluminium Limited

Interim Report for the six months ended 30 September 1977

The unaudited net income after taxation of the group for the six months ended 30 September 1977 is as follows

	1977 Six Months April-September (unaudited)	1976 Six Months April-September (unaudited) (re-stated)	1976/77 Twelve Months April 1976 – March 1977 (audited)
	R000	R000	R000
Turnover	38 033	31 547	62 755
Consolidated net income before taxation	2 571	2 437	4 594
Taxation	196	435	861
Consolidated net income after taxation	2 375	2 002 (1)	3 733

(1) Note
Following the decision in March 1977 to change the basis of valuing aluminium stocks (see "Change in Accounting Policy" below), the comparative figures for the six months ended 30 September 1976 have been re-stated to facilitate comparison The charge for income tax has also been re-stated to recognise an appropriate proportion of the tax allowances in respect of the new sheet mill plant and equipment which was commissioned by the holding company during the year ended 31 March 1977 The unaudited net income after tax of the group for the six months ended 30 September 1976 previously reported was R2 104 000

Interim dividend	7,0c	7,0c	7,0c
Final dividend	—	—	17,0c
No of shares issued	7 500 000	7 500 000	7 500 000
Earnings per share	31,7c	26 7c	49,8c

The income after taxation of the holding company itself for the six months ended 30 September 1977, is R2 177 000 compared with R1 688 000 for the six months ended 30 September 1976 The unaudited net income for the latter period as previously reported was R1 740 000

Change in Accounting Policy
Aluminium stocks for the above periods have been valued on the Last-In First-Out (LIFO) basis in accordance with the change in accounting policy referred to in the annual financial statements for the year ended 31 March 1977 The interim statement of 2 November 1976 relating to the six months ended 30 September 1976 reported the net income for that period on the previous basis of aluminium stock valuation namely the First-In First-Out (FIFO) basis

Capital Expenditure
Capital commitments incurred by the group at 30 September 1977 amounted to R5 972 000 (30 9 76 R10 470 000), and by the company at 30 September 1977 R5 290 000 (30 9 76 R10 088 000)
The sources from which funds will be derived to meet this expenditure are
1 Long term loans
2 Funds derived from operations

Review of Operations
Consolidated net income before tax increased by R134 000 or 5 per cent to R2 571 000 compared with the corresponding period in the previous year Due to the benefit of the tax allowances referred to below consolidated net income after taxation increased by R373 000

An appropriate proportion of the estimated tax allowances on new sheet mill plant and equipment which was commissioned in the holding company during September 1977 and which will apply to the whole financial year ended 31 March 1978, was taken into account in calculating the taxes for the group for the six months to September 1977 In the case of the holding company this resulted in an estimated assessable loss of R3 162 000 for the period of six months (30 9 76 no assessable loss) Any tax relief arising from the estimated assessable loss is dependent on there being future taxable income of sufficient amount The investment allowances had a beneficial effect to the extent of R947 000 (30 9 76 R543 000)

Prospects for the Year
We are experiencing more difficult trading conditions in the current six month period and therefore at this stage it is expected that net income after tax for the year will be only marginally higher than that of the previous financial year

Interim Dividend
An interim dividend of 7 cents per share has been declared which is the same as the interim dividend in respect of the corresponding period last year

Signed on behalf of the Board
C J SAUNDERS
Chairman
N E DUNCAN
Managing Director

Pietermaritzburg
1 November 1977

Declaration of Interim Dividend – No. 28

Notice is hereby given that an interim dividend of 7 cents per share has been declared payable to shareholders in the books of the company at the close of business on 2 December 1977 The dividend is declared payable in the currency of the Republic of South Africa Dividend warrants will be posted on or about 13 January 1978 In terms of the Republic of South Africa Income Tax Act 1962, as amended, non-resident shareholders' tax at the rate of 15 per cent will be deducted by the company from dividends payable to shareholders whose registered addresses are outside the Republic of South Africa

The Transfer Books and Register of Members will be closed from 3 December 1977 to 9 December 1977, both days inclusive

By order of the Board
M D. HOWES
Secretary

Registered Office Edendale Road,
Pietermaritzburg 3201
P O Box 74, Pietermaritzburg 3200

Pietermaritzburg
1 November 1977

Transfer Secretaries Central Registrars Limited
P O Box 61042
Marshalltown 2107

Directors C J Saunders (Chairman), N E Duncan (Canadian) (Managing Director) R H Addison, P J Elton (British), D V Kromberg, R E Rosane (American), W M Shorten Dr C van der Pol, D A J Pinn (British) (Alternate)

GREY PHILLIPS BUNTON MUNDEL & BLAKE 60545

Up and down for Seifsa

RDM 10/11/77

189

SOME sectors of the steel and engineering industries show an increase in production over last year's figures at this stage of the year but others are still well behind, according to the September production report of the Steel and Engineering Industries Federation

Steel mills produced 5 608 800 tons for the first nine months of 1977 This is an increase of 3 1% on the 5 153 400 tons in the same period a year ago

Production of pig iron was 515 300 tons in September for a total of 4 629 100 tons for January to September, 1977 a gain of 8,5% over the 4 264 500 tons in the corresponding period last year

Production of ferrochrome, ferromanganese and other ferroalloys was 68 300 tons in September, bringing the output to 629 000 tons for January to September This is an increase of 1,6% over the 619 300 tons in the 1976 period

Steel foundries produced 11 500 tons of castings in September for 98 900 tons in January to September — a decrease of 16,3% from the 118 100 tons in the same period of 1976

Production of iron castings was 19 500 tons in September and 173 200 tons for the nine months This is a drop of 27,3% from the 238 300 tons in the corresponding period a year ago

September production of non-ferrous castings was 1 055 tons comprising 210 tons of sand castings 221 tons of the castings, both of copper and copper-base alloys, and 624 tons of other non-ferrous castings

Production for January to September was 9 400 tons, a decrease of 26% on the 12 700 tons for the corresponding period of 1976 — Sapa

ISCOR

FM 11/11/77

(139)

What's R49m?

In the face of an almost unprecedented world slump in steel, Iscor's year end loss of R49m isn't all that bad Consider the facts

● Last year, in strained market conditions, the Corporation lost R30m, the previous year, when demand was relatively buoyant, it lost R35m,

● This year there is a global steel crisis Japan is at 64% working capacity, European steelmakers at 54% capacity, the US hovering around 70% British Steel, for example, is losing R2m/day.

● Due to SA's recession, local demand has dropped by 23,7% At the same time Iscor has rounded off its expansion programme (for which contracts had already been placed) and financing charges during the current financial year have risen from last year's R87,7m to R103,9m. Justifying expansion under today's difficult conditions, the Corporation argues "Extensions were to prevent the Republic's ever again becoming dependent to the same extent as in the past on expensive imported steel for eliminating local shortages"

Of course, at the present time, a country without its own steel industry is in the pound seats. It can buy at well below cost price from virtually any producer And dumping is reaching alarming proportions, so much so that US and European producers are demanding protection

Iscor has kept its mills rolling and its workers at its furnaces by hard sell exports (it has been accused by EEC countries of dumping) Yet exports, expected to reach 1,5 Mt in the calendar year, are not profitable other than in the sense, as Iscor explains, that "It is more advantageous to export steel at lower prices rather than withdraw expensive equipment from production and retrench skilled employees"

Export earnings from steel and iron ore (through Saldanha Bay from Sishen) are currently around R500m/year which, from a balance of payments viewpoint, is a vitally important contribution to the economy

Nevertheless, Iscor's fundamental problem remains the relatively low domestic price of steel, which, together with its high gearing, has dogged it constantly over the last decade Admittedly, however, today's conditions are hardly the moment to hit local users with another price hike

Right now, it's hard to look at any SA supplier of a vital raw material without considering the UN arms embargo and threats of general trade boycotts Under these circumstances, one cannot view Iscor's performance with a totally critical, businesslike eye

On the subject of self sufficiency, Iscor comments "During the year under review Iscor contributed 75,7% of the total supply of steel products to the domestic market while other SA producers jointly delivered 22,3% Only 2% was imported, in sharp contrast with the importation of 21,1% of the domestic market's requirements two years before"

1976

J. Rees

conomics lectures,
ding list refer
he year.

Market power
is involved in

A&A p 20) .
line.

is analysis?

roeconomic Theory.
the demand curve.
effects (Lipsey&
sion on this). Understand the Hicks-Slutsky
e and substitution effects can be used to apply
and leisure. Inferior and giffen goods.
do we bother to study the H-S analysis?

Bilas pp 70-87
A&A Ch 5 pp 60-73

tion, subsidies etc. This relates to the
public goods etc. See example in Bilas p 86. Note
volve costs for some parties, benefits for others

See A&A Ch7

see Boulding, Economic analysis Ch8
ould parking space for cars be allocated on the

and supply
and Marshallian analysis. Note that technically
rium is a special case in a wider class of models,
em is one. Note also that markets are usually
ability in one market may affect others.

Bilas Ch 2

Consider: Is speculation stabilising or destabilising?

6 Theory of production. Production functions (linear homogeneous and otherwise), isoquants, isocosts, ridge lines, prodn possibility frontiers, total product curves, reversibility.

Euler's theorem. What does it say? What are the special assumptions? What does it tell us about income distribution?

Ferguson: Microeconomic theory
Bilas Ch6

7 Costs Bilas Ch 7, A&A Ch 15

Consider: What is the relationship between long and short run average cost curves?

Market structures:

8 Perfect competition. Technical knowledge of the model assumed from ECON I (See Bilas Ch 8). Consider some of the wider implications, and examine some of the assumptions in more detail

A&A Ch 17

J.A. Schumpeter: The dynamics of competition and monopoly (in Hunter, ed. Monopoly & Competition)

Consider: Is perfect competition a good thing? Is this a meaningful question?

METAL BOX

(189) FM 18|11|77

Walvis disaster

The effects of the 45% cut in the fishing quota certainly had an impact on the results. Net operating income, in the six months to end September, fell to R6,3m (R7,1m) before adjustment for lifo.

The effects of the loss were concentrated in the six month period. Cans were pre-stocked, prior to the fishing season, and the total loss at Walvis Bay was about R1m. In addition, the tax charge has virtually doubled to R1,7m (R0,9m), as the loss could not be offset against earnings, at this stage.

After the lifo change, which is some R1,2m less than last year's, net operating income is slightly higher at R4,9m (R4,5m), while taxed profit is only slightly lower at R2m (R2,1m). Earnings per share amount to 11c on 18,1m shares, compared with last year's 11,4c, while on the increased capital (24,9m shares) it has fallen to 8c.

The dividend has been maintained at 7c, and with the increased capital, there must have been some additional pressure on cash flow.

The outlook for the year will be affected by the size of the fishing catch and consumer demand for food and beverages. Managing director Nigel Gilson says that steps have been taken to reduce the effects of lower production at Walvis Bay, including price increase and staff reductions, and an improvement in this area is expected. Metrol's earnings, which have not been included in an improved group total this year according to Gilson, and should compensate for any fall-off in the fishing sector.

Certainly, the Metrol acquisition should reduce sensitivity to fluctuations in the fruit and fishing sectors, and should contribute about 6c per share. On this basis group earnings for the second half should be about 16c.

Meanwhile, the share has put on 5c to 260c since the interim statement. Cover is likely to be reduced but on a 22c total dividend the shares yield 8,5%. They are fully valued until the market moves ahead.

Marguerite Christie

(189) FM 18/11/77

WHAT'S BEING DONE AT ISCOR

In the past three financial years Iscor, the State steelmaker, has shown net losses of R35m, R30m and now R49m. Nevertheless, compared to most world steel companies, some of which are operating at 60% capacity and suffering losses in hundreds of millions of rands, Iscor, with its positive cash flow, isn't doing all that badly. The *FM* talks to its chairman Dr Tommy Muller.

FM **How does one pull Iscor out of this chronic loss-making position?**

Muller: Losses should be seen in the right perspective. Iscor has adopted the very wise policy of making provision for the eventual higher replacement costs of production units. This provision amounted to R49m in 1976 and R64m in 1977. Apart from one Australian primary producer Iscor is the only steel company in SA and overseas, as far as we are aware, which is charging this provision to production costs. In other words, if we had adopted the accounting practices of practically all other producers we would have declared a profit of R19m in 1976 and R15m in 1977.

As far as I can see the only real solution (to losses) would be the recovery of the domestic market. If Iscor's full production for the year ended June 30 could have been sold on the domestic market, the additional income would have been between R70m-R80m. This would have obviated the loss position.

Is it also necessary to increase the local price of steel?

We must have regular price increases to take care of cost escalations. These price increases have not always been forthcoming in the past and I must make it clear that, at this particular point in time, the price is not pitched to give Iscor automatically a satisfactory return on capital employed.

(Muller is obviously referring to most price controlled industries which operate on an agreed formula giving them a percentage, usually 15%, return on capital. We estimate that to give Iscor even a modest 10% return on capital employed of R3 039m, Iscor would have to make pre tax profits of R300m. This would mean increasing revenue by over a third. To have achieved 10% pre tax in its year to June 30 1977, Iscor would have needed a steel price of about R360/t, compared to the current price of R255/t)

During the financial year government increased its share capital by R120m. How much will Iscor ask for this year?

This will be a matter of negotiation. But I would naturally hope that such contributions will continue until such time as a more satisfactory gearing has been achieved.

Is Iscor making efforts to trim costs? As demand and production has slackened, have there been staff lay-offs, for example?

Iscor is giving the highest possible priority to its cost-saving campaign and I have given this matter my personal attention. This is something we look at on a daily basis.

If, for instance, our 1976 production tonnage of ingot steel and continuously cast blooms and slabs is compared with that of 1977 an idea will be gained of the rate at which our physical production tonnage is increasing. At the same time Iscor has a chronic shortage of artisans and trained operators (Pretoria 104, Vanderbijlpark 553, Newcastle 180) so that lay-offs are more or less out of the question.

What capital profit would Iscor have made from its sale of Samancor shares to private bidders had government approved?

Iscor has never at any stage divulged details of the offers it received for the Samancor shares. I still subscribe to this.

(The best guesstimate the *FM* can arrive at suggests a figure of R80m-R90m.)

How much in the year under review did Samancor dividends contribute to Iscor?

Directly and indirectly some R7,4m.

When do you expect domestic demand for steel to increase?

The domestic demand shows the first signs that there is a glimmering of hope of recovery as far as certain products are concerned, but it is much too early to be optimistic. Some months ago the US thought that its steel industry was on the threshold of recovery, only to fall back again.

It must be remembered that the export contracts we have entered into are binding, and these orders will have to be carried out first. South African consumers who have allowed their stocks to be depleted will have to wait and I would not be surprised if Iscor is then accused of giving preference to export orders to the detriment of SA consumers.

Is there a possibility of a return to the situation where domestic demand outstrips supply and we have to once again import steel?

Such a possibility does exist. You must bear in mind that the corporation has curtailed its extensions because of the economic situation and if we have a sudden upsurge in demand it may well happen that the Republic will have to import steel again.

METKOR (189) FM 13/11/77

Watch for the upturn

Activities: *Isco-controlled (79,7%) investment company with holdings in steel, engineering and allied industries. Listed investments include Fowler (59,4%), Wispeco (45,1%), Afgate (37,1%), Usco (38,7%) and Samancor (3,9%). There is a 37,3% stake in Ipsa, which holds 56% of Dorbyl and 52% of Stewarts & Lloyds*

Chairman: *T F Muller*

Capital structure: *54m ordinaries of 50c. Market capitalisation R20.5m*

Financial: *Year to June 30 1977. Net cash R1,1m. Net cash flow R5,6m*

Share market: *Price 38c (1976-77 high, 55c, low, 33c, trading volume last quarter, 29 000 shares). Yields: 34[illegible] on earnings, 13,1% on dividend. Cover 2,6. PE ratio 2,9*

	'74	'75	'76	[illegible]
Market value of portfolios (Rm)	40 9	54 7	47,4	36
Dividend income (R 000)	2 555	3 111	3 471	40[illegible]
Pre-tax profit (Rm)	2 748	3 257	4 069	3[illegible]
Earnings (c)	10 3	14 8	17 2	13
Dividends (c)	3 75	4 25	5	[illegible]
Net asset value (c)	87,0	103 9	92,8	70

The profit decline would have been worse had the year ends of Stewarts & Lloyds, Dorbyl and Union Steel been in line with Metkor.

The dividends of these three companies are brought to account virtually a year late and reflect the improvement of 1976 over 1975, which was relatively bigger than that of 1977 over 1976.

In addition, while Metkor's stake in Ipsa and Ipsa's in S&L and Dorbyl has not changed in the past year, in 1976 Ipsa picked up an additional 700 000 Dorbyl and 337 000 S&L, and these results belatedly reflect the much greater contribution from this source (R1,6m against R1,2m) in 1976 over 1975 — especially since S&L's dividend that year was increased from 13c to 17c, while in 1977 this was held at 17c

There is a R618 000 contribution from Union Steel which has just reported a 90% drop in profits and is not expected to pay a dividend this year.

Wispeco and Fowler, the other disaster areas reported to the same date, and their misfortunes *are* reflected.

So with no dividends expected from Wispeco, Fowler or Usco next year, dividend income will fall from R3,4m to R2,8m — assuming, of course, that none of the other dividends change

THE METKOR PORTFOLIO

Company	Shares held m	Value Rm*	% by value	Dividend 1977 R'000†	% of receipts†
Wispeco	7 8	2 1	5 5	78	2,2
Samancor	1 1	8 0	20 9	707	20 4
Fowler	7 0	1 2	3 1		-
Usco	11 2	3 0	7 8	618	17 8
Afgate	1 5	3 4	8 9	222	6 1
S&L	1 6	8 [illegible]	21 5	750	21 6
Dorbyl	4 4	8 1	21 2	811	23 4
Unlisted		4 2	11 0	285	8 2
Total		38	100 0	3 471	100 0

Market value November 11 or directors valuation †During Metkor financial year

Samancor, S&L, Dorbyl and Afgate have all reported tougher trading conditions but seem quite confident of being able to maintain their dividends. Metkor says the unlisted companies are full of promise but gives no hint of prospects for the next year

Interest receipts and payments fell sharply — receipts from R1,1m to R778 000 and payments from R616 000 to R409 000, reflecting improved liquidity in Metkor and its subsidiaries and associates. There are still substantial loans of R6,5m to these, however, and, since some are struggling, funds could be tied up for some years

Like many others, Metkor is greatly undervalued in terms of underlying assets though the market value of the listed portfolio *has* improved by R3m since the June year end

But Metkor's interests are highly cyclical and could swing out of their present inertia quite quickly in an upturn. Wispeco, for instance, is well placed to benefit from increased government spending on housing, while Dorbyl, Union Steel and several of the unlisted engineering companies could score from any arms embargo

The shares are best kept for investors looking for a recovery situation but there is no need to rush into them

David Carr

Iscor's big chance

Iscor's proposed R50m loan, the underwriting of which is due to be completed next week, is the last major issue of the year It will also be Iscor's largest ever loan stock issue (handled jointly by UAL, Volkskas and Senbank)

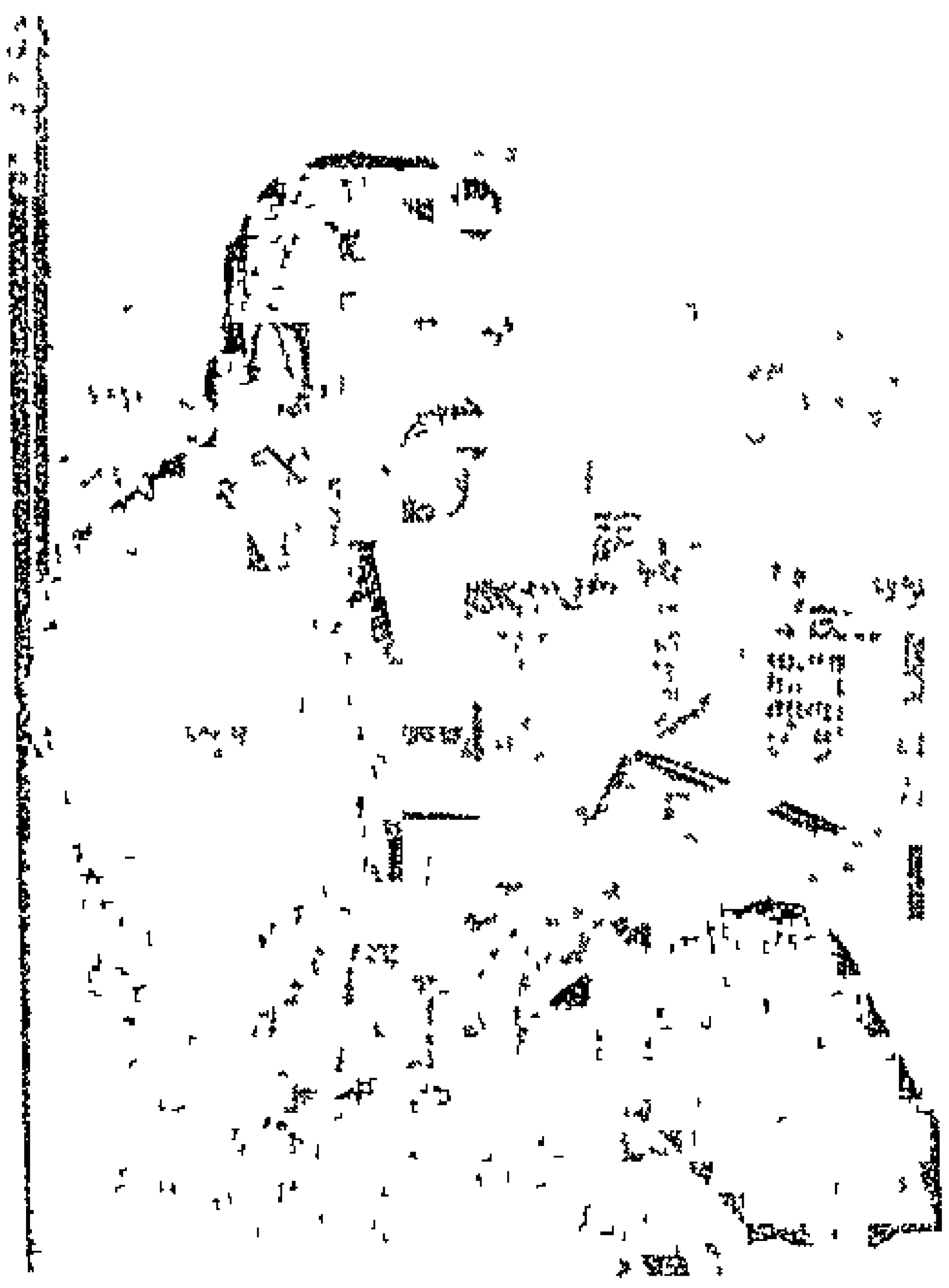
There is no doubt that Iscor will get all the cash it is asking for Continuing over subscriptions and falling rates - despite expectations that these were set for a levelling off after the Escom issue show that institutional investors will have plenty of cash to play with Since there are only a few small borrowers scheduled for the remainder of the year the Iscor issue is the last opportunity for those investors to meet year end prescribed investment requirements

The big question now for capital market watchers is the rate at which the issue will be pitched How low will the placing banks be prepared to go? What the consortium has to do is avoid playing it too safe by offering a higher rate than it could have got away with A sign that they have misjudged it will be vast oversubscriptions

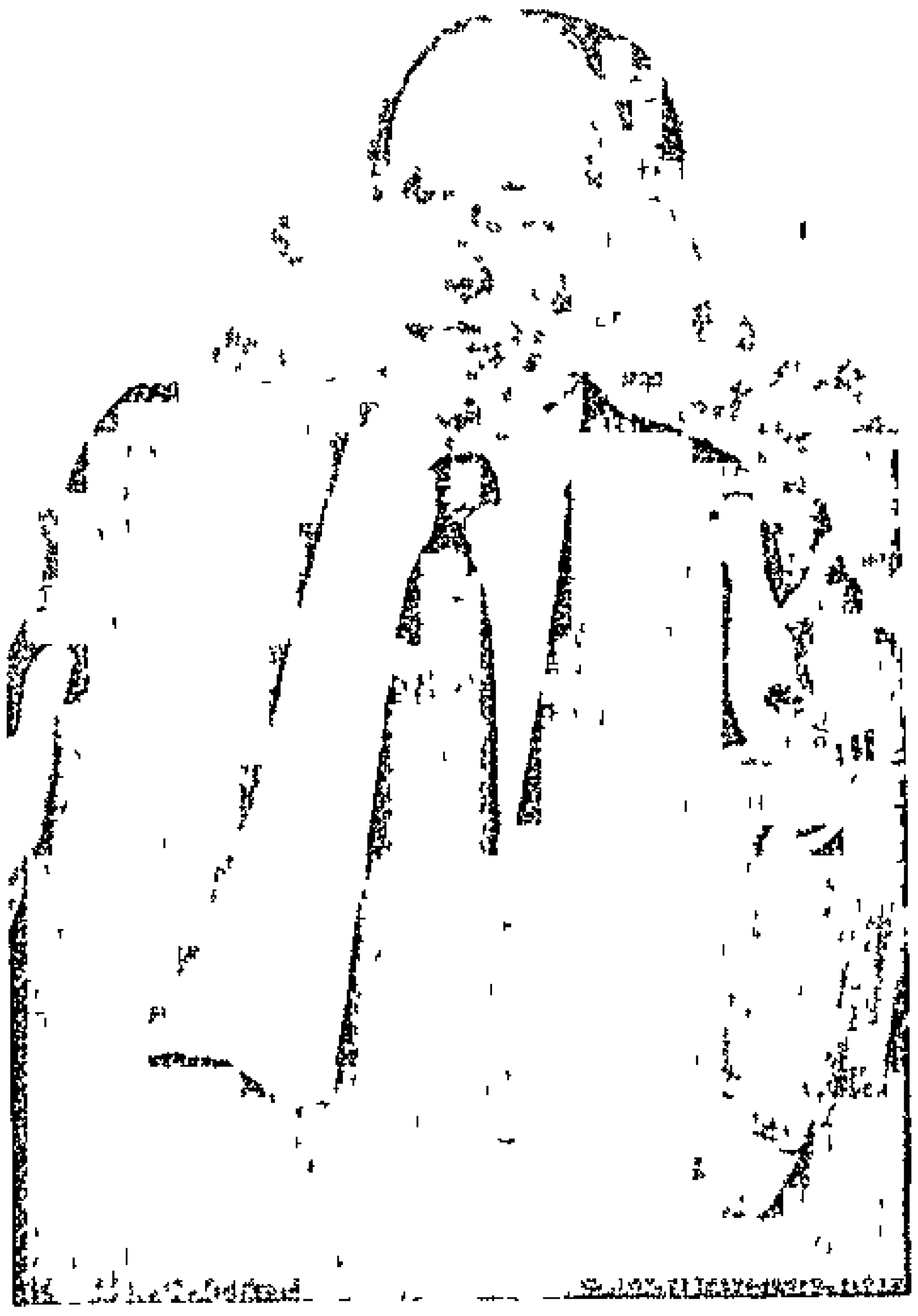
Traditionally, Iscor borrows at between 5 and 9 points (1 point is 0,01%) above the Escom rate Last year, for instance, Escom's loan was pitched at 12,87% while the Iscor issue came to the market at 12,96%

Escom's R50m issue in October was pitched at an all-in rate of 11,86% which would put Iscor at around 11,90%

But the very finely pitched Escom



Senbank's Kotze fast and furious



UAL s Turner gently does it

issue proved to be only a temporary check to the interest rate slide There have been big borrowers since then - Kempton Park, the IDC, Transkei, Germiston and a couple of large pref share issues the latest issue being the RSA stock which attracted a total of R530m — R381m of it short term money, mainly from the banks and R149m long term They all got their money each one a fraction cheaper than the previous one With the downtrend continuing, and some seasonal factors (such as the usual year end scarcity of issues), Iscor might be able to afford to offer even less than 5 points above the Escom rate It s worth trying

To some extent the Iscor issue is a window into rate patterns in 1978 UAL's Clive Turner reckons that the capital demand from traditional borrowers in the semi gilt area is likely to be lower during 1978 compared with 1977, the prolonged slowdown in economic activity having led to further cut backs in expenditure However, cautions Turner this may be counter balanced by Escom and Iscor needs and possibly those of new borrowers unable to borrow overseas

Senbank's Mynhard Kotze agrees but takes a longer term view "I expect municipal demand during the next two years to decline considerably," he says In addition, the existing infrastructure programme is rapidly drying up -- "We won t see anything like the vast capital expenditure of the last five to seven years and the resulting capital overflow will most likely move to such areas as Sasol and Defence "

Kotze doesn't anticipate any increase in prescribed investment requirements either

Standard Merchant MD Eddie Theron is likewise confident that long term rates will continue to soften next year contractual cash flows to institutions should ensure a continued build-up in liquidity despite an expected drop in demand from borrowers

New TV parts factory

Sunday Times, **Business Times Reporter** 20/11/77

SOUTH AFRICA'S first TV component and sub-assembly factory was opened at East London this week by Dr Etienne Rousseau, chairman of Federale Volksbeleggings

The company, Sparrat Electronics is an associate of SA Television Manufacturing (SATV) a company under the Federale wing

Capital investment in the new plant amounts to R2-million.

SATV is the only television manufacturer to have succeeded in increasing the local content of its product.

Sparrat's managing director, Mike Bosworth expects a saving to South Africa of R3-million in foreign exchange in the plant's first 10 months of operation

Mr Bosworth said that the company planned to expand further into the electronic components market and that Sparrat would be "quite prepared" to manufacture electronic components for strategic purposes

184

Steel still in poor shape

RDM 24/11/77 (189)

THERE IS no end in sight yet of the downward economic cycle in which the steel industry has been caught up, says Iscor's managing director, Mr J P Coetzee

Opening an electrical equipment repair factory at Benoni, he said that because steel was sold at controlled prices in South Africa, it was a prerequisite for Iscor that existing capacity be fully used and that about 90% of steel produced be sold in South Africa at current prices if Iscor was to operate profitably

However, the present economic climate made this impossible There were problems regarding prospects of the steel industry itself, but he believed the stage was set for further industrial development — Reuter

Cement profits plummet

RDM 7/12/77

(189)

Financial Editor

PRICE control and the economic slump have had a crippling effect on profits in the cement industry. But the industry does not expect any price increase to be granted at least before the end of February.

Mr D R Baker, chairman of the Cement Producers Association, says in the annual report that the return of capital employed plunged from 14% in 1974 to 6% this year

The one bright spot was an increase in exports — about 90% to Iran — from 254 751 tons in 1975-76 to 340 676 tons for the 12 months to June 30, 1977

Mr Baker says: "The domestic cement consumption of 6 377 000 tons for the 12 months ended June 30, 1977, reflected a drop of 678 000 tons, or 10%, compared with 1976 which showed a growth over the previous year of 3%

"It is expected that sales during the year ending June 30, 1978, will decrease by a further 10% and that any material improvement in demand will probably become apparent thereafter

"Current industry capacity is approximately 9-million tons, an apparent surplus of 3-million tons over the domestic demand

"Some of the plant which is more than 20 years old is not only inefficient in terms of modern technology, but geographically only marginally economic under the existing rail tariff structure

"After deducting that portion of the old plant presently mothballed and unlikely to be recommissioned, the capacity purposes is 8 500 000 tons

"The capital employed in the manufacture of cement between 1972 and 1977 has increased by R179-million

"If the annual increased investment had been deposited at 10% per annum instead of being invested in cement manufacture an amount of R170-million before tax would have been earned to June 30, 1977, instead of the mere R32-million accumulated increase in pre-tax profits

"To recover the 1977 shortfall of R27-million between a return of 15% and that actually earned, a further 18c per 50 kg should have been granted in addition to the 6,55c price increase received since June, 1977

"It can be calculated that the industry earned less than 15c per 50 kg before interest and tax for 1977. Thus it is highly sensitive to cost increases

"The cement industry's financial requirements are similar to those of other capital-intensive industries, and if it is to provide for the country's future needs a substantial price increase must be granted to enable it to accumulate funds, or create the image necessary for it to raise funds for this purpose

"It is our belief that serious consideration should be given to the lifting of price control on cement

"Under the present system, we believe that the frequency of price increases causes irritation to the consumer and creates an enormous amount of unnecessary work and costs in price control

"The cement industry fully appreciates the importance of a reasonable price and would certainly not rush into massive price increases if the price control of cement was lifted, but it would make a planned progression to achieve prices within the accepted criteria.

"In view of the high cost of transporting cement, resulting in extremely high prices in those markets distant from the factories, the industry is considering a revision of the price structure aimed at equalising prices throughout the market

"Consideration is also being given to the establishment of depots in order to provide a better service and thus eliminate complaints"

189

F M 2/12/77

African Oxygen Limited

Financial results

The directors report that the audited results for the year ended 30 September 1977 are as follows

	1977 R000 s	1976 R000 s
Turnover	132 298	142 754
Profit before taxation	17 121	15 771
Taxation	8 054	7 294
Profit after taxation	9 367	8 477
Attributable to outside shareholders in subsidiaries	78	(24)
Extraordinary items	63	109
Profit attributable to shareholders	9 352	8 610
Dividends		
Interim (No. 102) - 6.5 cents per share paid 1 August 1977	1 900	1 607
Final (No. 103) - 7.5 cents per share payable on or about 31 January 1978	2 192	1 900
Retained income for year	5 260	5 103
	9 352	8 610
Number of ordinary shares on which earnings per share are based	29 225 309	29 223 429
Earnings per share (before extraordinary items)	31.78c	29.09c
Dividends per share	14.00c	12.00c

The Group again achieved improved profits and earnings per share. Turnover for the year was lower than last year as a result of slacker trading conditions, the elimination of unprofitable product lines and the disposal of certain subsidiary companies. Management continued to contain costs and rationalise businesses which resulted in improved earnings.

Annual report

The audited Annual Financial Statements and Chairman's Statement will be posted to members on 29 December 1977 together with the notice of the 50th annual general meeting to be held on 3 February 1978.

DECLARATION OF DIVIDEND

Notice is hereby given that ordinary dividend No. 103 of 7.5 cents per share has been declared in respect of the year ended 30 September 1977, payable in South African currency on or about 31 January 1978, to members registered in the books of the company at the close of business on 15 December 1977. Non-resident shareholders' tax at the applicable rate will be deducted from dividends payable to members whose addresses in the register of members are outside the Republic of South Africa. The transfer books and register of members of the company will be closed from 16 December 1977 to 27 December 1977, both days inclusive.

By order of the Board
[illegible]
Company Secretary
[illegible] November 1977

Registered Office
Afrox House
23 Webber Street, Selby
Johannesburg
2001

Transfer Secretaries
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P.O. Box 62318
Marshalltown
2107

Back loss

KDM 8/12/77

(189)

CAPE TOWN — I L Back & Company incurred a net loss of R1 817 from April 1 to September 25 this year There was a net loss of R963 from March 26 to September 25 last year

An announcement says that "as a result of the adverse results for the six months under review, no preference dividend will be declared for the six months ending December 31, 1977"

Seasonal activity in the clothing industry results in a proportionally greater turnover being achieved from October to March

(184)

Dorbyl up to defend R9-m Sasol action

189

RDM 8/12/77

DORMAN Long Vanderbijl Corporation announces higher profits for the year to September 30 and a higher dividend.

Net income attributable to shareholders was R13 948 000, compared with R11 618 000 in the previous year A dividend of 55c a share has been declared against 50c

A statement says that "due to reductions in order books throughout the group in the current economic recession it is not expected that the level of group earnings will be maintained in the ensuing year Nevertheless the present dividend rate should be maintained"

The statement says "Shareholders are hereby informed that the corporation has been advised of a claim by Sasol against Vecor Heavy Engineering, a subsidiary of Dorman Long Vanderbijl Corporation, of the order of R9-million

"Reports have recenty appeared in the Press to the effect that Sasol has threatened to claim damages from Dorbyl for breach of contract relating to the supply of certain equipment for Sasol's gas expansion programme

"To the extent that these reports suggest that there is a contract between Dorbyl or its subsidiary Vecor and Sasol, they are incorrect

"Senior counsel have advised that Vecor is not liable and liability is accordingly being repudiated and any action instituted against it by Sasol will be defended

"If the views of our legal advisers are not upheld and it should ultimately transpire that a liability does exist, this will be met from the distributable reserves of the group and therefore will not affect the amount available for distribution from current profits in that particular year. The directors do not anticipate that the current dividend policy will be affected thereby." — Sapa

Cape Times 8/12/77 (1) 189 (2) 258

Warships can be built in SA, but ...

By GEORGE YOUNG
Shipping Editor

TO BUILD or not to build warships in South Africa This is the topical discussion in shipbuilding circles since it became known that new tonnage was no longer forthcoming from overseas But while it is physically possible to build anything in this country, it is not economically or even technically practical, and in the same way as about 70 percent of a commercial ship erected in this country must be imported, the meticulously designed naval craft also will have to rely on sophisticated plant from overseas

Whatever the degree of patriotism and enthusiasm, pungent facts rear their heads on the subject of shipbuilding, and a nation which to date has not built a conventional automobile transmission cannot overnight launch into high precision naval shipbuilding

The casting of a propeller shaft for a ship of modest proportions in the Republic is itself something of a problem, and classification societies in authorizing use of locally built plant subject the finished products to intense tests In consequence of this casting problem, a local shipyard has bought from the railways the spare shafts of the scuttled tug Smoky Sue (T S McEwen), both of which have been in storage since the tug came out in 1925

The government steamer Africana 2 is reported in need of a new shaft and unless a secondhand one can be cut to measure, it would take months to obtain a new casting from Britain

Taiwan is virtually a supermarket for engines and technical plant, recovered from dismantled ships, and much of the plant is still worthy of use There are diesels (big and small), turbines, boilers, and everything needed to power a modern ship

While it is physically possible to produce the costly sophisticated electronics on a modern ship, the original outlay could scarcely be justified by demand for finished products and no commercial enterprise could risk this sort of capital

In the past the Republic relied on British naval building know-how, then accepted the French standards, but in contemplating reducing this standard for local construction, it conflicts with the British tendency where naval staffs believe leftist politicians are determined to prevent further construction of expensive fighting ships

To use smaller ships as replacements would involve developing such formidable flotillas of them that the cost would lead to a veto from the same leftist politicians

The missile destroyers of the County class build in 1963 are one by one being relegated to the scrapheap Hampshire being already partly dismantled in Chatham and cannibalized to maintain the others of the class in service

These look like being the British Navy's front-line ships until a trio of aircraft carriers come into service in the mid-1980s In the meantime the cruisers Blake and Tiger will go to the scrapyards and no other replacement tonnage is foreseen

While in South Africa there is a realization of the need for replacing old warships, costs notwithstanding, the British have adopted a view current in the 1930s that the fighting service can be wound down The war in 1939 came as a shock to the strategists who recognized the shortcomings of that policy

Enormous losses of merchantmen occurred because of inadequacy of naval forces, and sundry passenger liners were turned into auxiliary cruisers, hardly an answer to the problem

Star 8/12/77 (189)

DORMAN LONG VANDERBIJL CORPORATION LIMITED

AND ITS SUBSIDIARIES

PRELIMINARY PROFIT STATEMENT AND DECLARATION OF DIVIDENDS

The Directors report that the results of the year ended 30th September, 1977 are as follows:

	Group Profits (in thousands of rand) 1977	1976
Net income before taxation and extraordinary items	20 698	16 604
Less Taxation	5 636	3 498
	15 062	13 106
Less Outside shareholders' interest	1 045	1 394
Net income before extraordinary items	14 017	11 712
Extraordinary debits/(credits)	69	94
Net income attributable to shareholders of Dorman Long Vanderbijl Corporation Limited	R13 948	R11 618
The Directors propose dealing with the profits as follows:		
Dividends — Preference	402	402
— Ordinary	4 202	3 820
Increase in reserves — Non-Distributable	6	241
— Distributable	9 338	7 155
	R13 948	R11 618
Number of ordinary shares in issue on 6th December, 1977 (including 115 400 partly paid shares)	7 943 058	7 742 601
Earnings per ordinary share (based on shares in issue on 6th December, 1977)	173,6 cents	148,1 cents
Earnings per ordinary share (weighted average)	178,2 cents	161,7 cents
Dividend per ordinary share	55 cents	50 cents
Dividend cover ratio	3,2 1	3 1

Expectations for the ensuing year
Due to reductions in order books throughout the group in the current economic recession it is not expected that the level of group earnings reported above will be maintained in the ensuing year, nevertheless the present dividend rate should be maintained.

Annual Report
The Chairman's Statement, Directors' Report and audited Statements of Account will be mailed to members on or before 23rd December, 1977, together with the Notice of the Annual General Meeting to be held on 16th February, 1978

Contingent Liability
Shareholders are hereby informed that the corporation has been advised of a claim by Sasol against Vecor Heavy Engineering Limited, a subsidiary of Dorman Long Vanderbijl Corporation Limited of the order of R9 000 000
Reports have recently appeared in the press to the effect that Sasol has threatened to claim damages from Dorbyl for breach of contract relating to the supply of certain equipment for Sasol's gas expansion programme
To the extent that these reports suggest that there is a contract between Dorbyl or its subsidiary, Vecor and Sasol, they are incorrect.
Senior counsel has advised that Vecor is not liable and liability is accordingly being repudiated, and any action instituted against it by Sasol will be defended
If the views of our legal advisers are not upheld and it should ultimately transpire that a liability does exist this will be met from the distributable reserves of the group and therefore will not affect the amount available for distribution from current profits in that particular year
The Directors do not anticipate that the current dividend policy will be affected thereby

Acquisitions since the financial year end
The group has been successful in acquiring from British Steel Corporation (International) Limited the minority shareholding of 40% in Steel Wheel and Axle (S A) (Pty.) Ltd., which now becomes a wholly owned subsidiary. Payment for this acquisition was made by the issue of 200 000 ordinary shares in Dorman Long Vanderbijl Corporation Limited with effect from 1st December, 1977 and consequently these shares will qualify for the abovementioned dividend. Furthermore the group has acquired the entire share capital of Broderick Investments Limited for cash amounting to approximately R5 800 000.

Declaration of Dividend No. 60
Notice is hereby given that a dividend in respect of the year ended 30th September, 1977 has been declared on the Ordinary Share Capital of the corporation at the rate of 55 cents per share, payable to shareholders registered in the books of the corporation at the close of business on the 27th January, 1978
Non-resident shareholders' tax will be deducted where applicable, and dividend warrants will be posted on or about the 27th February, 1978
The transfer register and register of members will be closed from 28th January, 1978 to 6th February, 1978 both days inclusive

Declaration of Preference Dividends

Notice is hereby given that the half-yearly dividends have been declared on the following issued cumulative preference share capital of the corporation payable to all holders of such preference shares whose names are registered in the books of the corporation at the close of business on 15th December, 1977

5%	Cumulative Preference shares of R2 each
5,5%	Cumulative Preference shares of R2 each
5,75%	Cumulative Preference shares of R2 each

Non-resident shareholders' tax will be deducted where applicable and dividend warrants will be posted on or about 30th December, 1977

The preference share and transfer registers relating to the abovementioned shares will be closed from 16th December, 1977 to 2nd January, 1978 both days inclusive

Payment of Debenture Interest

9,25% Unsecured Debentures 1991/1996

Notice is hereby given that the interest due for the 6 month period ended 31st December, 1977 on the 9,25% unsecured debentures 1991/1996 issued by the corporation shall be payable to all debenture holders whose names are registered in the books of the corporation at the close of business on the 15th December, 1977

Non-resident tax on interest will be deducted where applicable and interest cheques will be posted on or about 30th December, 1977

The debenture register relating to the abovementioned debentures will be closed from 16th December, 1977 to 2nd January, 1978, both days inclusive

12% Unsecured Convertible Debentures 1986/1990

Notice is hereby given that the interest due for the year ended 31st January, 1978 on the 12% unsecured convertible debentures 1986/1990 issued by the corporation shall be payable to all debenture holders whose names are registered in the books of the corporation at the close of business on the 13th January, 1978, as in accordance with the provisions of the Debenture Trust Deed, it is necessary to close the register two weeks prior to the effective date of 27th January, 1978.

Non-resident tax on interest will be deducted where applicable and interest cheques will be posted on or about 30th January, 1978

The debenture register relating to the abovementioned debentures will be closed from 14th January, 1978 to 29th January, 1978, both days inclusive.

ON BEHALF OF THE BOARD
C D ELLIS (*Executive Chairman*)
T L ROUX (*Managing Director*)
Dorman Long Vanderbijl Corporation Limited

Transfer Secretaries
Barclays National Merchant Bank Limited
84 Market Street
Johannesburg 2001
P O Box 7761, Johannesburg 2000

Registered Office
6th Floor, Dorbyl House
Reserve Street, Braamfontein 2001

7th December 1977

...but production is up in Republic

Star 12/12/77 (189)

Seifsa reports that South African steel mills produced 630 900 t of ingots and continuously cast billets in October 1977 and a total of 5 946 100 t for the period January to October 1977 representing an increase of 3,5 percent on the 5 746 000 t produced during the same period a year ago Production of pig iron was 487 800 t in October 1977, and a total of 5 116 800 t for the period January to October 1977, a gain of 7,5 percent over the 4 758 500 t produced during the corresponding period last year.

In the ferro-alloy sector, production of ferrochrome, ferro-manganese and other ferro alloys was 53 500 t on October 1977, bringing the output to 682 500 t for the period January to October 1977; a decrease of 0,7 percent over the 687 600 t produced during the same period a year ago. The steel foundries produced 10 500 t of steel castings in October 1977 and 109 200 t for the period January to October 1977. This represents a decrease of 16,3 percent as compared with the 130 500 t produced during the same period of 1976.

Production of iron castings was 19 500 t in October 1977 and 192 600 t for the period January to October 1977. A drop in production output of 26,7 percent as compared with the 262 700 t produced during the corresponding period a year ago.

Star 12/12/77

DEMAND IS ONLY 60 PC OF CAPACITY

Gloom descends over European steelmakers

(189)

John Cavill

LONDON — The pall of gloom over European steelmakers — and their suppliers of ores and ferro-alloys — has been deepened by Common Market forecasts of a 7,5 percent drop in demand in the first quarter of 1978.

Less than 60 percent of the Common Market's steel-making capacity is expected to be utilised by the end of this year, and European Commission officials estimate this will worsen in early 1978.

The depressed outlook for ferro alloys — such as ferro-chrome and ferro-silicon — is underlined in the latest Metal Bulletin Under the headline "What first quarter?" it reports: The above question is a depressingly common response to inquiries of both sellers and buyers as to the likely course of business in ferro-alloys in Europe for first quarter 1978."

Spain and Italy apart "the picture is one of overbought steelmakers who are short of only one commodity — namely optimism."

But, the Metal Bulletin points out, actual levels of physical consumption of ferro-alloys are not "nearly as disastrously off" as sales levels and prices.

Ferro-chrome, the most price sensitive of the main alloys, has seen rock bottom prices and "if they fully believe their own forecasts a number of alloy buyers should not even open the doors for first quarter purchases at all . . ."

In ferro-silicon "every potential buyer" is already besieged by half a dozen regular suppliers, any one of whom could quite possibly supply the whole of his realistic first quarter needs

Despite efforts by buyers to "spread the crumbs," the Metal Bulletin reports a "blacklash" among some suppliers who want a return to the "law of the jungle" after years of striving for orderly markets and continuity and loyalty in producer-consumer relations.

But, concludes the Metal Bulletin "There is no evidence that buyers will depart from the intelligent maxim that it is good business to try to keep all your suppliers going in a slump so that they may survive to compete against each other in the next boom"

Sun.T. 18/12/77

(159)

World slump in steel will hit SA exports

SOUTH AFRICAN steel exports, which hit record levels this year, are likely to suffer in 1978 from increasing protectionism in slump-hit world steel markets.

By TONY KOENDERMAN

European Common Market forecasts of a 7,5 per cent drop in demand in the first quarter of 1978 have deepened the gloom hanging over the industry

With less than 60 per cent of European steel-making capacity utilised, and conditions worsening, export markets will become increasingly hard to enter

South African producers have been forced to cut their exports to Europe, and the 250 000-ton quota for the year has now been filled

While the new quota period begins early in 1978, prospects for maintaining exports at 1977 levels are grim

"There is not one company in Europe which has made a profit out of steel making in the past 12 months," says the local managing director of a major European steel company

Meanwhile, the US Government is working out an anti-dumping protection plan aimed at slashing steel imports from 20-million tons a year (about 20 per cent of US consumption) to 14-million tons a year

The basis of the scheme is the calculation of a reference price related to the cost of producing steel in Japan No importers will be allowed to sell steel below this price

This is expected to be implemented by February or March

"We have no idea what the effect of this will be on our export tonnages," says Leslie Boyd, managing director of Highveld Steel & Vanadium, the country's second biggest steel producer, owned by Anglo American

"All we know is exports will be more difficult in terms of quantity than they were in 1977, but prices may be better"

That should be an important consolation for Iscor, which has exported about 1,5-million tons this year at sub-economic prices

But Iscor considers it more advantageous to export steel at lower prices than withdraw expensive equipment from production and retrench skilled employees

In this way, both variable and some fixed costs are recovered, while valuable foreign currency is earned

The State-owned steel producer, responsible for 75 per cent of national steel output, is exporting about a quarter of its production, largely because domestic demand has also taken a nose-dive

It is a prerequisite for Iscor that existing capacity should be fully utilised and that about 90 per cent of its output is sold locally at current prices if the corporation is to operate profitably

At the moment, Iscor is operating at about 80 per cent of capacity The net loss for the financial year to June 30 was R49-million

A major production problem has been the breakdown of a new blast furnace at the Newcastle works in September, which will take between six and eight months to repair

This has cut production at Newcastle by 60 per cent, or 2 500 tons a day

The most damaging effect on world steel prices has been caused by dumping Japanese steelmakers, for instance, are selling steel landed in Europe more cheaply than European producers can make it

Countries like South Africa, India and Korea, all desperate to sell steel, have had to trim their own margins to the bone

While South African producers deny vigorously that they are dumping (that is, selling below production cost), there is no secret that they are being forced to accept export prices which are lower than the domestic price

The Rhodesian Iron and Steel Corporation is, nevertheless, undercutting South African steel prices by at least $20 a ton, according to local merchants

Rhodesia is selling in large quantites to Argentina, Lebanon and Jordan South Africa steel is going to the United States, Israel and Iran at the moment

SUN. TRIB 18/11/77 (189)

Amazing story of the Richards Bay steel mountain

ANY OLD IRON!

Part of the mountain of steel to be exported from Richards Bay during the next few weeks — boats, vehicles and pipes

The work's done . . . now builders have to export thousands of tons of scrap equipment

Tribune Inquiry by EVELYN HOLTZHAUSEN

THOUSANDS of tons of steel equipment, including expensive dredging pipes and harbour craft, will be scrapped and shipped out of Richards Bay in the next few weeks.

The steel worth thousands of rands, was used during the harbour construction Now it is no longer needed as the contract is complete

RB6, a consortium of Dutch, Belgian and German companies contracted to build the harbour, did not have to pay import duties on the equipment on condition they shipped it out at the end of the contract

However they paid a bond to the Department of Customs and Excise refundable once the material has been removed

The steel is being sold overseas as it would be impractical to pay import duties and sell the scrap locally.

One area of real waste, however, is the steel pipes of a special design which have to be scrapped rather than sold to overseas companies because there is no demand

At one time the company considered dumping the steel pipes at sea rather than pay the import duty Customs officials refused to relax the duty and allow the steel to remain in the country

A senior customs official in Pretoria said he was not allowed to comment on departmental affairs He said it was a confidential matter between RB6 and the department

A spokesman for RB6 said the boats that were being scrapped were built specially for work in the construction of the harbour and could not be sold as they did not comply with standards required by harbour regulations

A number of vehicles that are to be scrapped had no commercial value as they were no longer roadworthy

Some officials from RB6 have stayed at Richards Bay to supervise the scrapping and shipping of the steel

"We had to cut it up to facilitate stowage on ships," said an RB6 spokesman.

He said the scrap was being sold to many countries, including Japan and Turkey

A senior engineer at Richards Bay said it was a pity to see the steel being carved up as it could probably be used in future development of the harbour.

"It is going to cost a lot of money to import the steel we will need when work carries on here," he said

However, according to the RB6 spokesman, a lot of the steel is fatigued and cannot be used

He said the scrap steel would be exported by the end of January Four thousand tons had already left the country

S.TRIBUNE 8/1/78 (183)

Iscor provides for the future

By MADGE SWINDELLS

BACKGROUND to this week's steel price rise is Iscor's continuing battle to contain increasing costs while providing infrastructure to meet future demands.

For the first time since it started production in 1934, Iscor's turnover exceeded R1 000 million in 1977. Also during the year Iscor attained the highest ever production figure of 5 810 000 tons of liquid steel.

However, Iscor has still been hampered by the recession. The biggest single problem is the same as everywhere — finance. It takes from four to six years before a big production unit becomes fully effective. Therefore, the revenue from current production is saddled with the high financing costs of the new production unit.

With the high rate of expansion in South Africa this can become a big headache. Steel demand by 1986 is estimated to be around 14 million tons of liquid steel. The amount of capital investment required to supply this demand will run into billions of rand.

In the past year Iscor made provision for future investment against production costs for the eventual higher costs of replacing its production units. An amount of R64,2 million was treated as a legitimate cost factor before the financial results for the year were arrived at.

Since the start of this practice, R329,8 million has been provided as a charge against production costs for future replacement. For 1976/77, a net loss of R49 million was arrived at.

During 1977 Iscor achieved only 80 percent of capacity and in order to achieve this amount has been exporting steel at lower prices. Because the South African steel price is controlled and higher than world prices, it is a prerequisite for Iscor that the existing capacity be fully utilised and that about 90 percent of the steel produced be sold locally. Steel exports for 1977 amounted to about 1,5 million tons, but prices gained were low due to keen international competition.

Nevertheless, it is more advantageous for Iscor to export steel at lower prices rather than withdraw expensive equipment from production and retrench skilled employees. In this way both variable and part of fixed costs are recovered and foreign currency is earned.

During 1977 the following major projects were completed by Iscor: a R54,5 million expansion at the Pretoria works; R52 million expansion for two continuous slab - casting machines at the Vanderbijlpark works; R5,5 million for a double edge cutter and a fourth galvanizing line, also costing R5,5 million; at the Newcastle works 100 more coke ovens with a capacity of 3 850 tons a day costing R44 million plus a new blastfurnace for R52,4 million, a R33,5 million sinter plant, a R23 million continuous slab - casting machine and a R45 million billet inspection plant; at Sishen iron ore mine six drilling machines were bought for R4,5 million, six power shovels for R12,7 million and 17 trucks for R8,9 million and the second phase of the ore-handling plant valued at R24,5 million was opened

Nevertheless many plans were curtailed because of the recession and it is currently following a consolidation programme limiting capital expenditure to a minimum. Unfortunately it takes many years to commission plant and in the future the steel shortage will inevitably hit the local market and may have to be made up by imports at high cost.

Cape Times 10/1/78 (1)189

The

134 employees laid off by TV factory

Staff Reporter

ONE HUNDRED AND THIRTY-FOUR workers at Tedelex TV factory in Bellville arrived there yesterday morning to be told they had been laid off in an across-the-board retrenchment.

The plant — which manufactures Sony and Blaupunkt television sets — reopened yesterday after the Christmas recess. Mr George Bernhardt, technical director in charge of the factory, said replanning during the recess had made a quarter of the work force redundant.

Those affected include skilled manufacturing operators and semi-skilled and unskilled workers, both male and female.

"Less than half a dozen are white and all the rest coloured," said Mr Bernhardt.

It was "just not possible" to give the workers advance notice of their dismissal, he said. The 134 had received payment instead of notice, but Mr Bernhardt refused to say how many days' wages this covered.

"The numbers we have let go are proportional to the total number we employ in each category. It is an across-the-board retrenchment of the people least important to us in each."

He blamed a combination of general economic conditions and tightness in the television set industry as factors necessitating the cutback.

The last major retrenchment at Tedelex was from September 1976 to January 1977, when about 900 workers were dismissed.

"We have a record of everybody we let go this morning, and we hope to be able to re-employ them at some stage," said Mr Bernhardt.

"We did this very successfully last year, when we re-employed 200 people."

None of the workers laid off yesterday belongs to a trade union

(1) 189

Super-optimist Slome sacks 134

By DOREEN LEVIN

MULTI-millionaire Bennie Slome is a super optimist.

He is full of confidence for the future — after dismissing 134 workers at his Tedelex TV factory in Bellville, Cape, this week.

He says he is pressing ahead with plans to build another TV factory — which he promised four years ago to build.

The Bellville factory now has just over 400 employees

This is less than half the number of workers prophesied by Mr Slome, when he gave a pledge to the Decentralisation Board four years ago to move the factory to new premises at Atlantis, near Mamre in the Cape

On the strength of this pledge, he negotiated an import allocation for 100 000 semi-knocked-down TV sets

In addition, Tedelex received valuable loan, wage and material decentralisation concessions.

In the meantime, while Tedelex has been allowed to operate its TV factory

Mr BENNIE SLOME
New factory

at temporary premises in Bellville, a short distance from the D. F. Malan airport, 30 other industrialists have put up factories at Atlantis

Tedelex is only now taking transfer of the R200 000 Atlantis site, and the plans for the proposed R2-million television factory to be built there have still to be passed.

The Tedelex group employs more than 6 000 people and its gross assets exceed R127-million

Mr Slome told me this week he felt "terrible" about the retrenchment of the 134 workers at Bellville

He said Tedelex had been humane in postponing telling workers the bad news until the day they returned from their Christmas break

"When we increase our production, possibly June or July, we will again re-employ and give first opportunity to those who were retrenched this week

"I feel very sad when we have to dispense with the services of people, because I believe there isn't such a thing as business. It's just people"

Mr Slome said Tedelex's investment had been substantial in training a new type of skilled and semi-skilled work force for the television industry

"These people are better equipped than before they started with us

"Yet the harsh facts are that there are certain unpleasant steps one has to take to be as efficient as possible. But we will try to re-employ these people"

He said it was "absolute nonsense" to say that Tedelex had made a profit through decentralisation concessions

"Our profits were made as a result of our planning, our efficiency and our volume of sales"

Mr Slome said he could "face anyone squarely" about Atlantis

"We have done exactly what we said we would do — train and employ staff whom we want to take to Atlantis when we move at the end of the year.

"We are in touch with Atlantis — I travel down to the Cape from Johannesburg every Monday."

Despite a profits drop from R7,7-million in 1976 to R3,7-million, Mr Slome is confident that TV sales will get an enormous boost when blacks get their own TV programmes.

He said: "We have the comparison of sales in radios and how they soared after introduction of black programmes on FM.

"Television for blacks will be of tremendous educational and entertainment value.

"And it will keep their children off the streets."

Mr Piet Burger, manager of Atlantis Development, told me that Tedelex was not being treated differently to any other company

He said. "Tedelex signed the deed of sale long ago, and transfer is now being handled by the Provincial Council's solicitors.

"The company now has two years to build."

Another 30 industrialists were expected to move into Atlantis by the end of the year, Mr Burger said. There were 609 completed houses for workers and another 2 700 would be built before the year ended.

QUOTE

— by Mr Slome

I FEEL very sad when we have to dispense with the services of people, because I believe there isn't such a thing as business. It's just people.

Nuwe groep wil R20m. spaar

(189)

KLöCKNER-BECORIT SA verwag om die land vanjaar minstens R10 miljoen aan buitelandse valuta te bespaar en hoop om hierdie syfer binne die volgende drie jaar tot meer as R20 miljoen op te stoot.

Dit volg op die nuwe fabriek van die maatskappy wat verlede Oktober by Klerksdorp in gebruik geneem is nadat dit teen 'n koste van meer as R4 miljoen opgerig is

Dié maatskappy spesialiseer hoofsaaklik in stuttoerusting vir die land se mynbedryf, waarvan die selfdrywende hidrouliese daksteuneenhede die bekendste is

Een van hierdie reuse-eenhede kos R5 miljoen en die maatskappy verwag om teen 1981 tussen vyftien en twintig daarvan hier te vervaardig.

Met hierdie eenhede is reeds 'n plaaslike inhoud van meer as 70 persent bereik en daar word voortdurend gekyk na verdere maniere waarop die plaaslike inhoud verhoog kan word. Met die meeste ander toerusting wat vervaardig word, is 'n plaaslike inhoud van meer as 90 persent reeds bereik.

Maar Klockner-Becorit voel hier effe teleurgesteld Mnr Bill van Rensburg, uitvoerende direkteur, het aan Sake-RAPPORT gesê dat die groep se plaaslike vervaardiging nie altyd die steun en erkenning kry wat dit verdien nie

Hierdie gesofistikeerde mynboutoerusting wat die groep vervaardig, moes voorheen uitsluitend ingevoer word en die maatskappy is vandag steeds die enigste wat hier vervaardig

Hidrouliese stutte vir die goudmyne maak die grootste deel van die groep se omset uit. Maar oor die laaste jaar of wat het die vraag uit die ander mynbousektore só toegeneem dat die nuwe fabriek met 'n oppervlakte van meer as 11 000 vk. meter opgerig moes word.

Met die al hoe groter rol wat steenkool as energie speel en die feit dat steenkool oor minstens die volgende twintig jaar hier 'n oorheersende rol in Suid-Afrika sal speel, verwag die maatskappy dat hy in al hoe groter mate tot diens van dié bedryf sal word

Benewens die daksteune vir strookafbouing, vervaardig die groep nou ook in Suid-Afrika voerders en dakbouters, vervoerbande en brekers vir steenkoolontginning

Hy is dan ook nou met spesiale ontwikkelingswerk vir die Kamer van Mynwese besig

Klockner-Ferromatik het in Oktober verlede jaar met 'n ander Duitse groep, Becorit, saamgesmelt om die grootste groep in sy soort in Europa te word. Die naam is toe in die huidige verander. Becorit is wêreldwyd bekend vir mynstutte vir laelaag-strookafbouing, monospoor- en ander ondergrondse gemeganiseerde vervoertoerusting.

Die reuse-Klockner-groep van Duitsland het 'n belang van 50 persent in Klockner-Becorit.

Volgens mnr Van Rensburg het die Suid-Afrikaanse filiaal nog altyd daarin geslaag om 'n winste toon wat effe beter as dié res van die bedryf is en hoop om so voort te gaan. Dit is ook die beheermaatskappye se beleid om die winste weer in Suid-Afrika te herbelê

SA in steel talks

21/1/78 Star

189

Own Correspondent

BRUSSELS — South African and Common Market negotiators met in Brussels this week for complex bargaining on the coming year's steel supplies.

The Common Market is trying to regulate dealings with all supplier countries in the light of dire problems facing its own recession-ridden steel industry

EEC officials want the price of South African steel raised as part of a plan to protect European firms and jobs by encouraging buyers to use internal produce

In exchange they would guarantee South Africa's share of the market in various subsectors, probably based on 1976 figures, while making no promises about quantity

SA steel exports to the EEC totalled 446 000 t in 1976 and 334 000 t in the first six months of 1977

The EEC view is that it will not be restricting South African exports, though its pricing proposals so far undisclosed, are designed to have that effect.

SHIPBUILDING -/3/78 (187)

Grind on to 1980

Dorbyl's Durban shipyard is better placed right now than neighbour James Brown & Hamer which ran out of shipbuilding orders last year Whether this will still be so at the end of the year depends on strenuous efforts now being made to obtain work

Work to the value of R20m is in progress Biggest item is the 7 600 t deadweight container vessel *Breede* due for delivery to Unicorn on February 28. The balance consists of five tugs, one of which is for the Armaments Board and four for Railways' administration. They range from virtually complete to approaching the slipway.

Prospects for new orders are not too bright At the launching of *Breede* in November Unicorn chairman Murray Grindrod noted that at the end of June 1977 Lloyds' register showed 46 Mt gross registered merchant shipping on order compared to 133 Mt on order at the end of March 1974

Joint local branch manager Dick Brass says Dorbyl's information is that "things are expected to pick up in about two years The problem is to keep going until then Some shipbuilding jobs are highly specialised and one can't transfer that type of labour to other tasks. When JBH had to lay off staff we were able to take over some of their skilled people but if we run out of work there's not much we can do to help them find other jobs"

Brass concedes the tug contracts are "marginally profitable" — more than can be said for the oil rig which broke even. Capital expenditure had to be spread over one unit instead of the two anticipated and few projects of that nature are completed at a profit first time out With the experience gained new orders could be a different story.

Whether even in brighter days Dorbyl's large slipway will ever see the keel of the 15 000 t to 18 000 t deadweight vessel which it could accommodate is doubtful unless strategic reasons dictate otherwise

On the ship repair side "business is average and we are holding our own although volume has dropped since Suez re-opened"

Joint branch manager Dusty Miller points out that Dorbyl is helped by having facilities for ship repair in Durban, East London and Port Elizabeth as well as in Cape Town through its 75% interest in Dorman Long Swan Hunter Thus it was able to pick up work arising from the giant tanker pile-up

Apart from ship construction and repair, Dorbyl's Durban facilities are devoted to such diverse tasks as assembling straddle carriers built by Dorbyl in Germiston, maintenance and repair work for the sugar industry, and light engineering and extensions to the Alusaf smelter at Richards Bay.

Meanwhile James Brown & Hamer MD Eric Mackie "would hesitate to predict when shipbuilding will pick up again. It's a depressed industry worldwide and competition is very keen. We're still looking for work — the right job at the right price — but it's not easy.

"Ship repair work is about average and I would say we're holding our own, but competition is absolutely keen. At one time owners would say 'get on with the job' but now they want three quotes and time as well as price is taken into account. I don't think things will look up until the world economy improves and that's something for the crystal ball gazer."

3, 189

SUNDAY TIMES, Business Times, February 5, 1978.

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...mens labour ...licy pays off

By TONY KOENDERMAN

t a slower year by ...rm of the ...-technical ...per cent to ...r up 7 per ... impressive ...r the year ... the solid depressed ...ofits do not ...in order to labour poli-...s is paying ...ent over the ...rate for all ... in a period ...e index has ...il 1970 and ...iens' wage-...cks) rose by wage-rate A, 122 per cent ...t paid staff ... cent above level for a bonuses and double the ...rd on black good In 1966 the company employed 205 black workers, none of them in the top six wage grades and only five in the seventh grade (grade DDD)

Last year, out of 1 090 workers employed, 241 were in grade DDD, while 49 were in higher grades Only the two artisan grades have no blacks as yet, because of labour regulations

The principle of equal pay for equal work is applied, and while the top grades have no blacks and the bottom grades have only blacks, the middle grades have a good mixture of all race groups

"At this stage it is still unavoidable that the majority of black factory workers occupy exclusively the four lowest grades," says chief executive Wilfried Wentges

"They are newcomers to industry and often of lower educational standard There is no reason that it should stay that way "

The company organised 217 training courses during the year, which were attended by 29 per cent of the staff

The payoff for these policies came in a low rate of staff turnover and, of course, good profits

The turnover of black male staff, for example, fell from 15 per cent the previous year to 2 per cent, that of coloured and Asiatic men fell from 25 to 3 per cent, and that of white men from 44 to 25 per cent

In regard to the financial results, the 7 per cent increase in turnover and a tiny increase in pre-tax profit may look unimpressive, but in the context of the stagnation of demand in the industry they represent increased market penetration by Siemens

Moreover, the ratio of pre-tax profit to sales rose from 3,3 per cent to 3,4 per cent

And the 12 per cent hike in orders augurs well for this year The level of orders on hand almost guarantees 1978's projected turnover of R224-million.

Siemens continues its conservative policy of allotting a high proportion — 55 per cent — of its taxed profit to reserves

The company's capital was increased by R5-million during the year to R13,45-million, and it has "sufficient leeway to finance substantial fixed and current assets in 1977/78," says Mr Wentges

The company is controlled (52 per cent) by Siemens Beteiligungen, of Switzerland, which is itself a wholly-owned subsidiary of Siemens Germany Other shareholders are Industrial Development Corporation (24 per cent), the Federale Group (16 per cent) and SA Mutual (8 per cent)

Fixed assets amounted to R27-million, and the total shareholders' investment to almost R45-million

There are eight factories in South Africa, and 60 per cent of last year's orders were communications-oriented (a slight decrease on 1976) and 40 per cent power-oriented

The communications sector takes in telecommunications (49 per cent of all business), telegraphs and signalling, and components, while the power sector comprises power engineering, electrical installations and medical engineering

PUTTING IN THE BILL

FM 10/2/78 (211) (98) (189) (226)

Industries which will be negotiating wages and working conditions this year include

- **Mines.** Besides asking for R80 a month more (about a 10% increase according to Chamber of Mines' figures), the unions will almost certainly demand a full five day week Arrie Paulus's Mine Workers Union has already said it will, and the artisan unions, which withdrew their demands in 1976, will re-introduce them this year

The industry has a torrid industrial relations history This year should be no exception.

- **Steel and engineering.** Unions will decide on their demands on Monday These are likely to be rejected, at least at first, by Seifsa.

Part of the negotiations could hinge around job changes Seifsa is a signatory to the Urban Foundation's code of conduct, and director Errol Drummond confirms it is committed to attempting to write the code into the industry's agreement

Drummond says the unions have already been made aware of this at industrial council level and are considering their response If Seifsa asks for job changes as part of its commitment to the code, these could be traded off against wage increases

- **Railways.** Railway men were awarded a 5% increase in December along with other civil servants, but an arbitration commission is still sitting to discuss claims by the Artisan Staff Association (ASA) for a 15% rise

The ASA's chances are slim But if it does win an increase, government would probably be compelled to extend it throughout the whole public service

The arbitrators' decision will be known at the earliest by April ASA general secretary Wallie Grobler tells the *FM* the arbitrators will hear oral evidence at the end of this month and it will take at least a month after then for any decision to be made public.

- **Building.** Negotiations are on the cards for the industry in the Transvaal, Durban and Pietermaritzburg. The unions will be putting in fairly large wage and fringe benefit demands

Amalgamated Union of Building Trades Workers secretary Richard Beech tells the *FM*, however, that the union will concentrate on fringe benefit claims and may even be prepared to forego wage hikes to achieve these. "Our pensions are at present a mere R65 a month maximum I have a mandate from my executive to push for them to be increased to 70% of salary. If we get this, and medical aid improvements, we could drop out wage claims."

Employers are obviously concerned about the situation. The unions usually bargain with the Master Builders' Association, but the larger Building Industries Federation has asked to meet the unions to discuss the issue.

- **Escom and Iscor.** Both technically fall under the ambit of the main Seifsa agreement, but separate "house agreements" are negotiated with the unions.

The unions are in the process of formulating their demands here too and talks will take place before the main bargaining with Seifsa.

FM 10/2/78 (189)

DOMESTIC APPLIANCES

Wringing local industry

Cheap imports are giving SA's half-dozen washing machine manufacturers a scrubbing. That's why the Domestic Appliance Association (Damsa) has asked government to hike the duty on imported machines from R32 to R50 each And the beleagured industry — which represents an investment of about R50m — is approaching Pretoria for extra protection on some other appliances too

"Most emphatically we have suffered from cheap imports," complains Damsa president and Hoover MD Ted Ashdown. Adds Defy marketing director Bob Symon· "We don't need to be pampered, but we must stay viable "

Italian and Japanese products in particular have flooded the local market to the extent that they now account for a third of total sales (about 90 000 units a year). Meanwhile, the local industry's turnover has plunged about 15% in real terms over the past 12 months. Don Lanigan, director of General Electric SA, guesses most local firms are now operating at only 60%-75% of their factories' capacity.

Low technology

Import figures bear out the industry's concern. During the first eight months of 1976, 6 078 small centrifuge washing machines (valued at R620 000) entered SA from abroad In January-August last year, however, the number had soared to over 10 000 (value R947 000). Local makers concede the Italian and Japanese models are high quality products — with one exception Their spin speeds are very low, indicating a lower level of technology and thus, say the local men, lower costs.

Pretoria will soon have the domestic appliance industry on its doorstep again. Likely subjects for discussion: refrigerators and air-conditioners. "We have a tremendous problem here," says Ashdown, "and we want to express our views on the total appliance market."

"The appliance industry is having a tough time," adds Symon, while Lanigan argues the market is much quieter than most figures imply.

Makers of room air-conditioners in particular are ready to blow billows of hot air at government. In 1973 Pretoria prohibited the import of fully-assembled units and two years later clamped down on kit imports too. Local industry was thus encouraged to invest heavily in new plant.

Now, in the depths of recession, the Department of Commerce has moved room air conditioning units back onto the free list of imports "Italy could jump in and flood the market," says Lanigan, pointing out that within the next few months the protective sales duty and import surcharge will probably also be abolished.

Damsa has asked for an urgent meeting with government to discuss its problems. In the long run though, the only solution to its woes is a sharp boost to consumer demand

WAGE DEMANDS — 1

Steel and engineering

FM 3/3/7

The steel and engineering industry will no doubt live up to its reputation for tough bargaining this year

The Confederation of Metal and Building Unions (CMBU) this week decided on wage demands which, so union sources say, average 12% to 13%, with higher percentage increases in the lower jobs But the CMBU is not seeking compensation for the fact that last year's wage rise was below the CPI rise.

How will the industry's employer organisation, Seifsa, react? Says Ben Nicholson, secretary of the CMBU. "We are already confronted with the usual red herrings. The mines are pleading poverty if gold drops below $170 and the Stellenbosch Bureau for Economic Research has warned of a high inflation rate if employers don't hold down wage increases But nobody bothers to mention the inflationary effect of measures in the railway budget"

On the African jobs front, Seifsa has already given notice of its intention to try to write the Urban Foundation/Saccola code of conduct into the industry's agreement The unions say this means another attempt to move Africans up the jobs ladder

Says Nicholson "We've nothing against a controlled movement of blacks up the ladder But our members at the top must have their suspicions about their future allayed Our proposals contain suggestions about how this ought to be done"

A key element in the unions' suggestions deals with "the fact that employers are still not keeping their side of the bargain by paying the same rates to non union labour

(1) FM 10/3/78 (189)

ENGINEERING WAGES — and the colour bar

The skills shortage in the steel and engineering industry has reached such a point that Seifsa is making a determined bid to throw open even the top jobs to blacks.

It has told the steel and engineering industrial council that it wants the racial

(2)

bars in the A to D categories scrapped. The bars in lower jobs have already been largely eliminated.

At the moment, jobs in the A and AA categories (mainly artisans) are totally barred to Africans. And they are allowed "controlled access" to jobs in the (semi-skilled) AB to D categories only with the say-so of the registered unions.

Seifsa director Errol Drummond tells the *FM* that employers now want full access to African labour in all work categories in the industry, which employs nearly half a million men "We can't afford racial discrimination any more. The industry has chronic and acute labour supply problems. Even in the midst of the recession we've experienced bottlenecks in certain trades."

The answer of most of the unions is contained in their wage proposals They have asked for rises in minimum rates ranging from 15% to 46%, together with across-the-board increases of between 11c an hour in the bottom jobs and 25c at the top

Drummond labels these pay demands, along with the unions' requests for better fringe benefits and overtime rates, as "enormous" The unions reply that the large increases in minima occur only in the higher categories (A and AA) and that they are specifically designed to meet Seifsa's call to end job colour bars.

(3) "There's a big difference between the minimum and what employers actually pay This allows them to replace our men with cheap, unorganised labour which they hire at far less than the going rate Our proposals are designed to bring the minima and the going rates into line," says one unionist

The going rate in top jobs is already generally well above the minima (in job A the going rate is about R3,50 an hour, against the existing minimum of R2,18) So it is the across-the-board increase which is more important to union members from the point of view of their actual pay

The significance of the minimum rates is that they represent the price at which new (black) workers can enter previously reserved jobs The higher the minima, the less incentive for employers to bring in blacks simply because they are cheaper

Says Drummond "Nobody complained about undercutting when we didn't have job reservation in the

(4)

industry Besides, the minima make a big difference to the wage we would have to pay an apprentice straight out of training We need the low minima to give us flexibility in awarding service increments "

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(j) Gesondheidsdienste:

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(j) Totale mediese koste

(k) Pensioenbydrae deur boer (jaarliks)

(l) Versekeringsbydrae deur boer (jaarliks)

11/3/78 DD 189

Iscor shows R49m loss

HOUSE OF ASSEMBLY — The state-owned South African Iron and Steel Industrial Corporation lost R49,1 million last year — R19 million more than its losses in 1976 — bringing its total losses since 1974 to R152,6 million.

The corporation, which had assets of R1 892 million, said in its annual report which was tabled in Parliament yesterday that the most important single factor responsible for the difficult situation in the local primary steel industry was "the drastic decline in the domestic demand"

In view of the fact that steel is sold at controlled prices within the Republic, it is a prerequisite for Iscor that the existing capacity be fully utilised and that about 90 per cent of the steel produced be sold locally at current prices if the corporation is to operate profitably. However, the present economic climate makes this impossible," the report said — PC

survey on training facilities for
ned to include Coloured. He was
had already sent out. Next year
ssioned by the Anglo-American
nd for highly skilled black

aily Mail, had just spent 10 days in
ed account of the Newcastle Bus

arm Labour Conference on farm
ols on farms and finding out to
n schools.

Brian Levy and Mark Stranex were both shortly to start working on the distribution of schools and population on farms.

Farieda Khan was busy doing a research job for Francis Wilson collecting factual material on South African history over the last 30 years.

Francis Wilson reported that he had completed two papers, the first for the Economic Society of South Africa's 50th anniversary conference on Labour Problems in South Africa, the second was a background paper for the ILO Conference on International Migration in Southern Africa. He was also busy on an article for the Annual Labour Survey on 'The Gold Mines Revisited' this would cover the last 7 years since the publication of his book. Dr Wilson told the meeting that he was the representative for Bantustan leaders on the Commission on Black Taxation with a mandate to investigate whether 'the Bantu in general and the homelands in particular are receiving a fair share of the taxes paid directly and indirectly by the Bantu'.

Plans for next year: These include Labour '76 - A Survey of Labour
Handbook of Statistics
Agricultural Conference - September 1976

Mr. Bromberger suggested that it may be beneficial next year to invite interesting people, mainly from outside the University, to attend the occasional lunch with SALDRU members. This was agreed upon.

Administrative arrangements (F.W. away to March 1976)

As Dr. Wilson would be away from the University until the first week in March 1976 Mr. Norman Bromberger would act as Head of the Division of Research and be available to make decisions.

Books It was agreed to hold this item over until the next meeting.

Structured contact: Dr. Wilson proposed that:

1) A time should be made for informal tea daily
2) Monday lunch meetings should be continued
3) Formal meetings should be held once a month or once every two months. The first of these formal meetings to be held in the middle of March.

Masjinerie is ons voorland

Sake-Rapport 19/3/78 (189)

SUID-AFRIKA se ware uitvoerpotensiaal lê waarskynlik in die veld van masjinerie. En dat daar dringend hieraan aandag gegee moet word, is die gevolgtrekking van dr. Piet van Schaik van Nedbank in 'n tesis oor Suid-Afrika se uitvoerpotensiaal waarmee hy pas 'n doktorsgraad aan die Universiteit van Stellenbosch verwerf het.

In sy slotsom verwys hy na Hirschman se kommentaar oor hierdie aspek, waar gesê word dat ekonome — maar nog nie ingenieurs nie — reeds baie aandag geskenk het aan die kwessie van die benutting van die moderne tegnologie in lande waar arbeid goedkoop en volop is en waar die instelling van sekere arbeidsbesparende innovasies nie geregverdig kan word nie

As Suid-Afrika in hierdie rigting kan beweeg, sê dr Van Schaik, kan daar 'n drieledige voordeel daaruit spruit

Sterk swaai

Vir eers sal 'n hoer effektiewe indiensneming moontlik gemaak word Ten tweede sal minder invoer van masjinerie uit ontwikkelde lande 'n besparing van buitelandse valuta in die hand werk En ten derde sal die uitvoer van masjinerie aansienlik verhoog kan word

Daar moet onthou word dat die lande in die Midde-Ooste sowel as feitlik elke land onder die twintigste lengtegraad noord 'n potensiele mark vir hierdie soort masjinerie vorm Dit is waarskynlik die veld waar Suid-Afrika se ware uitvoerpotensiaal lê

Dr Van Schaik sê dat oor 'n aantal jare die uitvoer van masjinerie baie belangriker in die wêreldhandel geword het Maar wat die uitvoerpatroon van Suid-Afrika betref, het hierdie verandering nie in dieselfde mate plaasgevind nie

In teenstelling met die res van die wêreld het die patroon in Suid-Afrika 'n toenemende klem op voedselprodukte en grondstowwe geplaas

Dit was dan met die oog op hierdie sterk swaai in die wêreldhandel na die uitvoer van masjinerie dat dr Van Schaik besluit het om hierdie sektor in die Suid-Afrikaanse konteks van nader te beskou

Hier het 'n aantal belangrike feite aan die lig gekom Vir eers het dit duidelik geblyk dat Afrika die belangrikste mark vir die uitvoer van masjinerie vorm Heelwat uitvoerders het hulle ten tweede aan hierdie mark onttrek weens politieke onsekerheid en daardie lande se betrekkinge met Suid-Afrika

Ten derde, en voortspruitend hieruit, sal die toekoms van hierdie mark vir Suid-Afrikaanse uitvoer afhang van hoe suksesvol daar 'n détente-beleid met hierdie lande gevoer kan word

Faktore wat 'n meer regstreekse sake-agtergrond het, is aan die positiewe kant die stiptelike aflewering van bestellings, sowel as die gehalte en eienskappe van die masjinerie

Aan die negatiewe kant is daar die hoe vervoerkoste na markte in die Noordelike Halfrond en die groot getal buitelandsbeheerde ondernemings wat deur hul moedermaatskappye óf uitdruklik óf by implikasie verbied word om uit voer, sê dr Van Schaik

Clash looms on colour bar

2/4/78

Seifsa want to scrap all job reservation. Ten registered trade unions, representing whites, coloureds and Asians, are opposed to such a move. Today they face each other in the first round of vitally important negotiations for a new industrial council agreement. RIAAN de VILLIERS, Labour Correspondent, reports.

EMPLOYERS and trade unions in the steel and engineering industry face each other across the bargaining table today to start negotiating a new industrial council agreement.

Steel and engineering is South Africa's largest secondary industry and the agreement — laying down minimum wages and employment conditions for the industry — affects the working futures of half a million workers of whom 80% are blacks.

The battle lines have been drawn up for an unusually significant confrontation. The powerful employer body in the industry — the Steel and Engineering Industries Federation of SA (Seifsa) — wants to scrap all job reservation this year.

It will be faced across the bargaining table by 10 registered trade unions, representing some 100000 white coloured and Asian workers, who intend to resist the move.

The negotiations highlight an important aspect of the colour bar in South Africa.

Much attention has been focused in the past on the statutory job reservation provided in the Industrial Conciliation Act, in terms of which the Minister of Labour may reserve certain categories of work for people of certain race groups.

But this colour bar is now all but defunct. The Minister of Labour, Mr Fanie Botha, withdrew 28 determinations last year, most of them obsolete or rendered ineffective by exemptions. Only five are still in force.

At most, it has been claimed, statutory reservation affected only some 2,3% of the entire workforce.

At stake in the talks is the much more formidable barrier to black job advancement built into industrial council agreements. Blacks may not be members of registered trade unions and are excluded from direct participation in the negotiations which produce the agreements.

It is this system which has placed registe[illegible]

It is this system which has placed registered unions representing whites, coloureds and Asians in a position to monopolise skilled and semi-skilled jobs.

Industrial council agreements may not discriminate between different race groups.

But in practice they do, by distinguishing between "artisans" and "non-artisans", or, as in the case of the steel and engineering agreement, between members of the unions party to the agreement — whites, coloureds and Asians — and non-members — that is, blacks.

This is the colour bar Seifsa wants to break down.

The reason for the Seifsa initiative is the anti-discriminatory Code of Employment Practice jointly produced last year by the Urban Foundation and the SA Employers Consultative Committee on Labour Affairs (Saccola).

Nothing much seems to have happened since the code was announced last year, though it was endorsed by 90% of organised commerce and industry.

Seifsa's initiative is a welcome exception. It is a signatory to the code and has committed itself to writing it into this year's agreement.

Seifsa's director, Dr Errol Drummond, boss of an empire encompassing some 62 employer associations and 4 000 firms, feels strongly about the code.

"It's no good supporting the code if we continue to have job discrimination in our industry. We must be prepared to stand up and be counted, inside South Africa as well as internationally," he said.

"There is no place for discrimination in this time and age, especially in the labour field."

Seifsa's board of [illegible]

Seifsa's board of management and council were unanimous in their decision to support the code.

"They were very enthusiastic about it. We don't propose to give lip service to the precepts we have endorsed."

Actually, black job advancement has been a continuing exercise in the steel and engineering industry for a number of years. As in other industries, the growing shortage of white skilled and semi-skilled workers has led to a considerable relaxation of the job barriers — but black advancement into the higher grades has remained under strict union control.

The present main agreement contains a clause restricting the top job grades from A to D to union members only. But a supplementary agreement has been in force for some years, allowing blacks progressive entry into the higher grades, subject to union control and approval.

Blacks already have access to job grades D to AB, leaving only the A grade (artisan grade) and the AA grade solely restricted to union members.

Instead of negotiating further advances in terms of the supplementary agreement, Seifsa now wants to scrap the clause in the main agreement, in which case the supplementary agreement will fall away.

The unions have anticipated further black job advancement this year by demanding increases of up to 42% in minimum rates of pay. They claim the new minimum levels will not materially affect wages as the present going rate for white, coloured and Asian workers are much higher, especially in the higher categories.

They claim th[illegible]

They claim the higher minimum levels will merely prevent employers from undercutting union members and exploiting black labour when the job reservation barriers are removed.

A key man in the talks is Mr Ben Nicholson, general secretary of the Confederation of Metal and Building Unions which represents eight of the 10 unions involved.

Explaining the philosophy behind the unions' demands, he said:

"Seifsa's attitude is based on moral considerations, but employers have never been bothered with morals before. The charge we level at them is that they want unlimited access to cheap labour.

"Our demand for higher minimum wages is a test of the employers' sincerity with regard to their so-called code of ethics. If they try to keep wage minimums low, the scrapping of job reservation will merely mean an attempt to exploit cheap labour.

"If they are sincere, they will concede these minimum rates without any argument at all, as they are in fact less than the existing going rates in the higher job categories."

The rate for the job is only a partial answer to the union's problems. Most of them believe they need additional protection against being flooded out of the labour market.

"In our experience, once blacks go into top jobs, they stay — and there are enough blacks to occupy all jobs. If the job market is completely open there will be an access problem, especially for coloureds and Indians," said one unionist.

"There must be some form of protection for minority groups. Before we are even prepared to consider Seifsa's proposal, they will have to come up with some other form of protection".

If Seifsa cannot do so, the unions will demand that they wait for the Wiehahn Commission report, which is expected to come up with a new protective formula.

Seifsa's demand has raised another interesting issue. In the absence of full trade union rights for blacks, unions see the supplementary agreement as a protective device for blacks as well as other races. If it was scrapped without extending trade union rights to blacks, unionists argue, the market will be flooded by unrepresented workers.

Employers would have a cheap, unrepresented and docile labour force at their disposal and could circumvent existing organised labour completely.

On this score, unionists are likely to demand that Seifsa waits for the outcome of the commission — and they will also challenge Seifsa on its own attitude to trade union rights for blacks [illegible]

Another leading [illegible]

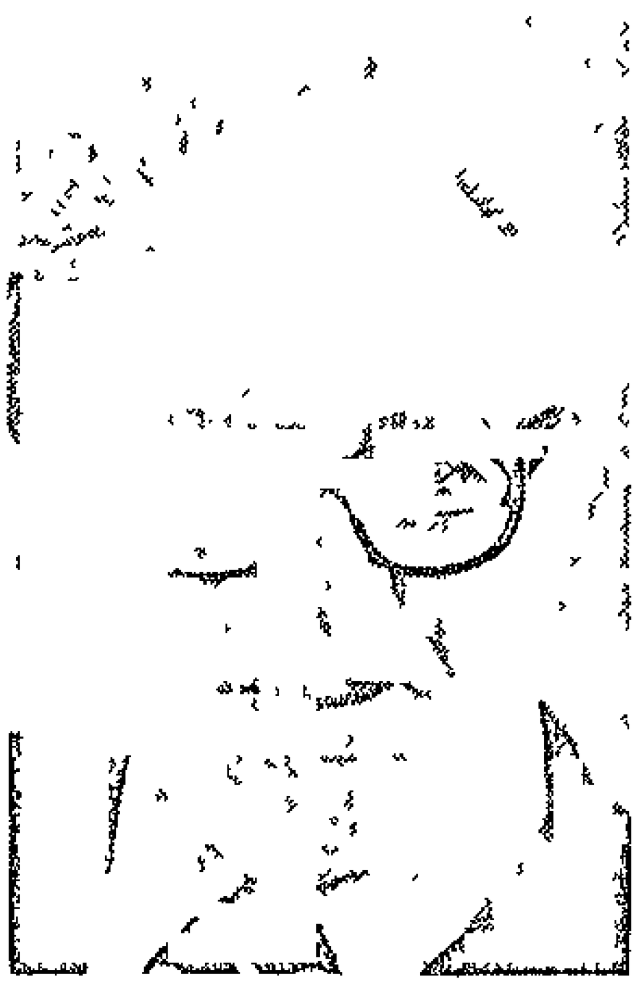
Wessel Bornman, general secretary of the formidable [illegible] also [illegible] servative, pro-job [illegible] tion SA Confederation of Labour.

He has expressed grave disappointment that the employers have come up with what he terms a "revolutionary proposal" and has warned against large-scale dissatisfaction and unrest in the industry if there is no regulatory document to control the 4 000 employers.

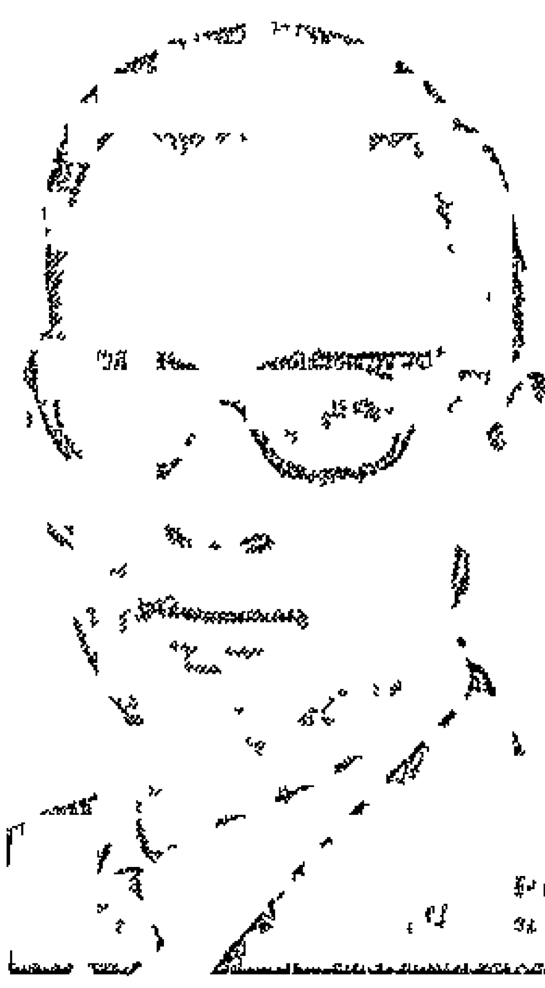
Mr Bornman says any agreement which did not continue to protect all workers would be "completely u[illegible]ble". Neverthele[illegible] that a satisfac[illegible] cation can be reached.

Other unio[illegible] not so sure. Some [illegible] hether agreement is [illegible] e, and believe the r[illegible] will turn into confr[illegible].

"The fur," [illegible] unionist, "is definitely going to fly."



Errol Drummond ... backs the code.



Wessel Bornman ... warns on unrest.

Bricknell are spreading their wings — with profit — all over South Africa

Despite the general economic gloom Bricknell Engineering achieved a record turnover and profit for the past financial year

Great confidence was shown in this East London company by a large Johannesburg based consulting engineering firm and when they were awarded a ventilation and air conditioning contract at Cato Ridge which is situated near Durban The ventilation section of this contract is probably the largest ever to be installed in the Durban area This contract followed two other large ventilation installations at Motor Assemblies in Durban

A very important air conditioning contract was won in Port Elizabeth despite strong competition from companies based in that city The contract is to air-condition the new terminal buildings at the H F Verwoerd airport

The air conditioning system employes two centrally situated 100 horsepower water chilling machines which feed seven air handling wits with chilled crater Each airhandler in turn serves a separate tempertature-controlled zome-through air ducting concealed in the false ceilings This system, in fact, is the same type employed by Bricknell on three highly successful contracts carried out in East London at the Western Bank, Mdantsane Hospital and the new Law Courts

"We carry out all types of air conditioning and ventilation systems and have installed more than three hundred separate installations during the past twelve months alone," The managing director Mr Garry Thomas said "We were very proud to have installed the twenty-horsepower packaged air conditioner to serve the Cold Type Department of the Daily Dispatch

"The other interesting systems include a high velocity air conditioning system at George Hospital with separate zone control in each theatre, a large packaged air conditioning system at the new provincial library in Aliwal North and a ventilation installation in Dundee Natal

"We have also maintained our excellent record in general engineering and have completed numerous contracts in this field with a large diversification of jobs Some of these include

"A new fire escape for the Kings Hotel

"A large steam line for a Butterworth Textile Mill

"Numerous welding and turning jobs

"A carpet coating machine for a local company

"Two spraybooths for a Transkei panel beating company

"A pneumatic pipe line at Premier Timber"

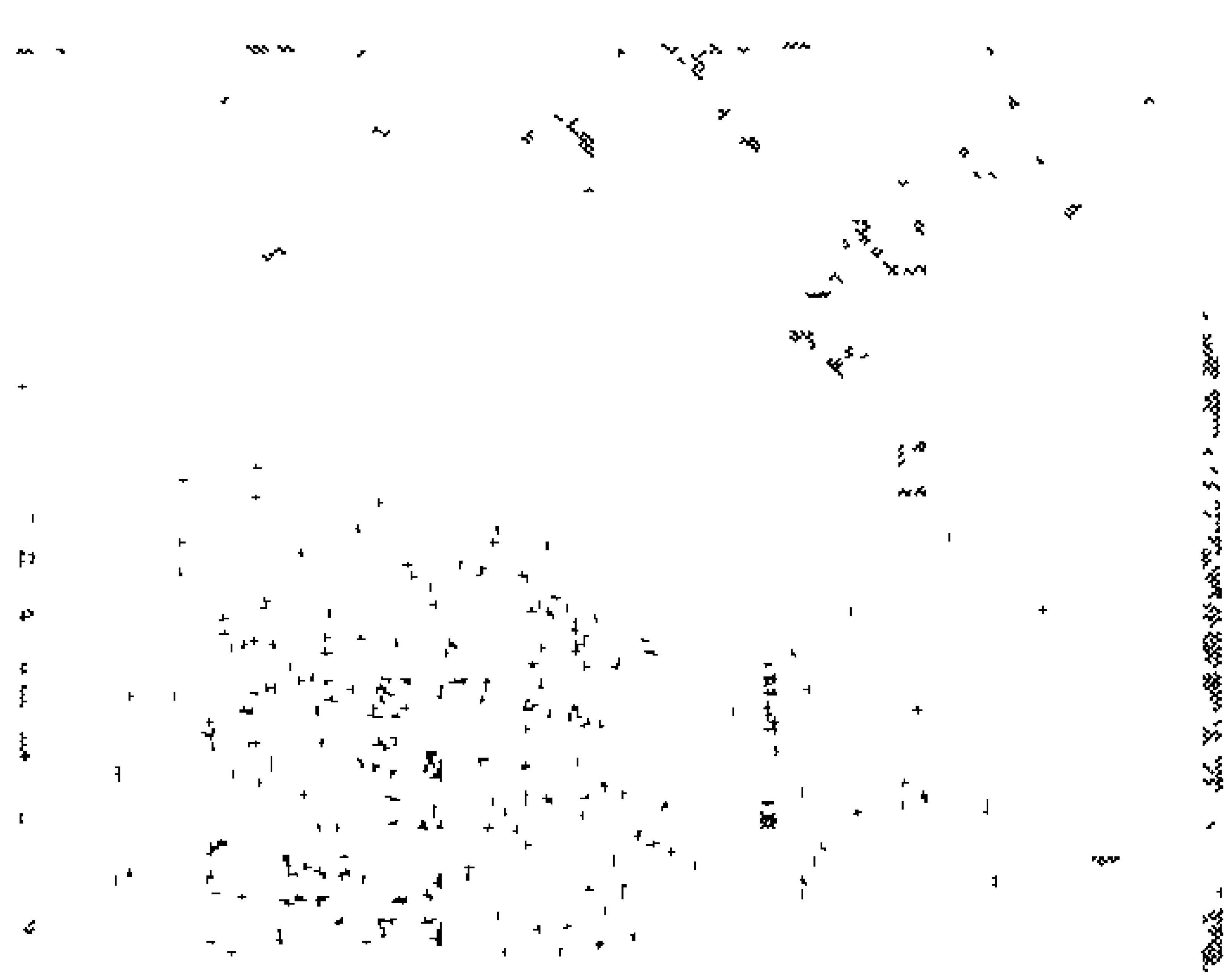
In the commercial refrigeration field great success was achieved, especially with Bricknell's new portable cold and freezer rooms which are completely prefabricated in their own workshops These cold boxes have been installed as far afeield as Colesberg The highlight of the yeart was an excellent Freon refrigeration system installed at Meyers Meats

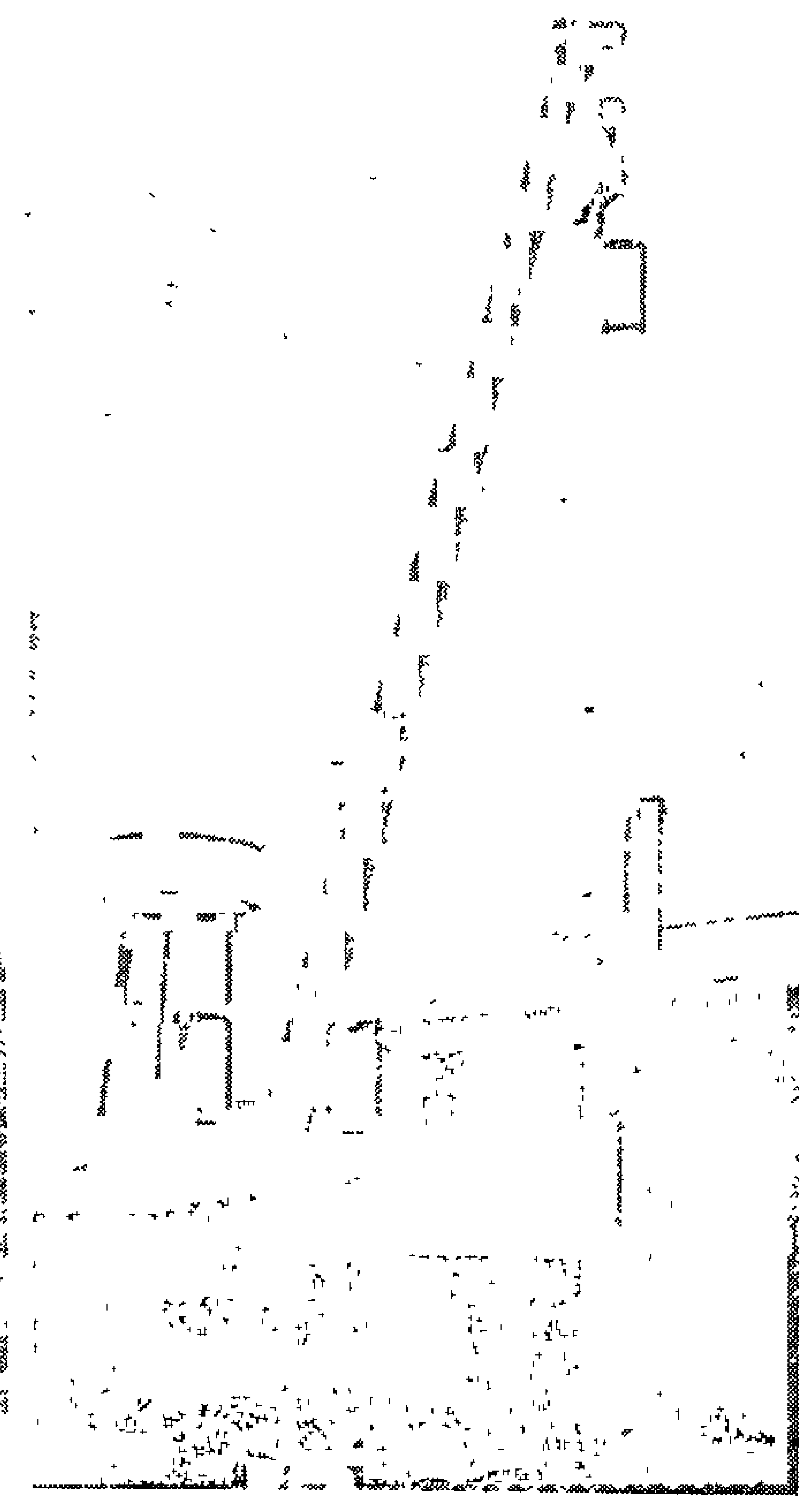
Bricknells are particularly proud of this system as they had been servicing and repairing the ammia plant at this butchery for the past 25 years They feel this is proof of the solid service they offer and thank Mr Denis Meyer for his confidence in their company

Bricknells have not neglected their local customers and are selling a large number and variety of console, split and window type air conditioners in this area

With the recent take over of Cape Air by Murray and Stewart, to add to their other acquisitions ie Thermaire, Associated Air and the contracting section of Errol Greene (Pty) Limited, Bricknell Engineering are proud of the fact that they are one of the very few air conditioning companies of any consequence left in South Africa which is privately owned The shareholders comprising Mr Garry Thomas, a highly experienced air conditioning engineer with South Africa, British and American qualifications, and his two brothers, Bryan, who runs the contracting section, and Haig, who looks after the financial affairs of the company

There is a strong tradition at Bricknell Engineering and Mr Edwyn Bricknell, who was one of the founders of the firm, remains chairman of the board of directors while his brother Aubrey, who is also well known in East London acts occasionally as a consultant to the company although retired Those two brothers are planning a trip to the Far East in May this year and we wish them bon voyage and hope they don't spend too much time "studying" air conditioning systems





Above, the ventilation by Bricknell Engineering at Motor Assemblies, Durban, Right; the chimney stack installed for the boiler at the East London abattoir by Bricknells

FM 7/4/78

(189)

STRUCTURAL STEELS

Losing their grip?

Having lost its comparative cost advantage over reinforced concrete, structural steel is in some danger of being squeezed out of the market

Traditionally, SA has not been a good market for steel construction, although some major buildings, such as the Trust Bank buildings in Johannesburg and Cape Town and the Parliament building of BophuthaTswana, are steel structures

But SA's need for a steel construction industry is being questioned by, among others, Clifford McMillan, top designer and partner in Ove Arup & Partners He claims it is a more capital intensive industry and needs more skilled labour than its reinforced concrete counterpart

Structural steel is also more expensive than concrete McMillan makes the point that the local steel industry "lacks the range of sections and back-up products ... and this has an important influence on its relative economics " He adds that a detailed comparison showed "structural steel work was substantially more expensive in capital cost "

Besides the cost factor, designers are deterred from using steel because the local industry "is not as effective as it should be in producing an optimum 'total design' ", maintains McMillan (that is, from the foundations to the roof)

Iscor's MD Hans Coetzee believes. "The structural steel industry has to look at certain things collectively so as to prevent or remedy ailments such as detrimental building regulations and poor workmanship " Another problem is that "engineers and architects are usually not sufficiently trained in steel design to become experienced," says Coetzee

Despite all the drawbacks, the SA Institute of Construction Steel is not prepared to sit back and watch its industry slide into obscurity Says president Hennie de Clercq "Structural steel may be poised for a second coming as the new material of the day."

Other points made in favour of the steel industry

- It still has a place in building,
- Structures can be erected faster than concrete buildings,
- It can be integrated with other materials to obtain optimal economies,
- It has become an attractive medium for architectural expression, and
- The more steel used in buildings the more viable is SA's iron and steel industry

Engineering union fears a call-up crisis

189

9/4/78

Tribune Reporter

THE powerful, 33000-member Amalgamated Engineering Union has warned that the long-term effects of the two-year military call-up might include a critical shortage of trained artisans.

But sources within the engineering industry suggest the union's fears may be sparked more by fears of blacks taking up apprenticeships and squeezing out whites than by concern about a shortage of artisans.

Concern about the future supply of artisans is voiced in an editorial in the union's official journal, The Metalworker, by the general secretary, Mr Tommy Neethling.

Considerable thought and planning is necessary to minimise the effects and after-effects of the two-year call-up, says the article.

"We foresee that young men returning from national service after two years, by which time they will be 20 years of age, may have great difficulty in finding employers who are prepared to indenture them as apprentices.

"How keen will such a young man, already launched into adulthood, be to enter an apprenticeship? Will he be as keen to accept a low wage and be as ready to re-enter the classroom as the youth fresh out of school who carries straight on with his period of education and training?

"We believe that the one-year call-up took its toll of potential apprentices and that the effects of the two-year call-ups is likely to be far greater.

"The long term effects could include a critical shortage of trained artisans.

But Dr Errol Drummond, director of the Steel and Engineering Industries Federation, says the union's fears are misplaced.

The army will make all efforts to place people who have already entered apprenticeships in technical units where they will continue their training and also learn additional skills in the military applications of their trade.

"There is obviously a fear that blacks, who are not called on to do military service, could in theory gradually replace whites in the industry, but I do not think this is going to happen," says Dr Drummond.

EEC agreement a damper on SA steel

189 R.D.M. 13/4/78 Business Mail

By NEIL BEHRMANN

LONDON — Following the agreement to reduce shipments to European Economic Community, total South African steel exports will be lower this year. Both Japan and South Africa have agreed to control volume and prices of steel shipments to Europe this year.

But in return the South African and Japanese exporters will be allowed a competitive price edge on steel sales to the EEC

On special steels they can price 4% below the prices of EEC manufacturers and 6% below other products

South African steel exports to the Common Market this year are limited to 332 000 tons, of which 32 000 tons are allowed to be semi-finished products

According to Cru Metal Monitor, European steel prices have increased to a healthier level Yet steel producers are still operating at uneconomic levels of capacity use

Steel demand remains low, further price increases seem likely to meet market resistance in the next few weeks

In the United States the import trigger price mechanism, combined with the Japanese desire to reduce the trade surplus, is cutting imports, raising prices and permitting substantially increased sales and production by the domestic industry.

Domestic demand in Japan is expanding more rapidly than elsewhere, but not sufficiently to offset export losses through voluntary restraint, an appreciating yen and an attempt to raise export prices in yen terms

Japanese steel producers will continue to restrict supplies to secure higher domestic prices.

According to Cru, other industrial countries such as Sweden, Austria and Canada, are following the EEC and United States into protective measures in the face of rising output in several new producing countries

Overall, only moderate growth in steel consumption can be expected this year — perhaps in the 3% to 5% range.

One possible source of steel demand would be consumer and merchant restocking. Stock levels are adequate, but restocking could start through expectations of an increase in consumption, or of higher prices

Considering the forecasts of low consumption and the difficulties of holding prices, Cru suggests that a stocking boom is unlikely in Europe in the next few months

189

[illegible]

In buying 50% of GEC South Africa (Gecsa) Barlows has landed a partnership with one of the most dynamic high technology multi nationals It is the type of acquisition that will add stature to Barlows and could provide the pattern for other multi nationals to lower their SA profiles

Gecsa manufactures electric motors, railway traction equipment and a wide range of transformers switchgear and other strategic electrical products When added to the other high technology items that Gecsa has access to via its parent, GEC s exposure to SA could have become increasingly politically sensitive By entering into partnership with an established SA group of high repute and relinquishing board control, the parent can now disclaim direct responsibility As far as GEC is concerned, the cash that Barlows is paying is neither here nor there It already has one of the strongest balance sheets imaginable

Barlows is buying its stake on reasonable, even favourable, terms considering the quality of the asset, and the fact that it has gained board control The R27,5m it is laying out gives a R1,5m premium over updated asset value and values last year's earnings at six times, which is rather more than the 4,5 PE that Barlows' own shares are [illegible] by gearing the acquisition [illegible]

Gecsa's Lester . . . finding a strong partner

and three quarters shares, the immediate effect is that the new shares issued will earn the same as the existing ones. So there will be no acquisition effect on eps

Barlows will consolidate by virtue of its board control and, ignoring minority interests, the deal will boost turnover R200m (16%) and after tax profits R9m (8%)

To finance R20m of the purchase price, Barlows is proposing a five-for-100 rights issue Standard Merchant Bank will underwrite the issue, which will take the form of preferred ordinaries These are effectively ordinary shares with a preferred dividend of 36c per share until the ordinary dividend, currently 26c, catches up to the preferred level It's a bit like the automatically convertible preference shares that UAL is so fond of, without an escalating dividend

These shares are being offered to shareholders at 370c, a premium of 7% over the ruling market rate The premium should be seen as an insurance policy for a secured income at a yield of 9,7% over the period it takes the ordinary dividend to catch up This should take between four and six years depending on one's projections for Barlows' dividend growth

But this seems an unnecessarily complicated way of going about it, when an old-fashioned rights issue would have sufficed. It does not particularly matter to shareholders at what level a rights issue is pitched as long as they follow it And in Barlows case, a large discount would, in any event, have been unnecessary.

Issuing new shares near a 10% yield rather than the current 8% that it could have got away with on a rights issue is more expensive money to the company But it does mean less shares have to be issued, less shares to divide the earnings among and hence no eps dilution This is a good example of how believing in eps can cause distorted financial policies to be adopted

Richard Stuart

SEIFSA TALKS FM 14|4|78

Waiting for Wiehahn

(189)

Seifsa's demand that the job colour bar in the steel and engineering industry be scrapped may have to wait until after the Wiehahn Commission reports

That, at any rate, is what the Confederation of Metal and Building Unions (CMBU) is likely to demand when the industry's wage negotiations get under way early next month Employers, however, are likely to resist this strongly Says a CMBU man "We're prepared to discuss minor changes now. But it would be premature for employers to try to resolve the issue before the commission reports."

The reason, say the unions, is that, while some of them are resigned to seeing formal colour bar clauses go, they are looking for a formula which will still offer (white and coloured) union men protection. They hope the commission will come up with one.

While some of the unions believe the problem could be solved by significantly raising minimum wage rates and thus prevent employers replacing their men with cheaper African labour, others believe additional safeguards are needed

Chief among these are the 36 000-strong Yster en Staal Unie (which is affiliated to the pro-job reservation Confederation of Labour) and the CMBU's Amalgamated Engineering Union, both of which have a fair number of men in less-skilled job categories.

Says CMBU secretary Ben Nicholson "Some of us are looking for a permanent entry point — a job level at which whites and coloureds who can't make the grade as artisans will be accommodated These people can't simply be excluded from the industry "

However, Seifsa director, Errol Drummond, reiterates Seifsa's commitment to the Urban Foundation's code of employment practise and hence to the removal of job discrimination and reservation

"This objective and philosophy will thus loom large in the negotiations as far as the employers are concerned and will be a crucial issue," he says.

Even if Seifsa's demand is fully thrashed out, the negotiations won't affect the status of artisans in the industry

The unions say Seifsa has already committed itself to the retention of the clause in the industry's agreement which restricts (A grade) artisan jobs to bearers of a recognised trade certificate

Even if Africans were admitted to grade A jobs, therefore, the unions, through their representation on the industry's apprenticeship committee, would still be able to control access to artisan jobs.

The lower categories of semi-skilled work which Seifsa wants opened (grades AB to D) are also not likely to be contentious Africans are already allowed into these jobs subject to industrial council approval and no issue of principle is therefore at stake here

The battle would centre, therefore, over grade AA jobs — the category below full artisan status The unions say these are "specialised skilled jobs which don't require the formal qualifications of artisan work " Because no such qualifications are needed here, the unions fear the most penetration by non-unionised Africans in this category

HANSARD. 10 14 April 1978
Question 3. Cols 619 & 620, 621.

189

INTRODUCTION

The origins of Fish Farming are ... hat fish
culture was practiced in China ... ay China
remains the largest producer of ... and carp
culture is as much a part of the ... ddy fields
in which they are grown.

The culture of Tilapia also has ... found on
a 2500 BC Egyptian tomb shows T ... d.
The bible refers to Jesus direc ... eir nets
for what was almost certainly a ... ea of
Galilee.

Aquaculture in its many forms ... s assuming
an ever-increasing importance. ... ready
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than most land based animals.

It is interesting to consider ... h to
grow so rapidly. The fact tha ... they do
not have to use up energy in m ... can
be used for growth. Fish live ... density
as their bodies, and therefore ... cture to
support themselves against the force of gravity. The ratio of flesh to

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South African shipbuilding industry

*3 Mr R B MILLER asked the Minister of Economic Affairs

(1) Whether South Africa's shipbuilding industry is experiencing difficulties at present, if so,

(2) whether he intends to assist the industry, if not, why not, if so, (a) what will be the nature of such assistance and (b) which shipyards are to be assisted

The MINISTER OF ECONOMIC AFFAIRS

(1) Yes,

(2) yes,

(a) the existing aid scheme applic-

able to ships built by South African shipyards will be continued In terms of the aid scheme a subsidy and loans are granted on the following basis The subsidy in respect of ships of 500 tons and over, but less than 6 000 gross register tons, is equal to 25% of the accepted contract price, and in respect of ships of 200 tons and over, but less than 500 gross register tons, 10% on the same basis Loans equal to a maximum of 80% of the contract price are granted to shipowners, which loans are repayable over 10 years with interest calculated at the prevailing Treasury rate less an interest subsidy of 2% The aid scheme has been extended recently to also include the rebuilding and reconstruction of ships and other floating vessels and installations with a minimum building cost of R500 000

Notwithstanding the aid scheme orders are at the moment on a level which causes a large extent of unutilized capacity I have discussed the matter with the industry and am at the moment considering what steps should be taken to bring about a better utilization thereof,

(b) any South African shipyard undertaking building operations which qualify under the aid scheme, can be assisted

Mr D J N MALCOMESS Mr Speaker, arising out of the reply given by the hon the Minister, could I ask him whether there are any thoughts that a shipbuilding industry might be established in East London?

The MINISTER Mr Speaker, I do not know of any intentions of this nature However, I want to indicate that the present

capacity is, in any event way beyond the demand in the industry itself

*4 Mr R B MILLER—Reply standing over

STEEL (189) FH 14/4/78

Strong progress

The plight of SA's steel construction industry appears to be less serious than was implied by the *FM* last week

"Many structures other than high rise buildings, such as industrial buildings are cheaper and quicker to erect using steel," avers Clifford McMillan, a partner in Ove Arup & Partners, Johannesburg consulting engineers. Adding: "My remarks (quoted in the *FM*) concerning the higher capital cost of steel structures compared with reinforced concrete were specifically confined to high rise buildings".

Dorbyl chairman Dougie Ellis points out that the time advantage [illegible] steel construction offers indirectly [illegible] savings of cost. Further, he adds, the 18 storey Penmore Towers in Johannesburg [illegible] 1 000 t [illegible] steel [illegible] the first to erect in just over 12 weeks. The main benefit of this was in the rapid follow up by other trades. The building [illegible] completed at least four months ahead of an equivalent concrete structure.

President of the SA Institute of Steel Construction, Hennie de Clercq says: "For each structure in its particular situation there is a material or combination of materials that render it least expensive, but also most effective. In many situations steel structures are least expensive, in others the initial investment may be higher, but earlier returns can still make the steel structure attractive."

McMillan categorically denies having questioned SA's need for a steel construction industry or suggesting anything like this." Adding, "indeed I went out of my way to praise the strength and progress of the industry and to express confidence in its future."

Not in question

De Clercq says nobody in his right mind would question SA's need for a strong steel construction industry.

The purpose of the short symposium held earlier this month "was to look at the future of the industry and to investigate ways of making it more effective in fulfilling its role in the economy," he avers. He points out that although the weak points were elucidated "these never involved the basic viability of this branch of industry."

According to Ellis: "The steel construction industry has been largely responsible for the building of our major industrial complexes such as Iscor, Highveld, Sasol and Escom power stations and a host of other industries."

He is confident that "when SA matures into a country where high rise buildings of 100 floors or more are the order of the day, steel work will play as important a part in these buildings as it does in other countries."

Until then it is important that design teams investigate the use of different materials, including steel alone or in combination to achieve optimality.

"Design involves decisions affecting vast amounts of expenditure," says McMillan. He is particularly [illegible] the fact that main decisions concerning [illegible] tional performance and cost are often taken before structural [illegible] are involved. "This is certainly the [illegible] on some of our large projects where international operators, often with [illegible] knowledge of local conditions and [illegible] involve our construction in [illegible] sub contractors," he says.

Rapport 23/4/78 (189)

Monopolie dalk in hysers?

Deur ALPHONS DU TOIT

IN 'n gebou van drie of meer verdiepings het 'n hysbak eintlik 'n noodsaaklikheid geword. Nou wil dit voorkom dat die eienaars van sulke geboue deur sommige maatskappye wat hysers in stand hou, lelik uitgebuit word.

Dit is die stelling van mnr. Les Weil, 'n direkteur van die Johannesburgse eiendomsontwikkelaars en bestuurders, J.H. Isaacs & Kie.

Hy het aan Eiendoms-Rapport gesê „Sonder enige twyfel trek sekere hysermaatskappye voordeel uit die feitlik monopolistiese posisie waarin hulle verkeer

„Hul dienste, dit wil sê dieing van hysers, styg met tot 22 persent per jaar, maar die gehalte van die werk wat gelewer word, is skynbaar aan die daal"

Volgens mnr. Weil is die eienaars van 'n gebou feitlik gebind aan die maatskappy wat die hyser oorspronklik verskaf het, vir die gereelde instandhouding van die hysbak

Die hysermaatskappye, sê mnr. Weil, ontken die bestaan van 'n monopolie

„Máár indien die eienaar dit oorweeg om 'n onafhanklike instandhoudingsingenieur in diens te neem, is daar altyd die dreigement dat onderdele net teen 'n uitermate hoë prys bekom sal kan word, of dat daar 'n lang vertraging met die lewering van dié onderdele kan wees."

Mnr Weil sê dat die land se hysermaatskappye nie die winste van hul instandhoudingsafdelings openbaar nie. „Maar een openbare maatskappy het verlede jaar 'n globale wins van byna R8 miljoen aangekondig Die opbrengs op die kapitaal wat aangewend is, was in hierdie geval meer as 95 persent."

As aan die huidige slapte in die boubedryf gedink word is dit duidelik dat die oorgrote deel van hierdie wins deur instandhoudingswerk, eerder as nuwe kontrakte, bygedra is

Die aanduidings is dat die tyd aangebreek het vir die stigting van 'n sterk, onafhanklike maatskappy vir die landwye instandhouding van die land se derduisende hysbakke, om die billike behandeling van die eienaars van geboue en hul huurders, wat eintlik as verbruikers beskryf mag word, te verseker

African workers

Employers are also proposing that the industry's non-contributory pension scheme for Africans be converted to a contributory scheme and that adjustments be made in wage levels of African workers to cater for this

SEIFSA TALKS FM 19/5/78

A protection plan 189

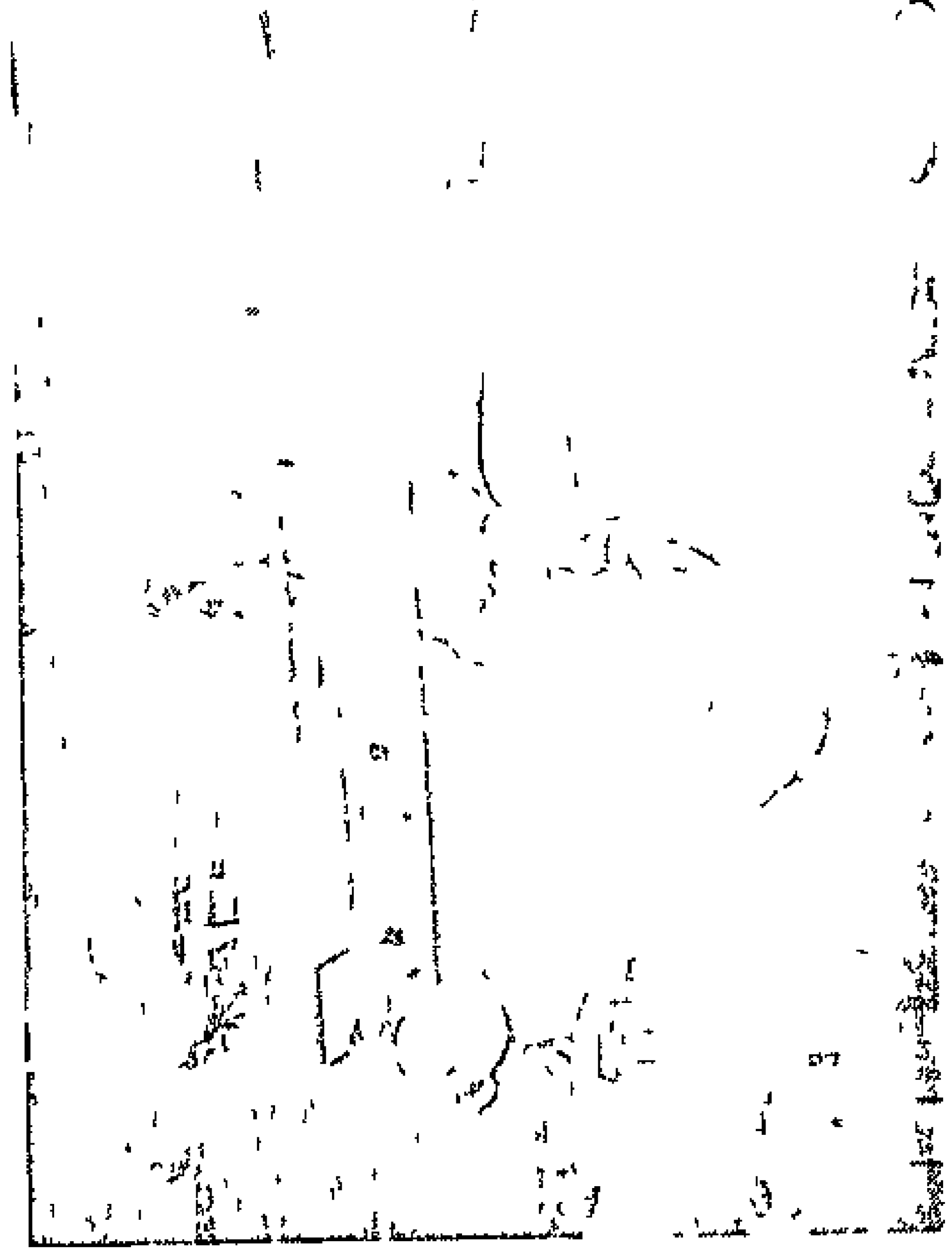
The Seifsa wage negotiations may be on the verge of a major breakthrough The *FM* understands that negotiators on both the trade union and employer sides have agreed on a plan which will protect existing job incumbents while eliminating racial bars to job advancement altogether

The plan must still be put to employers and unions — however the fact that the two negotiating teams agree on it gives it a hefty chance of success when the parties meet again next Wednesday

The negotiations are perhaps the most important labour talks in recent years For the first time employers are asking for the scrapping of all formal bars and unions and employers have been seeking a formula which will protect all job holders irrespective of colour

If they succeed, and find a formula which both allays the fears of union men about their job security and allows African penetration of higher level jobs, they may set a pattern which will be followed by other industries for years to come

The proposals in the plan centre around job protection measures and training and re-training schemes for present job incumbents — something the



Engineering workers . . . mixed but secure?

unions have been pushing for for some time

Says Seifsa director Errol Drummond "As a quid pro quo for removing job discrimination, the parties are examining mechanism which will provide for job opportunities and training and retraining for all existing incumbents on a colour blind basis."

In terms of the plan, which the *FM* understands is a modification of an earlier Seifsa plan, employers must give preference to existing workers when they embark on a training or retraining scheme

Employers will have to notify the industry's industrial council when they want to promote workers and inform it when they wish to retrench. The council will have to be satisfied that the new job incumbent has the necessary skills and that preference has been given to present incumbents, retrenched workers in the industry, or workers who are temporarily out of the industry through, for example military service.

A key to the scheme is the setting up of plant-level worker committees which employers will have to consult before making job changes.

The wage issue has been relegated to second place until the job changes issue has been resolved. Here, however, the two parties appear to be fairly far apart

Seifsa has offered the unions "across the board" increases ranging from 14c an hour for the top grades to 9c at the bottom (about 6%-14% on basic rates) as well as increases in the industrial council minimum of between 9,5% and 12% These fall far short of the unions' demands as well as those of the Central Bantu Labour Board which has asked for a minimum increase of 13c an hour for

189

AHI condemns steel, power, rail increases

DURBAN — Delegates to the annual congress of the Afrikaanse Handelsinstituut here have twice condemned recent rises in steel and electricity prices and rail tariffs and particular the way in [illegible] they were introduced.

Industrial [illegible] the institute [illegible] Mr C J [illegible] managing director of the Federale Group, that the increases in these so-called administered prices were perhaps the worst problem facing industry in the 1970s and he appealed to Iscor, Escom and the Railways to take the private sector more into their confidence.

While he hoped the severity of the increases would subside he thought [illegible] sector had [illegible] lesson and [illegible] be caught [illegible] again.

[illegible] conference [illegible] Mr [illegible] van den Berg pointed out that from January 1971 to February [illegible], steel and electricity prices rose by [illegible] cent and rail [illegible] per cent [illegible] increase of [illegible] the [illegible] deflator index is a yardstick for measuring the effect of inflation on the economy).

Steel's biggest price rise had come since 1977 and electricity's since 1975 he said.

Apart from the effects of these rises on the internal economy, these increased costs seriously affected exports and he [illegible] figures for the production of base minerals for export.

[illegible] future costs inhibited both contracts for the export of minerals and capital investment needed to produce them, he said.

Mr Van den Berg urged the introduction by Iscor, Escom and the Railways of long-term contracts for their very large customers as happened overseas.

This would give a stronger commercial character to the use of the services and build up confidence, he said. — SAPA

23/5/78 R.D.M. (189)

Race bar may go in steel industry

By RIAAN DE VILLIERS
Labour Correspondent

A PLAN to scrap the colour bar in the steel and engineering industry will be put to employers and trade unions today

It has been drawn up by a joint sub-committee appointed after employers and trade unions met in a full Industrial Council meeting last month. The two sides will meet separately today before another council meeting tomorrow

Leaders of the ten trade unions involved in the talks, representing 100 000 white, coloured and Asian workers — were reluctant to discuss the plan yesterday

Wage and fringe benefit adjustments offered by the employers' organisation, the Steel and Engineering Industries Federation of SA, have fallen far short of the unions' demands, but Seifsa may be willing to reconsider its wage offers if agreement can be reached on the scrapping of the colour bar.

RDM 25/5/73

Steel to end race bars

1. 189
2.
3.

By RIAAN DE VILLIERS
Labour Correspondent

EMPLOYERS and trade unions in the steel and engineering industry yesterday negotiated a new industrial agreement ending the formal colour bar, and providing job security and opportunities to all workers on a nonracial basis.

The effect of the new agreement will be to end the formal colour bar in the industry, which up to now has restricted certain skilled and semi-skilled jobs to members of registered trade unions — whites, coloureds and Asians.

A trade unionist involved in the negotiations said last night there was now no racial bar to any job in the industry, depending on the qualifications and experience of workers.

But this excludes the top job grade — the arti san grade — which would on apprenticeship and still be closed to blacks due to other restrictions training.

Details of the new agreement have not yet been released.

According to a statement issued after the meeting, the agreement would provide for new security of employment safeguards.

The safeguards related to the re-employment of retrenched employees, promotion, training and retraining facilities

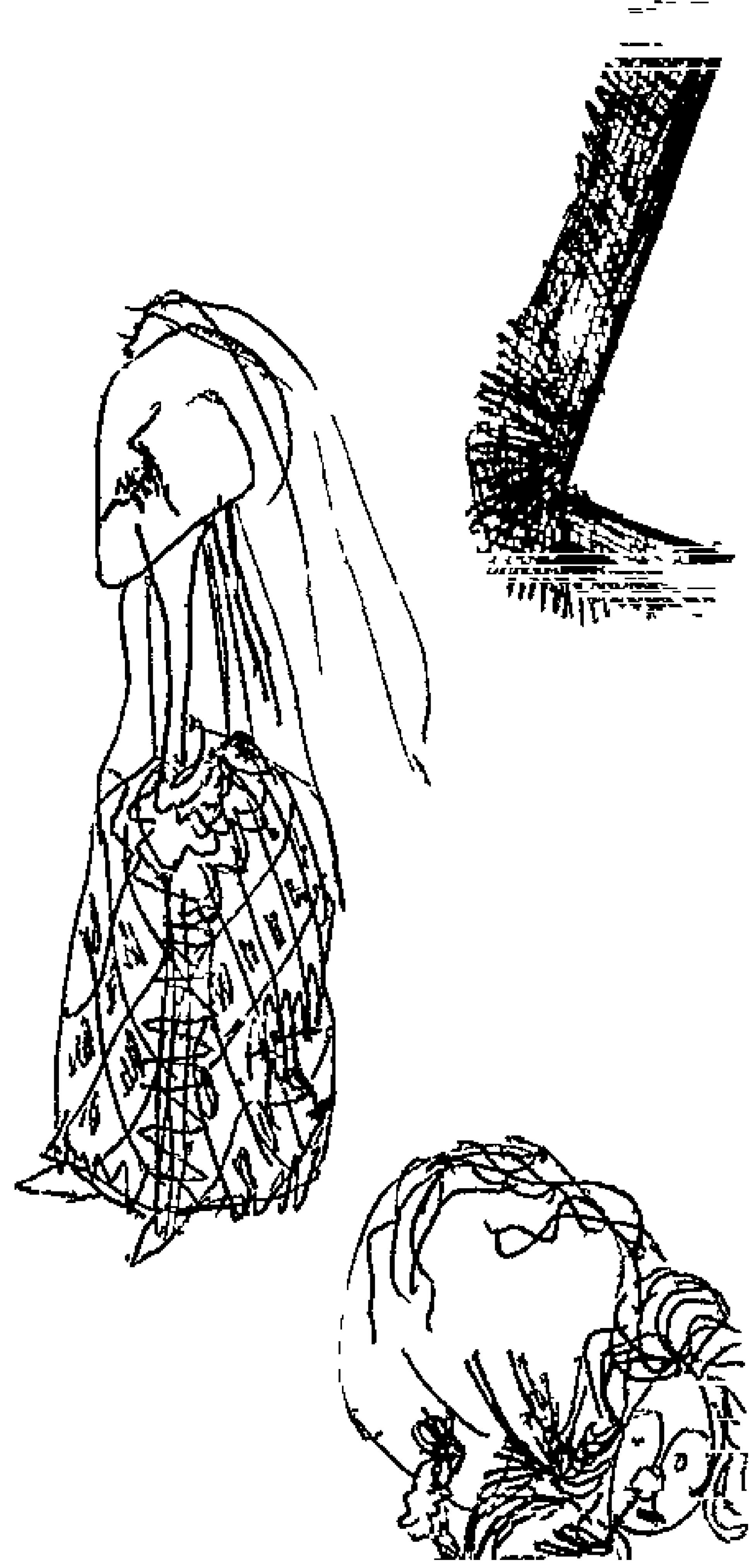
Joint consultation machinery would be established at plant level, and training and employment services would be provided through the industrial council structure.

"Inherent in the plan is the fact that job security, job opportunities and promotional aspects will be writen in, not only with respect to existing incumbents and persons who have done military service.

"Basically the plan envisages that it will be applied to all workers in the industry, including new entrants, on a nonracial basis."

The statemet also announced increases in minimum wages as well as across the board increases. Basic wages were increased ranging from R2,50 per hour (14,7%) for artisans to 70 cents (18,6%) per hour at the bottom end

PGCE



DUNSWART STEEL 189

After the re-shuffle

FM 2/6/78

Activities: *Iron and steel producer wholly owning Alpha-Dunswart and Alpha Free State General Mining holds 30%.*

Chairman: *G Clark; managing director K T Brightman*

Capital structure: *4,8m ordinaries of 50c; 100 000 6% cum prefs and 300 000 6% second red cum prefs of R2, and 200 000 10,5% red cum prefs of R1. Market capitalisation· R4,2m.*

Financial: *Year to December 31 1977 Borrowings· long and medium term, R16,8m Debt equity ratio 113%. Current ratio 1,9 Capital commitments R6,3m.*

Share market: *Price. 87c (1977-78: high, 155c, low, 38c; trading volume last quarter, 229 000 shares).*

	'74	'75	'76	'77
Return on cap %	18,9	16,1	16,0	—
Turnover index*	149	184	208	194
Trading profit (Rm)	7,1	6,9	†4,2	2 9
Earnings (c)	59,9	55 5	47,6	—
Dividends (c)	20	20	20	—
Net asset value (c)	382	361	427	338

*Base 1972=100

†Adjusted for sale of Standard Brass

During 1977, Dunswart was reorganised. Standard Brass was sold to Genmin, while Alpha Free State and Alpha Dunswart were eliminated as pyramids to become wholly-owned subsidiaries. The rights issue and sale of Standard Brass raised a total of R16,6m, and Genmin now holds 30% of the equity.

Following the reorganisation, Dunswart's operating profit was R2,9m (R4,2m). The comparative figures have been adjusted to include the attributable portion of Standard Brass's net income after tax. After interest and depreciation, the deficit before tax amounted to R2m, (R1,5m profit). The depreciation charge was R2,7m (R1,6m) and net deficit attributable to ordinary shareholders amounts to R2,1m (R3,5m profit).

Interest charges are a hefty R2,1m on total liabilities up to R19,5m. However, most of the debt is now long — as opposed to short-term. The current ratio has improved to 1,9 (0,9), with net current assets amounting to R7,8m, compared with net current liabilities of R1,7m in 1976

The final cost of Dunswart's capital expenditure programme will be about R13m, of which more than R5,7m has been spent. The programme, to increase production capacity, will be completed in 1978

Dunswart's crude steel production was 15% lower in 1977, while the slack export market for sponge iron did not justify operation of the plant. Directors say the January steel price increase was insufficient to cover cost escalation, and since then, there have been further cost increases. The steel industry requires "a margin on selling prices which will allow a reasonable return on capital investment," they say.

However, results are expected to improve this year Lower unit costs, due to increased capacity, and the effects of the January steel price increase, "should enable the company to break even or show a small profit in 1978, provided sales are satisfactory," say the directors. The hope is for break even at the half way stage, and a small profit at the year end. Dunswart is apparently on budget for the first four months. However, margins may have to be cut to maintain volumes

Stronger finances and the capex programme should have a significant impact on results, and despite dull prospects for the the steel industry, the current year may be the start of an upturn. The share is well below its high at 87c, and net asset value is down to 338c (427c). Discount to net asset value is 74%, but shareholders who have waited this long should perhaps sit the year out. Both the share price and the more highly geared options have improved. *Marguerite Christie*

BICYCLES (189)

Downhill ride FM 2/6/78

In a country where even a bicycle manufacturer (Ronnie Kruger of Microsteel) doesn't like his kids to ride 1,5 km to school, what hope is there for an expanding cycle industry?

Not much. After the boom year of 1974 when some 300 000 bikes were sold, turnover has freewheeled downhill, and this year's estimates of the market are down to 150 000-170 000.

Yet there are now more bicycle manufacturers than ever before. Raleigh, the oldest in the business, dominates the market — under the Humber, Rudge and Carlton brand names as well as its own — with a 60%-70% market share, according to MD Kevin O'Donovan. This time last year Raleigh was talking about a 78% share.

Some of the market has been lost to Peugeot, which is planning a production run this year of 20 000 bikes, nearly double its 1976 figure. Microsteel Cycle's factory in Dimbaza has only been in production for about eight months, but it is already producing 180 bikes a day, says Kruger.

Relocation to the homelands has brought with it a loan from the CNDC and Corporation for Economic Development, and with that capital injection, Microsteel has invested in a marketing arm, and this month bought out distributors L K Hurwitz.

One aspect of the market is expanding: white adults are into 10-speed bikes as an alternative to jogging. To varying degrees all the local manufacturers except Panther are cashing in on the enthusiasm for group rides and outings with the kids. Jeune Cycles in Cape Town produces its 3 000 bikes a year only for this end of the market, and director Wilfred Mylrea boasts that most serious racing cyclists in SA come to him for custom-built machines.

Manufacturers concur that the big sales dip has been in the black market. Partly because prices have risen — makers variously estimate their costs as 40%-60% up in the past three years. Also, they say, the cutback of foreign workers on SA mines has been a blow: thousands of returning migrants used to take bicycles home to Malawi or Mozambique.

The rural market is down too — increasing mechanisation in agriculture has meant a cutback in crop-reapers, mourns John Sheinuk, MD of Panther.

Manufacturers who are tooled up for balloon-tyred bikes — the rugged machines that dominate the African market and even now form about 60% of production — are looking for alternative markets in other countries with dirt roads.

Local content is rarely higher than 60%. But SA labour costs, although they have risen in the last five years, are still lower than nearly everywhere else except Taiwan, hence Peugeot's order from Mauritius and Jeune's from the US for fully assembled bikes. Hence, too, Raleigh's expanding European market for forks and frames, which compensates somewhat for diminishing bike markets in Africa.

Financial Mail

VV

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FM 2/6/78

Colour bar breakthrough

The biggest blow in decades was last week struck at the jobs colour bar. The 200 delegates from the steel and engineering industry who met to negotiate the new Seifsa agreement unearthed a formula which could set a benchmark for other industries

The steel and engineering sector employs about 450 000 workers, 360 000 of them hourly-paid. Of these, 70% are Africans.

Hitherto Africans have been barred from the top jobs, because these have been reserved for registered union men only And the registered trade unions have also had an effective veto over African entry to middle-rung ("semi-skilled") jobs. Basically, what happened last week was that both the middle and the top jobs were opened to Africans — although for the moment lack of formal training facilities will keep Africans from becoming artisans.

Though the colour bar has been formally scrapped, the job security of union men currently holding jobs has been guaranteed. And the practicalities of African advancement have been thrown into the court of workers on the shop-floor. Many people believe rank-and-file union members are more flexible about the colour bar than they are often assumed to be.

It also circumvents one of the problems of dealing with the practicalities of black advancement in a national agreement ie that the pace of change is retarded because it has to cater for the "lowest common denominator" of conservative opinion.

Job fragmentation

All existing jobholders — as well as retrenched and unemployed workers with a recent history of work in the industry — are guaranteed job security and preference In addition, the new Seifsa agreement protects skilled workers by ensuring that workers who are promoted meet standardised skill requirements, thus preventing "job fragmentation."

The industrial council will be empowered to set standards for a particular grade of work, and to issue certificates to trainees who qualify. And it gives the industry's industrial council the right to monitor the system and to step in to ensure that black advancement is "orderly" and does not create friction.

The agreement is a personal triumph for Seifsa director Errol Drummond. He tells the *FM*: "It's a practical answer to an historical problem I believe it will set a new pattern in industrial democracy for our industry and for others It's not the end of the road But it's a big step in the right direction " Adds Confederation of Metal and Building Unions secretary Ben Nicholson "There'll be teething problems But we're getting rid of racial protection while giving union members confidence that the changes won't cost them their jobs."

The changes won't introduce a meritocracy overnight. There will be little competition even for skilled jobs now open to Africans, Nicholson points out, simply because they do not yet have the necessary training

Union men have always feared that African job advancement is a ruse to fragment skilled jobs and replace union members with cheap and unqualified (black) labour brought in from outside the industry The agreement seeks to allay these fears, while removing the formal colour bars

If an employer wants to promote workers, he will have to state clearly the educational qualifications, training and experience required He will then have to consult a shopfloor committee representing employers, trade unions, and black works and liaison committees

This committee's consent is required before the employer can go ahead Procedures for resolving deadlocks are laid down. And a joint training scheme for all workers is set up, meeting union objections that there are insufficient facilities for retraining lower-rung non-Africans.

Aspirant workers returning from military service — which at present is compulsory only for whites — will have job preference. This obviously gives whites an entrée to the industry, although if blacks do military service they won't be at a disadvantage.

Moreover, if the industrial council thinks an employer is in breach of the agreement, or is harming good labour relations, it can order him to revert to the *status quo ante*.

Says Drummond· "We're not trying to undermine management decision-making But there must be mechanisms to prevent exploitation. Employers who bring in outsiders to leapfrog over existing workers will be in trouble." He adds: "Job descriptions and pay rates are laid down Fragmentation and undercutting are prevented " And arbitration machinery is built in

Negotiating skills

A key feature of the agreement is that it will test negotiating and personnel management skills as never before. Both management and unions in SA tend to rely overly on the law and the formal rules of industrial agreements. They will no longer be able to do so

The challenge is made greater by the fact that bargaining in the engineering industry has traditionally been carried out by strong centralised unions and employer associations. So the pressure on grass-roots negotiating skills will be great

Nicholson is keenly aware of the problem. "We have already begun educating our plant-level representatives. We will have to step up that process."

Unisa business school lecturer and former Tucsa official Robert Kraft points out: "Many personnel managers may not be able to cope. Seifsa should begin training them now."

Kraft's colleague, Oscar Motsepe, argues that the agreement will place new strains on African shop-floor representatives. "For the first time they will be involved in real decision-making."

Motsepe says that Africans will need training in negotiating skills if the agreement is to work Indeed, one measure of the agreement's success will be the extent to which black representatives make their voice heard Drummond feels they will "There are some extremely articulate negotiators on the (works and liaison) committees."

Indeed, Kraft suggests that one effect of last week's breakthrough will be to persuade engineering unions that they must enrol African members "A union's task is to control the job — and you can't do that if you don't represent everybody in the job"

Significantly, Nicholson's own union, the SA Electrical Workers' Association, will soon be discussing an in-principle proposal that it admit Africans.

Ultimately, the agreement will stand or fall on one acid test — can whites, coloured, and Asian workers be guaranteed their "entry point" while a full merit system is introduced? The agreement seems to answer the question by saying that the present protected generation can keep its guarantees, but the next generation will have to compete in an open market training college — in contravention of the agreement"

A Chamber of Mines spokesman replies. "The artisan aide system was introduced after careful negotiation and consultation with the unions. If they have problems with it, they're welcome to discuss them with us"

MINE LABOUR FM 2/6/78

Fragmentation worries

271 189 136

As the engineering industry was breaking through the job colour bar last week, the mines were facing a union backlash on the use of black workers from some of the same unions which signed the engineering agreement

There's no contradiction, however For, while the unions' objections on the mines do involve the use of black workers, it's the fragmentation of skills, rather than a racial issue that they're complaining about

Amalgamated Engineering Union secretary Tom Neethling complains about "abuses" of the artisan aide system on the mines and suggests that the unions may demand the scrapping of the system

Artisan aides (who are black) were introduced some years ago as a response to the shortage of mine artisans They are supposed to assist the artisan in aspects of his job and thus partly relieve his workload

Neethling tells the *FM*, however, that his men are angry at what they see as abuses of the system. "Many mines are using aides for tasks not laid down in the agreement Some are even training them for these tasks"

The artisans see this, says Neethling as "an attempt to water down our jobs The aide is now $\frac{5}{8}$ of an artisan and the effect is to break up our trade and divide it up amongst unqualified workers At any rate, we don't believe the shortage of artisans still exists"

Neethling's fears are shared by other artisan unions. Says SA Electrical Workers Association secretary Ben Nicholson "We would rather see black artisans indentured than see a skilled job watered down in this way."

Indeed, Nicholson charges that abuses have led to a fatal accident on the mines "In one case two miners were killed because a shift boss insisted that an aide do electrical work he wasn't qualified to do And the only reason he could get to the wires to do the work was because he'd been given a key to them by the

Fast on the draw

189

Local hand gun manufacturers are working overtime to get their trigger fingers on the fast growing demand

FM 9/6/78

As hand gun ownership continues to climb, at least five local companies with an eye on growing demand have successfully applied for permits to manufacture. Their efforts, though, are meeting with varying degrees of success.

While the pressure is on local manufacturers to get their products on sale, the first permit was only granted last October. And there's not a great deal of local experience in hand gun production, even if the local manufacturers' principals already have experience in making other types of armaments.

However, there are several factors which give the local effort special impetus.

In the first place some of the traditional sources of imports, particularly the US, are drying up. Secondly, some hand guns — especially from South America — are giving spectacularly high failure rates when it comes to individual proof testing by the SA Bureau of Standards.

All guns, whether imported or not, are subjected to individual testing on such things as machining accuracy, firing capability, and so on by the SABS. Unless, that is, they're imported from one of the 11 countries which are members of the International Commission for the Proofing of Firearms or come from the UK or US, for example.

Gun hungry

There's no doubt at all that the public is becoming increasingly gun-hungry. Up to the end of last year, 723 529 members of the public were licensed to carry a total of 1 307 261 officially registered firearms.

During last year there were 154 439 applications to possess firearms (including rifles and shotguns) of which 149 622 were granted.

Johannesburg-based Republic Arms took a long hard look at the local market and opted to produce a basic ,38 Special revolver with three variants dubbed Models 10, 11 and 12. One has a 50 mm barrel with a shrouded hammer, the second is virtually identical with an open hammer while the Model 12 has a 75 mm barrel also with an open hammer.

Group marketing manager Hans Hon tells the *FM* that the venture will cost a minimum of R750 000 and the intention is to sell around 10 000 pieces a year at between R230-R270. It's essentially a firearm for self-protection and is intended for the housewife and businessman, for example, and not for the combat shottist or uniformed policeman.

Full production is scheduled for the end of this year with, in time, other lines to follow.

The experience of Gear Ratio (trading as Sandock-Austral Small Arms in Wadeville) illustrates that the local production of firearms isn't for the inexperienced. Project manager for its Mamba 9mm parabellum, Roy Jackson, confirms that he's "40-odd days behind schedule."

Word is that Jackson is having casting and warping problems with his firearm produced from locally sourced stainless steel (Sandock is the only manufacturer to opt for a stainless piece — the others are all going for conventional locally-produced steels or some "specials" like EN 19). However, Jackson reckons to finally have his product on sales counters within "a couple of months."

Guns for sale . . . and the public is hungry

International Manufacturing Engineering of Isando is set to produce a ,38 Special/,357 Magnum and is aiming to produce 6 000 pieces a year commencing in September. IME's Gert Potgieter says the firearm will be called the Rooi Cat on the local market and the Lynx when exported.

Dan Pienaar Enterprises, of Pretoria, has gone for a single shot sub-machine gun. It's a 9mm parabellum which, says director Quintus Pienaar, has no recoil and is accurate up to 400 metres. It has a mass of 2,2 kg, takes 40 shots, and is scheduled to be in production by the middle of August. This piece, unlike some of the others intended for self-protection, is intended for farmers, mine security men and the municipalities.

Finally there's Maxim Parabellum, again of Pretoria. MD Wilhelm Klotz claims that his 9 mm semi-automatic carbine should be ready for the retail trade "within a few months." A prototype has already been produced and, like the other four examples, has been tested by the SABS.

Different mark-ups

But while manufacturers have hassle enough with getting production lines in order, the time is not now far off when they'll begin asking questions about the difference in permitted mark-ups between imported and local guns.

Guns are not price controlled in the same way that tyres and petrol are, for example, however, mark-ups between importer, wholesaler and dealer (in the case of imports) and between manufacturer and dealer (for the locals) are controlled.

Guns carry an import duty of 15% (plus 50c) and a sales duty, with the exception of 5,6 mm target pistols, of 20%. But, in round terms, the permissible mark-up between the importer and the dealer is 90%. Between local manufacturers and dealers it's an average 33,3%. And there's the rub.

The temptation for the dealer is, therefore, to push the imported piece and make a bigger profit. No-one's saying that dealers always succumb to that temptation but once the local boys get their production lines running they're bound to start asking some pertinent questions.

TABLE 21. NUMBER OF MEN AND WOMEN LICENCED TO BE IN THE CITY COUNCIL AREA

	AREA	MEN	WOMEN
1.	Milnerton Municipal Area (farm labourers in Kilarney area)	123	
	Stable 'boys' Milnerton	170	
2.	Bakoven to Portswood Rd. (domestic etc.)		
3.	Portwsood Gate (dom takers, e		
4.	Toll Gate (includes Athlone,		
5.	Kenilwort		
6.	Retreat t		
7.	Salt Rive Paarden I Industrie		
8.	Fishhoek		
9.	Pinelands		
10.	Simonstow		
11.	Thornton		
12.	Bergvleit		
13.	Bishops C		
14.	Constanti		
15.	Kirstenhc		
16.	Ottery		
	CITY COUN		

	S.A.R.	MEN
1.	Langa	4,315
2.	Cape Town Docks	1,719
	TOTAL	6,034

STEEL SALES (189)

Hard or soft?

FM 23/6/78

Is the iron and steel industry, normally a good pointer to activity in other sectors, beginning to pick up? Even the experts differ.

Iscor forecasts a sharp turnaround in local demand. Its divisional GM (steel marketing), Nils Olivier, hopes for a 16% growth in the market this year against a 17% drop against last year. With export sales expected to hold at 1977 levels, Olivier is looking for a total sales growth of 8% in 1978.

But Highveld Steel MD, Leslie Boyd, is pessimistic about local sales of Highveld's products, which include structural steel and steel plates. He observes that, since Highveld joined Iscor in supplying the local market with steel plates earlier this year, "we have been experiencing progressively worsening conditions after an encouraging start. Not one of the customers that I have spoken to is optimistic about the short term."

Olivier bases his optimism on the snowballing import substitution drive, growing demand from the motor industry, big new housing programmes and increased demand for consumer durables.

Boyd accepts that some sectors are recovering, but this could be influenced by pre-buying in advance of gst.

On the heavy engineering side, things don't look promising for either Iscor or Highveld. Boyd points out that peak steel demand for the big projects, such as Duvha, Matla, and Sasol 2 has passed and there's nothing to take their places.

The steel industry's only hope for growth is to rely on exports, he argues, adding. "Fortunately export prices have been improving steadily throughout the year."

Olivier concedes there has been almost no growth in Iscor's sales of profiles, which are dependent on the heavy construction industry.

Despite Boyd's pessimism, total steel output is still growing. According to the latest Seifsa figures, steel mills increased ingot and continuously cast billet production by 6% (to 2,4 Mt) in the first four months of the year. Most of this increase was accounted for by exports. That the industry will continue to be dependent on steel exports is illustrated by this year's expected steel exports of 2 Mt of finished steel products — a third of SA's total production.

It now remains to be seen whether iron and steel exports can be maintained and even increased in the face of sluggish industrial activity abroad and increasing anti-dumping pressures against SA.

998

FM 30/6/78

(189)

THE UNION STEEL CORPORATION (OF SOUTH AFRICA) LIMITED

At the sixty-sixth Ordinary General Meeting of Shareholders of the Corporation held on the 20th June 1978, the following salient points were highlighted by the Chairman, Dr. M. D. Marais

1. GROUP PROFITS TO DATE

Group unaudited profit after tax for the 4 months ended April 30th amount to R1 351 000 The profit for the corresponding period the previous year was R126 000 This represents an increase in group profit of R1 225 000

This increase is mainly attributed to higher profits in the steel division whilst Alcor, Veldmaster, Copper and Castings performed adversely A further decline in demand of aluminium conductor from Escom was experienced which resulted in a 70% drop in despatches of Alcor products

The closing of certain aluminium production units and curtailment of working hours were inevitable

Recessionary conditions also affected the market for copper and castings and a pronounced reduction in demand for these products was experienced during the last 6 months The results of these divisions for the first 4 months of the year are lower in comparison with the corresponding period the previous year

Special and mild steels realised a profit for the period under review and market conditions indicate a revival for the types of steel products which Usco manufactures

Stock levels of Steel Merchants were kept abnormally low due to the recessionary situation and the replenishment of stocks also contributed towards the better demand which was experienced

Despatches of the product groups were 14% higher than the corresponding period the previous year

Due to the sharp increase in demand for steel products manufactured by the Corporation, production units which were closed down during 1976/1977 due to recessionary conditions, were put into operation and working hours extended Further cost saving measures remain under the spotlight and will be extended where necessary

2. MARKET CONDITIONS AND PROGNOSIS

(a) Mild and Special Steels

The mild steel market remains weak and is traditionally highly competitive The market for Special Steels however, is favourably influenced by the increased gold price, the reasonable stable motor industry and general stock build-up

The demand for forgings is satisfactory but activities in the heavy engineering sector are still very low and the demand for carbon forgings is poor A revival in the agricultural sector is still absent and the demand for agricultural steels remain low

During 1978 the Corporation will commence with the production of certain tool and high speed steels, products which to date have not been manufactured in South Africa, and the demand appears to be very promising The general expectations are that sales of steel products will be satisfactory during 1978 and that this section will maintain its profit position

(b) Castings

The decrease in iron ore mining activities is adversely influencing the demand for castings Infiltration by competitors in the Corporation's traditional markets is increasing as a result of the commissioning of new plants resulting in additional production capacity in South Africa

A policy of diversification and penetration into other established casting markets is essential to ensure an acceptable portion of the available production capacity

No drastic recovery of market conditions for castings is envisaged during 1978.

(c) Copper

No significant signs of a market improvement for copper cables, the biggest consumer of electrolytic copper, is noticeable The demand for copper from the electrical machinery sector has reduced considerably and with limited expenditure by the authorities, the market condition for copper can be considered the weakest in the present recession

In spite of indications of a slight improvement in the economy, consumption of copper is consumer orientated and only a small portion of the corporation's product range will benefit favourably as a result of a higher demand from the motor industry and domestic electrical appliance industry

It is expected that market conditions for copper will remain depressed during 1978 but that this section will realise a profit

(d) Veldmaster

Veldmaster is still operating at a loss after the first 4 months of 1978 The position is similar to that of the corresponding period the previous year It is expected that Veldmaster will again close the year with a loss

This situation is mainly attributed to a decline in the export market as a result of the general economic slump

Certain steps are being taken relative to marketing and pricing of Veldmaster products which, it is expected, will have a favourable influence on Veldmaster performance in 1979

(e) General

No appreciable recovery in the steel market conditions can be expected before 1979, mainly for two reasons The first being the American balance of payment problems and the second is attributed to the lack of real growth rate of the E E C countries which will not materialise as a result of price cutting, keen competition and limitations by governments on outside competition

As far as South Africa is concerned the steel industry is basically in an unhealthy state mainly due to rising costs which are symptomatic of capital intensive industries like the steel industry Usco is in the fortunate position of operating in special steels and the results for the first four months were a pleasant surprise which shows what can be achieved in the steel industry despite weak conditions in the so called mild steel market

The poor performance of the copper, aluminium conductor and Veldmaster divisions is less satisfactory and can be attributed to cost increases which, despite the recessionary conditions of the past 4 years, still continue

Contrary to other economists I foresee no improvement in the present inflation rate and I predict a consumers inflation rate of 10% in 1978 and an even higher rate for costs This prediction is based on world pressure on South Africa to increase wages unrealistically in respect of certain labour groups which is outside all proportions in relation to the increase of their productivity.

The steel industry is thus burdened with unique cost factors which are to a great extent not within their control.

Usco Management deserves credit for the manner in which they succeeded in curtailing costs and rationalising activities

Everything possible is being done to improve Usco's position and to increase its profitability

Dr M. D Marais
Chairman of the Board

Recovery continues but pace slow, reports Seifsa

17/7/78 Star 189

Michael Chester

The steel and engineering industries confirmed in a mid-year survey just released that the recovery in manufacturing output carries on — but still at only modest pace and marked with patchiness

Dr E Drummond, director of Seifsa, reports that the rate of improvement is still relatively low, apart from a definite upswing for durable consumer goods and automotive components.

On the plus side, sectors enjoying modest recovery embrace general engineering, light metal manufacture, and the telecommunication and electronics industries.

COMPETITION

Producers of domestic electrical appliances can see a steady climb in the flow of orders and farm equipment suppliers expect an upturn on the home market in the coming months

In contrast, however, the recession drags on in a wide spectrum of manufacturing industries, among them the heavier engineering sectors and metal fabricators.

The thinness of orders leaves many companies contending with fiercer and fiercer competition, meaning a number of contractors in the heavy engineering and structural steelwork sectors are being forced to settle for supplying at cost or even uneconomic prices to hold labour forces intact.

South African steel mills increased output of ingots and billets by 8,7 percent in the first five months of the year, compared with a year earlier, but Dr Drummond sees little chance of an appreciable recovery in the world steel market in the medium term to 1980.

In the foundry industries, still with widespread idle capacity, there are no clear signs of any overall real recovery coming along in 1978.

[illegible]umpus over [illegible] [illegible]ening

By JA[illegible]

THE widening of Jan Smuts Avenue in Rosebank Johannesburg is still a bone of content[illegible] with shop [illegible] in the area [illegible] parking [illegible] has caused a sharp drop in business.

[illegible] residents [illegible] a heated [illegible] [illegible] Department [illegible] for the ward Mr [illegible] Moss, MPC.

The owner of an antique shop Mr [illegible] Kohl whose shop is on the corner of Jan Smuts Avenue and Bolton Road, said yesterday he estimated the [illegible] were losing [illegible] R[illegible] a month in sales.

"The few places that there are for parking are taken up by compressors and other road building [illegible] In most cases [illegible] are fighting against officialdom and [illegible] people somehow feel they are above the law," Mr Kohl said.

Mr Kohl, who has had to sack one [illegible] because of the loss of trade, said the biggest bone of contention was the oversight by the City Engineer's Department in providing parking.

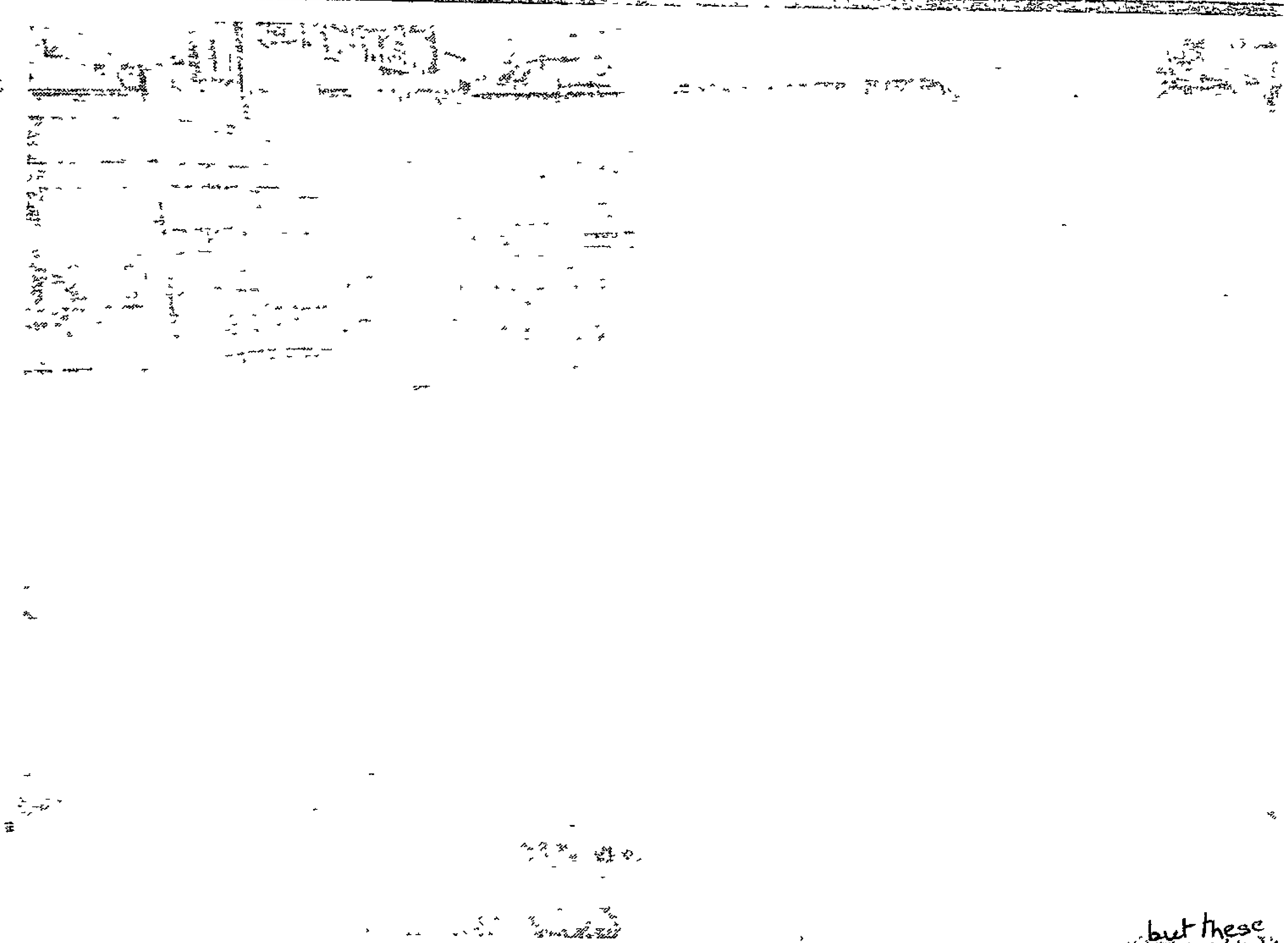
"The council owns two houses opposite the shops which we were led to believe would be demolished and the land used for parking once the road operation [illegible]," he said.

[illegible] If [illegible] [illegible] park as they weren't sure this was legal [illegible]

[illegible] said: "I appreciate that the roadworks are [illegible] loss of business to the traders and I [illegible] their feelings.

[illegible] to the [illegible] Department that weekend work be carried out," he said.

A lot of the dissension comes from residents living in Newport Road which is being used as a detour. "Some drivers think because they are off the main road they can speed. We are trying to get speed traps set up along the road," he said.



A view of the roadworks in Jan Smuts Avenue, Rosebank [illegible] ...but these available [illegible] are used largely by vehicles delivering supplies [illegible] seldom open to customers, shopkeepers [illegible]

[redacted]

FM 28/7/79

(139)

BLACK UNIONS

Challenge to the FFC

The FFC code of practice for European firms in South Africa is about to be put to the test — along with Inkatha's recent declaration that it will make foreign companies adhere to this and other labour codes.

A British subsidiary in Pinetown has been accused of refusing recognition to an African trade union which claims

Mawu's Nala [illegible] relations

majority support among the company's African workers. The company is Glacier Bearings, part of the Associated Engineering group of SA, which is itself nearly two thirds owned by Associated Engineering of the UK. The union is the Natal branch of the Metal and Allied Workers Union (MAWU).

Pinetown of course adjoins KwaZulu where Chief Gatsha Buthelezi has his Inkatha power base. Glacier has a complement of 420, nearly half of them Africans.

MAWU general secretary June-rose Nala tells the *FM* that she first approached Glacier MD Bill Richards for recognition in March this year. His reaction, she charges, has been to reject the union and instead press on with plans for a "combined liaison committee" which is "clearly designed to pre-empt recognition of the union."

However Nala says most of the Africans in the factory have repeatedly made it clear that they reject the combined committee and want the union to speak for them.

Richards [illegible] representative [illegible] indicated an objection to the [illegible] committee [illegible] factory. [illegible] labour force [illegible] combined committee [illegible] the union [illegible] could have [illegible] committee.

Richards further [illegible] people [illegible] piece of paper [illegible] have been [illegible].

Majority support

Nala denies that [illegible] has three [illegible] claim that about [illegible] of Glacier's Africans back the union. [illegible] her claim she showed the *FM* a list of 117 names of workers [illegible] union at a referendum [illegible] beginning of May. [illegible] port among the 200-odd Africans at Glacier is actually higher [illegible] the list of 117 does not include [illegible] night shift.

Richards [illegible] that [illegible] time [illegible] an Indian and [illegible] committee at Glacier [illegible] combined committee [illegible] and also [illegible] that [illegible] shop stewards were elected [illegible] posts on the African committee in February. [illegible] Since then [illegible] of their constituencies have refused to join the combined committee and stated [illegible] the union.

Minutes [illegible] of a special meeting of the African liaison committee of which Richards himself is chairman [illegible] Nala's claim. Indeed the minutes reflect that the meeting [illegible] to explain the [illegible] for the [illegible] MAWU be recognised. Minutes of meeting of the combined committee on July 13 reveal that [illegible] African liaison committee members did not attend this meeting [illegible] Nala is correct in claiming that they are boycotting the combined committee.

Richards says he "does not know whether the African liaison committee is still truly representative or not."

He contends that recognition of the black union could split the race groups in his factory where "we're hoping we're getting a long way towards being non-

[illegible]

5. Should a

communic

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4. What factors prevent you from employing more Africans as technicians

GRINAKER FM 28/7/78

Electronic growth

Racal UK will repatriate R5,2m of the R7,5m proceeds from the sale to Grinaker of its SA subsidiary Racal SA (Resa), in free rands by way of a dividend

The move already has exchange control approval and could lend weight to speculation that the sale was prompted by government, intent on the localisation of strategic industry However, the deal was in the interests of all parties Racal UK, with important Middle East and African defence force customers, not to mention UK sensitivity to "arms deals" with SA, will have been a very willing seller Grinaker needed a profitable diversification

Though there is unofficial talk that the balance of R2,3m might be left in SA, there seems little point as far as Racal UK is concerned Likelihood is that the funds could stay here for a while until the securities rand rate improves

Grinaker is to pay R8,6m for all of Resa, R1,1m of which goes to the directors and other minority shareholders who together hold 12% In addition, Grinaker will repay loans totalling R2,4m and redeem pref's worth R770 000

Grinaker had R10m in cash before the deal but will use only R5,6m of this, using a R3m pref issue privately placed with Volkskas Merchant Bank to finance the rest A *pro forma* balance sheet published in the [illegible] circular shows that Grinaker remains comfortably geared even after the deal with [illegible] borrowings plus the prefs amounting to only 31% of equity

The circular also reveals Resa's spectacular growth over the past five years The company got into gear in 1975 when pre-tax profits rocketed from R189 000 in 1974 to R1,2m In 1976 they jumped to R1,8m in 1977 to R3,1m and 1978 to R3,3m Taxed profits over the period went from R93 000 to R2m

Without the benefit of Resa Grinaker probably earned about 100c in the year to end June Interim earnings were 50c (37c) and higher second half profits were forecast despite a heavier tax burden, although the dividend was not expected to be increased If Grinaker alone is rated on a PE of 4 (the current average for comparable companies Group 5, LTA and M&R) on next year's earnings, it is worth 400c without Resa

With Resa on board there seems to be upside potential from the current 425c

David Carte

MACHINE TOOLS FM 28/7/78

Lather over lathes

189

A row is brewing in the R100m (retail sales) machine tool industry It's set to pitch SA's only manufacturer of lathes, 600 Manufacturing, against local machine tool merchants in general and against the Machine Tool Merchants' Association in particular

At issue is 600 Manufacturing's application for a hefty increase in the existing 30% tariff protection on a broad range of centre lathes As things stand, a 30% *ad valorem* duty applies to centre lathes with

MTMA's Gilbert . . . firmly against higher tariffs

a centre height (above the lathe bed) of between 110 mm-280 mm Now 600 Manufacturing has requested that the range of general purpose centre lathes be increased to embrace between 110 mm-317,5 mm centre heights

In addition, it has asked that an alternative to the existing 30% duty be applied in certain circumstances, particularly dumping The alternative suggested is a duty of R5/kg, less 70% *ad valorem* The greater would apply.

The significance of the application lies in the fact, and this is one of the few things on which all concerned agree, that the revised range would apply to an absolute minimum of 60% of all centre lathes sold locally Local merchants who don't accept 600 Manufacturing's figures even argue that, if the much smaller hobby-type lathes are excluded, the true percentage is nearer 90%-95%

Again, all agree that the effect of the suggested alternative on a general purpose centre lathe, which can weigh anything between 3 t to 5 t, would be to raise the retail price by between 50%-100%

The local manufacturer's case is simply that it wants protection against dumping of, for example, the Taiwanese and Brazilian product The merchants disagree totally They argue that dumping isn't taking place at all, as can easily be verified by comparing local price lists with those of the country of product origin

In part support of this argument, one merchant cites the particular case of a lathe available from 600 Manufacturing with that of an identical machine, were it freely available, purchased from its principal based in Colchester, UK Figures available to the *FM* confirm that a Colchester Triumph 2000 centre lathe purchased from the local manufacturer would cost R8 864,80 Cost of the imported equivalent purchased by a Reef-based merchant would be R7 490,22 (existing duty included)

Jim Economides, MD of 600 Manufacturing, cheerfully agrees with the figures but asks. "Fair enough, but how many local manufacturers can compete on price with their overseas principals?" Local merchants concede that everyone is entitled to make a living, but retort that a 30% tariff protection should be enough to ensure that

Chairman of the Machine Tool Merchants' Association, Norman Gilbert, talks of the application as being "iniquitous" and confirms that "we're resisting it with everything we've got"

More vociferous merchants even query the right of 600 Manufacturing to call itself a "manufacturer" They're saying that 600 contributes only around 25% local content by value. Economides is equally adamant that the percentage is nearer 75%

Key items imported

The merchants don't buy that line and point out that key items, like headstocks and gearboxes, are all imported from the overseas principal. They also argue that 600 has been in business for eight years and that's surely long enough to be able to do without protection (offered to most embryo industries) and stand on its own two feet

In short, 600 continues to argue that, with a manufacturing capacity of around 600 lathes a year (it's currently making between 300-400), it can produce just about anything the merchants require in the 110 mm-317,5 mm range The merchants will have none of that, either

High precision toolroom lathes, for instance, say the merchants, are out of 600's court Undaunted, Economides says that the merchants should support their local manufacturing industry and vows that the R5/kg provision would only be applied in cases of obvious dumping Proof of dumping, he says, would be provided to the Board of Trade and Industries or anyone else for that matter (Protection against dumping is, though, already offered to the industry by the Department of Customs and Excise)

Gilbert retorts that the merchants would then be "at the mercy of 600." Those against the application have until early August to table their objections with the BTI After that, it's over to Pretoria to judge the merits of each lobby's arguments It promises to be a bitter wrangle

BLACK UNIONS

A slight thaw?

Management at Glacier Bearings may be reconsidering its anti-union stance in its recognition dispute with the unregistered Metal and Allied Workers Union (Mawu) (*Current affairs* July 28)

Firstly, John Collyear, MD of Associated Engineering, Glacier's UK parent company, has written to the union qualifying an earlier statement to the effect that Asseng regarded the matter as "the affair of local management." He tells the union that he will be in SA soon on a routine visit and will take the opportunity to study the dispute

Local management is unconcerned. It says that, as far as it knows, Asseng has not retreated from its earlier position Of course, Collyear may have merely written to the union as a "courtesy" gesture. Nevertheless, the fact that he has been prompted to qualify his earlier statement appears to indicate that the UK parent is taking some interest in the matter

Secondly, Pinetown MD Bill Richards has been in contact with the union, asking for a meeting with secretary Junerose Nala at which, he says, he will set out the conditions under which management is prepared to recognise a union.

Richards has told Durban pressmen that management is not against union recognition but that it wants a copy of Mawu's constitution. Nala replies that the union executive has decided not to send a constitution until Glacier agrees in writing to resume negotiations once management has read the constitution. The proposed meeting, says Glacier, is aimed at finding a way out of the impasse. Meanwhile, the union has asked Glacier to allow secretary Junerose Nala onto factory premises to address workers on the issue. The request has been referred to Glacier's industrial relations committee.

The committee, a combined liaison committee designed to accommodate workers of all races in one plant-level committee, has been boycotted by most members of Glacier's African liaison committee. Now, according to management, the committee has decided that it can't discuss the union's request until the African representatives are present: "They are among the people affected and the committee decided it couldn't take a decision without them," says a company spokesman. The issue has thus been deferred until the African representatives are present

They won't be, according to Nala. She says the liaison committee members won't attend such a meeting because they fear that management would cite their attendance as evidence of the fact that African workers were now co-operating with the committee.

			Page
			ii
			iii
			1
			2
			3
			5
			8
			8
			11
	1.3	Wages	13
	1.4	Workers' Grievan	16
	1.5	The Ineffectiver	19
	1.6	Workers' Suggest Situation	20
	1.7	Attitudes Toward	22
	1.8	Summary and Conc	27
2.0		Rural Situation	29
	2.1	General Informat	29
	2.2	Land Availabilit	30
	2.3	Factors Influenc	31
	2.4	Factors Influenci	35
	2.5	Maize Harvest	36
	2.6	Factors Influencing Maize Yield	37
	2.7	Cattle	39
	2.8	Sheep	41
	2.9	Factors ...uencing the Number of Cattle and Sheep Owned	41
	2.10	Goats ... and Chickens	42
	2.11	Relatio... between Livestock and Landholding	44
	2.12	Subsiste... Income	47
	2.13	Recruitment and Job Finding of Migrant Labourers	48
	2.14	Factors Influencing Recruitment and Job Finding	51
	2.15	Periodic Returns to Rural Areas	53
	2.16	Homeland Economic Situation and Wages	57
	2.17	Remittances to Homelands	62
	2.18	Summary of Rural Situation	66
3.0		Policy Suggestions for Those in Authority	69

1.5 The Ineffectiveness of Liaison and Works Committees

We now examine how workers sought to deal with their grievances and how effective they have been. Respondents were asked to whom in the factory or firm they took their problems. Their replies ...

STEEL

Iscor's flat profile

(189) FM 25/8/78

A steel price increase this year is unlikely, Iscor chairman Dr Tommy Muller says dolefully

Iscor, staggering under rising costs, low export prices, heavy debts and a debilitating interest burden, is expected to turn in another thumping loss this year (last year: R49m) Of what magnitude, Muller won't say. Financial year ended in June and results will be published in a month or two

Variable cost increases which Iscor has had to absorb this year include coking coal, 10,2%; refractory material, 20%, electricity, 15%, and transport, 12%.

Nevertheless there is some bright news. Demand has risen some 9% over last year due to a revival for flat products, which indicates increased buying of consumer durables and semi-durables There is little or no increased demand for profiles, used in construction and civil engineering.

"This does pose some problems," says Muller. "We cannot switch a particular mill from profiles to flats." So while Vanderbijlpark, which produces flats, is working well, this is not the case with Iscor's two profile-producing mills, Pretoria and Newcastle.

Despite this, Iscor as a whole, says Muller, is working at 80% capacity, compared with an average in Europe of 60%-65%.

Exports are strong — "but it's not a very attractive business," says Muller Although steel exports are running at about 30% of Iscor's total steel sales, prices are nothing to write home about and transport costs are high.

Although steel export revenue is around R270m a year there's no profit in it. The net average differential between the local price of steel and the export price (for) is about R85t.

"However," says Muller, "it's better than carrying fixed costs on the local market If we did this the local price would have to be increased unpleasantly.

"The net export price pays for the variable costs in producing the steel. It doesn't pay its full share of fixed costs, but it does pay some"

Iscor's Muller . . . nothing to write home about

Iron ore exports, on the other hand, running at around R150m-R160m a year, are marginally profitable. "But they're not building up fast enough due to the international recession in steel," Muller adds.

Iscor's two main problems are still its high interest burden and getting supplies of coking coal

Financing costs last year were R103m (R87m) and are expected to be even higher this year.

"As overseas loans become due we borrow locally, but at a much higher interest rate," says Muller sadly "So the interest bill is rising, which makes things impossible If it were not for rising finance charges we would be in a fairly comfortable position"

However, the corporation is re-financing some foreign debt. "We have recently found in the odd case that overseas lenders are prepared to roll over loans for a year or two"

Poor quality coking coal has in the past years virtually choked Iscor's blast furnaces in dust. Hopefully, the R200m Ellisras coal mine project will help solve this problem. In addition, Iscor has found even higher grade metallurgical coal in the Zoutpansberg and has again invited the private sector to open a mine, run it, and sell the coal to Iscor Expected cost is in the region of R100m

Stressing the importance of good quality coking coal, Muller points out that when Iscor used imported US coal of around the same quality as the Zoutpansberg deposits, it increased production by 7% and brought down coke consumption by the same amount

So there are some positive factors in the Iscor scenario — rising demand, better coal in the near future, steady, if disappointing, exports. But if the corporation is to get out of the red it still needs one thing — a higher local price for steel.

It's a conundrum for Economic Affairs Minister Chris Heunis (and the rest of the Cabinet). A steel price hike, particularly following gst, would help to keep the inflation rate in double figures. On the other hand, without one, and a goodly one at that, government will have to continue pouring taxpayers' money into Iscor (R100m a year at current levels).

"Gradually," says Muller hopefully, "there is a better appreciation of our problem. We need one or two increases above the rate of inflation and then settle down to regular reviews."

... due to the fact that the entire committee is elected by workers whereas management can appoint up to half the members of the liaison committee. Furthermore, 2 of the 3

AVIATION (189) FM 25/8/78

Spare part surgery

What chance a local content programme for civil aircraft?

Such is the rising cost of imported spares and components — and the strategic risk — that the pressure is on the industry to consider local sources of supply from, say, the automotive industry. Problem is, that the fitting of such "look-alike" items as alternators, bat-

703

and, in conjunction with the commissioner of civil aviation, drawing up an approved series of specifications and/or drawings.

If the component is tested and approved it will be issued with a "certificate of conformity" and may then be used without compromising the certificate of airworthiness. Not impossible but certainly costly.

Undaunted, the lobby in favour of local manufacture argues that the threat of embargoes, or whatever, coupled with the rising cost of spare parts, is itself enough to merit its serious consideration.

At last count SA's population of civil aircraft was nearing 3 000. That figure includes, for example, 2 000 single-engined, fixed-wing, piston aircraft, 500 twins, 85 helicopters and sundry gliders, amateur-builds, SAA's fleet and so on.

POCKET CALCULATORS (189) FM 1/9/78

Day of reckoning

Shoppers sneering at people totting up supermarket purchases on pocket calculators could soon be members of a disadvantaged minority The ubiquitous little machines have penetrated virtually every sector of civilisation with manufacturers confident the boom is still to come

Worldwide sales of the battery-powered and mains-connection ready reckoners, spreading throughout East and West with the ferocity of Asian flu or the hula-hoop, are estimated annually at R4bn By the mid-Eighties these will have more than trebled, at present retail prices, to around R13bn.

Calculator growth is so dynamic and its potential so great that people outside the trade, tinkering with their first simple four-function Christmas present or showing-off miniature models with memories and bleepers, will be bewildered by the imminent new generation of microcomputers

"There is now a calculator for every profession," says Hewlett-Packard district manager Winsome Norval

Hampo (Texas Instruments) brand manager Barry Lane says "Housewives must be our next target The SA market can rise fivefold before saturation and, even then, innovation will sell more machines"

Tedelex Casio divisional manager Roger Saby disagrees "We've already reached about 35% of the white market From now on most business will come from second calculators or replacements"

Whatever the marketers think of future trends, and they are unanimously optimistic, statistics for the past five years show the calculator take-off to be a salesman's dream.

Pacemakers

Annual unit imports starting from 1972 show: 45 700; 123 400, 261 600; 337 600, and 359 000 in 1976. Last year imports dropped back to 143 500.

In the same five-year period, 1972-1976, the average calculator price tumbled from R126 to a mere R27 Last year the average rose to R32,75. But, taking into account better models on the market weekly, the price increase is slight

Lane says the once-slick Texas Instruments *Datamath*, which in 1973 sold for R69, would now retail at only R11 if the company dared to continue to market such a jaded relic.

Norval corroborates the hectic pace of the industry. "Hewlett-Packard puts out a new model and in two weeks the Japanese can have a copy in the shops," she says.

The Japanese, indeed, dominate the unit market although two US electronics majors, Hewlett-Packard and Texas Instruments, take most of the money in SA sales Last year, for example, Japanese makers (mainly Sharp, Casio and Sanyo) took 45% of the R4,7m wholesale market although they had 77% of unit sales Apart from shedding a few percent to minor manufacturers the Americans, mainly H-P and TI, took the rest

Innovation is the key to keeping ahead of this field Here the US companies excel (albeit with only a couple of weeks headstart) with models ranging from spelling aids for toddlers to advanced instruments awesome in their capabilities

Lane says the handheld TI 58 and 59, masterpieces in microtechnology, have up to 5 000 programmable steps and interchangeable memory libraries, 2 cm by 1,7 cm by 1 cm, each capturing 25 programmes All for R350 To do all that in 1955 needed an IBM 650 computer weighing 2 568 kg, filling two air-conditioned rooms and costing R200 000

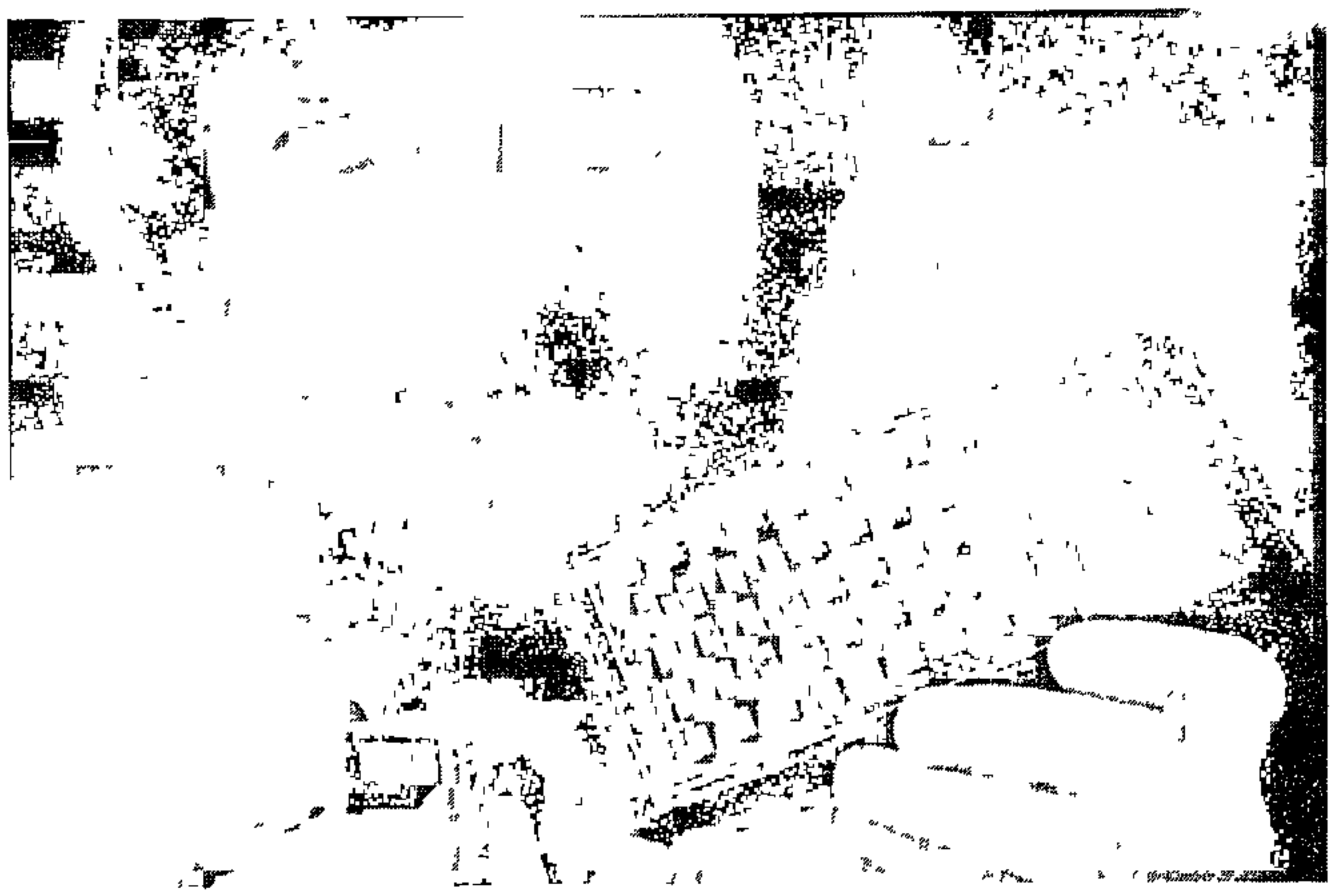
Sharp director Peter Drutman says "We now have calculators that remember things even after they're switched off"

Tedelex Casio's Saby says his latest calculator incorporates a cigarette lighter and alarm clock Others are likely to follow as fast as they can tool up in an industry using a lot of high technology to gratify a lot of lay curiosity

Public fixation on calculators came to SA five years ago shortly after the development overseas of integrated circuits capable of being reduced, by clever photography among other things, to minuscules of their original layout drawings Building up a block of these electrical wafers into a *chip* (as the jargon has it) provides a system of instant computation allowing thousands, even millions, of alternatives

"We've reached the stage where schools and colleges stipulate which functions calculators must have if they are to be used in class," says Norval

Wider acceptance in the classroom looks like being followed by routine usage in the home Pocket calculators (desk models make up less than 10% of the market), still in their development infancy when applied to controlling family budgets and helping with homework, should eventually give way to sitting-room videoscreen minicomputers capable of everything from international communication to paying library fines



Hampo's Lane . . . tons of technology in one hand

Hampo's Lane says "Something like that (the PET by Commodore) is already on sale in the US for around R600 It has got to come here eventually"

Till then we can expect more innovative, gimmicky, cleverer and even cheaper calculators (presently running from R8 and R9 retail to about R700) mainly from the US and Japan. Next stage is almost sure to be bigger sales of handheld printout machines

Chances of a European or SA supplier breaking into the popular market in a big way are slim (the UK's Sinclair Cambridge company ran into trouble despite very advanced products) unless someone emerges with the rare combination of futuristic Yankee know-how and an old-fashioned kamikaze mentality

12/9/78

(189)

Domestic steel market improves

JOHANNESBURG — A number of sectors in the metal and engineering industries are continuing to benefit from the upward phase in the economy, the Steel and Engineering Industries Federation (Seifsa) says in its business conditions report for July.

Sectors which continue to report a continuing moderate pick-up include a number of sub-sectors of the large general engineering industry, light metal manufacture and the telecommunications and electronics sector, it adds.

In spite of a prolonged world-wide steel recession, South Africa's steel exports are maintaining their export competitiveness and continue to enhance output levels.

The domestic market, due mainly to a rival in demand for flat products, shows some signs of improvement and Seifsa statistics reflect that South African steel mills increased their output of ingots and continuously cast billets by 9,8 percent to 4,5 million metric tons in the first seven months of the year as compared with the corresponding period last year.

Good maize crop

The effects of this year's good maize crop are now being felt in the agricultural machinery and implement sector, which also reports that improved export levels are contributing to better capacity utilisation.

Automotive component manufacturers advise that the positive improvement in order intake reported during the first six months of this year hopefully may be sustained.

Producers of electrical equipment in the domestic appliance market continue to benefit from the current consumer revival and report a slow but steady growth in the flow of orders.

Concerning ferro alloys, South African producers report some strengthening in world-demand and that prices of high-carbon ferrochrome are beginning to firm world wide. Export tonnages of these products for 1978 are now expected to match at least those of last year.

Lagging behind, however, are the heavier sectors of the metal fabricating and engineering industries, which continue to reflect recession factors — (Sapa)

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clearly indicates that a

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and paid a visit to their firms

33% heard about a vacancy

f Information about Available Job

Source	%
	23
	10
visit to firm in town	29
bureau in homeland	17
recruiting agency in homeland	21

N=93

thr r family. Only 17% of migrants made use of labour

bur about vacancies. The labour bureaux therefore

pla source of information to migrant workers in that less

tha s made use of the bureaux to gain information about

em s. It is not surprising that migrant labourers want

to mation about their prospective employment because

sa are better than others. As a result 62% obtained

in through friends or family.

Our second question tested the system of obtaining contracts. The results are indicated in Table 25. Seen in conjunction with the previous Table,

Star 13/9/78

189

Price of steel is up by 10 pc

Pretoria Bureau

An "interim" steel price increase of 10 percent to come into effect immediately was gazetted in Pretoria today by the Minister of Economic Affairs, Mr Heunis.

He also announced that steel price increases would now be considered every year during July.

A spokesman for Iscor, whose collective interests produce about 80 percent of South Africa's steel requirements, said the increase would be likely to bring in an extra R60-million in revenue for the current year ending in June.

Iscor made a R49-million loss last year, mainly because of its interest burden, and this increase in revenue will help to get the State corporation back into the black.

INADEQUATE

"In the course of recent discussions with the South

HIGHVELD (189) FM 15|9|78

Ferroalloys disappoint

Activities: *Iron, steel, vanadium slag and vanadium pentoxide producer located near Witbank, Transvaal Owns 65% of Transalloys, which produces manganese ferroalloys Member of the Anglo American group*

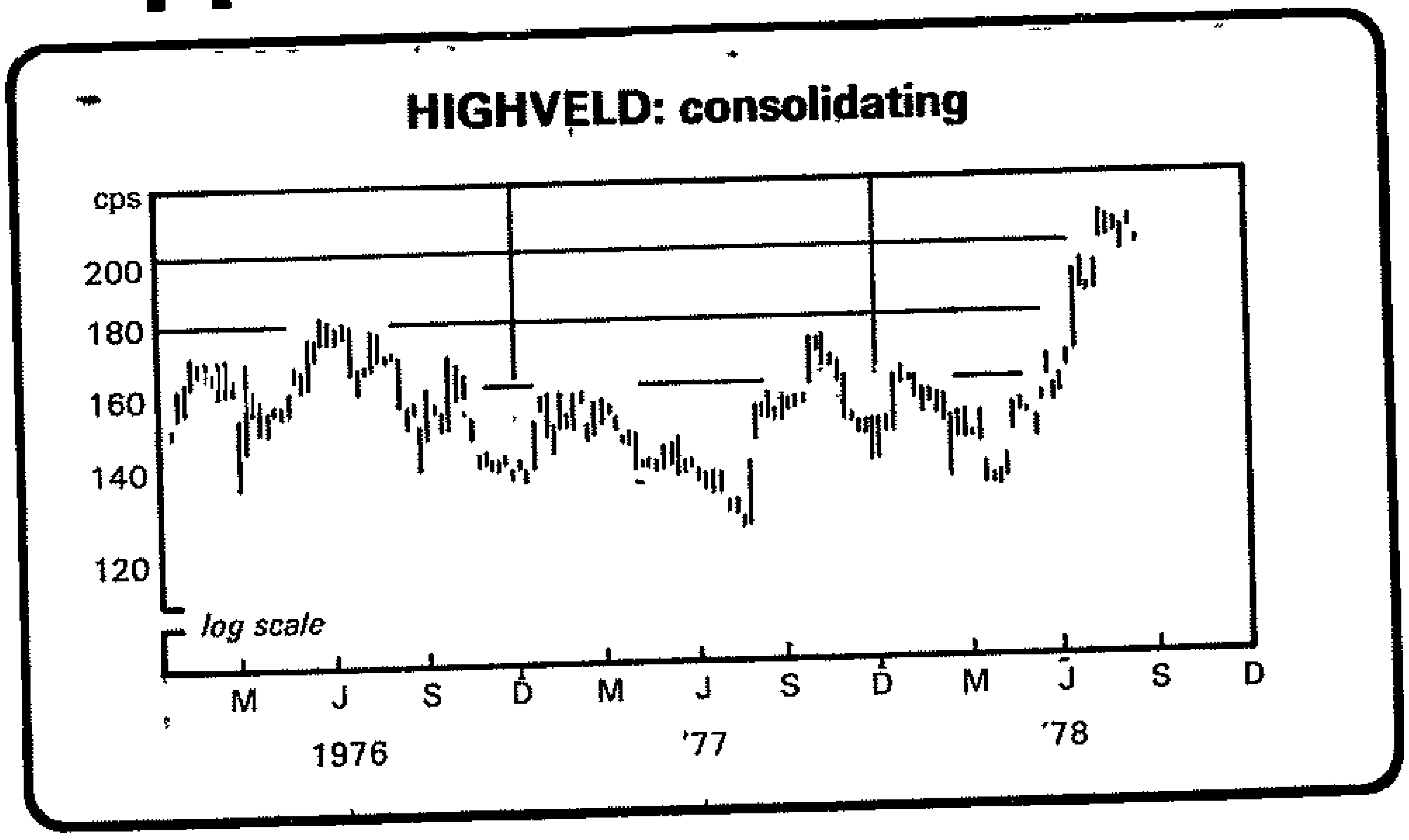
Chairman: *W G Boustred, managing director L Boyd*

Capital structure: *67,8m ordinaries of R1 Market capitalisation R135,5m*

Financial: *Year to June 30 1978 Borrowings long and medium term, R1,3m, net short term, R80,5m Debt equity ratio 77,6% Current ratio 0,5 Net cash flow R23,2m Capital commitments R3,3m*

Share market: *Price 200c (1977-78 high, 212c, low, 125c, trading volume last quarter, 680 000 shares). Yields. 15,5% on earnings, 8,0% on dividend Cover· 1,9. PE ratio 6,4*

	'75	'76	77	'78
Return on cap %	21 5	22 2	17 3	14 4
Turnover (Rm)	85 9	111 4	144 5	173
Gross profit (Rm)	24 7	31 4	35,9	33 9
Gross margin %	28,8	28,2	24 8	19 6
Earnings (c)	20 5	27 2	30,6	31 1
Dividends (c)	10	12,5	15	16
Net asset value (c)	91	120	142	157



For the first time in six years profits declined — pre-tax profits were down from R33,1m to R28m But this did not hamper the dividend record, which has increased steadily over this period.

Exports, which last year contributed 66% to turnover, only contributed 54% in the year under review. The iron and steel works operated at capacity and accounted for 67% (56%) of turnover. But further production cutbacks were implemented at Vantra, the vanadium pentoxide division, which now has only one of its eight furnaces in operation Transalloys has also cut back production.

Domestic demand for steel during the year was low and there was a further deterioration after April. But the commissioning of the new plate mill in August, which allowed Highveld to participate in the local market as a secondary supplier, helped significantly to counteract this, as did Highveld's steel exports, which were substantial.

There has been a marked improvement in dollar-denominated steel export prices world-wide, and indications of a growth in the US's capital goods market for the first time in four years This bodes well over the world steel industry over the next year, but the domestic outlook is dim. Steel-intensive state infrastructure development will slow down over the next three to five years, and unless there is a significant near-term improvement in fixed investment, SA could remain a net steel exporter for some years to come

Demand for vanadium remained weak during the first half of the year, but the worldwide oversupply situation has been partly corrected since the beginning of the year, due to increased pipeline developments in Russia, Mexico and the Middle East Near-term, demand should improve

The ferro-alloy industry is suffering from excess capacity and Transalloys' exports of manganese ferro-alloys fell by 19%. To offset dependence on exports the domestic base load is being increased.

Only two of Transalloys' five furnaces operated in the first half of the year, although now, with the introduction of ferro-silicon, a third furnace has been brought on line. By end-June there were indications of an improvement in the export market and Transalloys "will operate at higher levels in the next financial year."

A Dm100m loan, equivalent to R18,8m, which was covered forward, was repaid in April and refunded from short-term local borrowings. A US $20m loan, equivalent to R14,3m, is due for repayment in May and, in view of the lower capital expenditure over the next two years, might also be funded in the same way But it is worrying that despite little change in the company's debt equity ratio, debt is now almost entirely short-term.

The capex programme provided Highveld with substantial investment allowances and this reduced the deferred tax provision to R6m from R11m. The group now has a total deferred tax provision of R38,9m which should ensure that the tax charge will be fairly low for some years. Meanwhile neither Highveld or Transalloys is expected to pay any tax before 1980

At 200c the shares have risen 30% over the past year Despite the 8% yield Highveld's short term attractions are limited, although it remains a sound long-term investment *Gail Pemberton*

Chairman's review

Abridgement

FM 15/9/78

HIGHVELD

189

STEEL AND VANADIUM CORPORATION LIMITED

Highveld's profitability should improve if world steel recovery is sustained

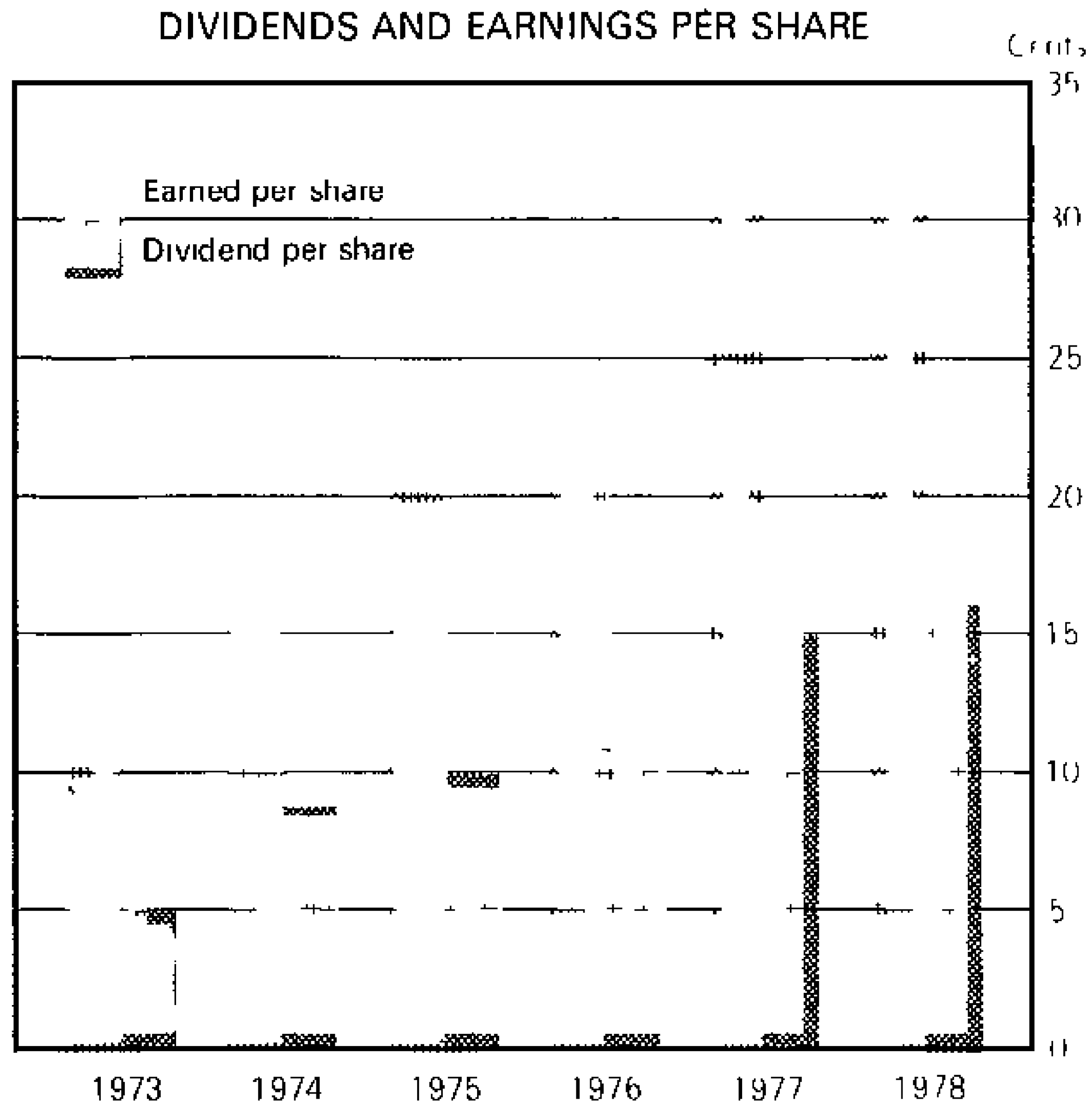
— MR W G BOUSTRED

The corporation's consolidated profit of R27 976 000 before taking into account deferred tax and minority interests was lower than the R33 107 000 earned last year After deducting R6 009 000 for deferred tax and minority interests of R966 000 the attributable profit at R21 001 000 was marginally higher than the 1977 result of R20 740 000

The new plate mill and Transalloys new 48 MVA silicomanganese submerged arc smelter were officially opened by Mr H F Oppenheimer Chairman of Anglo American Corporation on February 15 1978 Both these units have operated well and have made a significant contribution to the group's performance By the year end the group's capital expenditure commitment had been reduced to R3 305 000 compared with R18 858 000 in 1977 and R58 948 000 in 1976

Throughout the year difficulty was experienced in the marketing of all the group's products because of the adverse economic conditions in the Republic and in the rest of the world The iron and steel works operated at capacity but further production cutbacks were made at the Vantra division and Transalloys with the result that steel accounted for 67 per cent of the group's turnover compared with only 56 per cent last year Lower export prices together with the continued high rate of cost increases reduced the

DIVIDENDS AND EARNINGS PER SHARE



profit margins as evidenced by the reduction in pre tax profit despite a 20 per cent increase in turnover to R172 980 000 The total value of exports at R93 880 000 was at the same level as last year

STEEL 1977 proved to be another difficult year for the world steel industry and although the apparent steel consumption of 673 million tons was equal to the third best on record the steel industries of the major industrialised countries continued to run well below capacity Some 64 million tons of new steel capacity has been commissioned in the free world alone since the 1973 74 boom period a large proportion of which has been built in third world countries traditional export markets for the industrialised countries There is furthermore a tendency for the steel industries of the communist bloc and the third world to run at capacity and to export to the industrialised countries tonnages which are surplus to their domestic requirements thus compounding the oversupply situation in these markets This is the main reason for the strong protectionist lobbies that have grown in Europe and North America Steel exports to the EEC during 1977 were controlled on a quota basis and early in 1978 the USA introduced trigger prices for steel imports which were closely followed by the introduction of a similar system of minimum selling prices in the EEC

As a result Japan has significantly reduced steel output in 1978 and this coupled with European reference prices, USA trigger prices and the weakening of the dollar has led to a substantial improvement in steel export dollar prices world wide There are also indications of growth in the capital goods market in the USA for the first time in four years which gives cause for optimism about the world steel industry over the next year Evidence of this is the growth in the free world steel industry production in 1978 already amounting to over three per cent more than in 1977

Highveld has continued to sell substantial tonnages of steel overseas in the form of semis, sections and plate Additional markets have been developed outside the USA and UK and by the financial year end export prices were at a more profitable level

Domestic steel demand for most of the financial year was at the low 1977 level but there was a further deterioration from April 1978 and forecast demand over the short term is not encouraging while demand over the medium term also gives cause for concern Construction of the large steel intensive State infrastructure projects such as Sasol II and the new Escom power stations will come to an end over the next three to five years and unless there is a significant increase in fixed investments South Africa will remain a net exporter of steel for some years ahead

For the tenth successive year Highveld's steel production showed an increase on the previous year finishing just below 700 000 tons

The successful commissioning of the plate mill enabled the corporation to participate in a new sector of the local market as a second supplier which resulted in an increase in domestic sales with a corresponding reduction in exports of steel semis

15/9/78

UNIONS ~~184~~ 189

Faulty bearings

Does Glacier Bearings of Pinetown believe in working with trade unions or with in-plant committees? The answer is still unclear after the release of a Glacier document setting out its criteria for union recognition

Last week, Glacier MD Bill Richards handed Metal and Allied Workers Union secretary Junerose Nala a document setting out the conditions under which Glacier would recognise a union That suggests a thaw in the dispute between the union and Glacier (*Current affairs* July 28 and August 18) But the document contains clauses likely to be rejected by the union.

It stipulates that a union which gained recognition would have to be representative of Glacier workers and not involved in politics. Nala tells the *FM* the union has no objection to those stipulations

It also contains clauses, however, which the union interprets as meaning that it would have to negotiate with Glacier's in-plant industrial relations committee about recognition Other clauses state that the committee must be satisfied with the union's representativeness, that the union would have to agree to abide by the committee's constitution and that the committee would have to be happy that the union wasn't infringing on its activities.

Complains Nala: "It's unheard of. Where on earth has a union ever had to discuss recognition with a worker committee? We want recognition from management, not a section of the workers."

Indeed, the committee, a non-statutory in-plant joint worker and management committee, has been rejected by the union, and all but one African worker representative has boycotted it. Says Nala "Workers in the two lowest grades aren't represented and they're the majority of production line workers."

Richards replies that Nala has "misinterpreted" Glacier's conditions He complains that Glacier is prepared to resolve the issue but that the union is not

He says Glacier "had the courtesy and interest" to approach the union with its conditions and says the firm "is only too pleased to discuss the subject." It has been stymied, he says by the union's "reluctance to communicate with us" which "is making it virtually impossible to negotiate"

The union executive hasn't discussed Glacier's criteria yet, but is likely to reject those which deal with the committee and will see the Glacier conditions as another attempt to make the committee the chief bargaining body at Glacier

Certainly the conditions are unprecedented if the union's interpretation is correct Management does not delegate key decisions such as union recognition to a worker committee, and it does appear as if Glacier is attempting to entrench the committee while formally agreeing to union recognition

If that is the case it is unlikely to satisfy the demands of the majority of its African workforce.

Meanwhile, the union has sued Glacier for defamation The action arises out of comments allegedly made by Richards to the *FM* (July 28) in which he alleged intimidation of Glacier workers by the union

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16/9/78

189

Dearer steel will hit cars, mines

PRETORIA — The price of steel has been increased by 10 per cent — the second price rise this year — and the ripples will affect the prices of a wide range of products, including motor vehicles.

The increase announced here yesterday by the Minister of Economic Affairs, Mr Heunis, is attributed to higher production costs, mainly coal, and the repeated and steep rises in the price of power over the past 18 months

Virtually all household appliances will be affected, and prices will have to be adjusted upwards as soon as current stocks are exhausted

An Iscor spokesman said Iscor's revenue for the current financial year would increase by about R60 million because of the price rise

The last increase was in January this year — 12.5 per cent

Iscor's total deficit for the 1975/76 and the 1976/77 financial years amounted to nearly R80 million

The deputy director of the Motor Industries' Federation, Mr S D Vermooten, said the higher steel price would inevitably mean higher car prices

However, no immediate price adjustments were expected — not until current stocks of components and other materials ran out

A spokesman for Sigma Corporation agreed and said it was not possible at this stage to say precisely to what extent prices would be affected

Mr Heunis said after careful consideration of the cost increases and the profitability of the steel industry and to prevent an unrealistically large increase in steel prices being granted in 1979, the Government decided to grant an interim price increase of 10 per cent from September 15

It was also agreed that price increases would in future be considered during July of each year

The Consumer Council said the price rise was reasonable when the higher costs in the industry were taken into account

The Chamber of Mines said the increase would have a severe and, at this stage, incalculable effect on the mining industry — the mainstay of the national economy

"The industry's stores bill — in which the steel component is particularly high — totalled about R1 147 million a year for gold mines last year and about R345 million for coal mines

"Therefore, the effect of the steel price increase, coming on top of the 4 per cent sales tax introduced in July, will have a serious impact on mining costs, which still constitute the most critical problem facing the industry

"It negates strenuous efforts the industry has been making to hold costs in check " — DDC-SAPA

Wage problems were a widespread grievance. 77% of all workers who expressed any grievance at all, complained that their wage was too low. Irrespective of industry, of job category, and of legal status , the overriding grievance concerned low wages.

Many said simply that their wage was too low to keep up with the increases in the cost of living; others specified that their wage was too low in relation to their length of service, or the level of skill or degree of risk involved in their work; still others expressed indignation at being discriminated against on racial grounds; and some complained that they were being underemployed or had been demoted to a lower paid job.

The second most common grievance concerned unwarranted deductions and non-payments and other arbitrary actions by management and occasionally, the foreman. A number of workers thought that unwarranted, sometimes excessive, deductions had been or were being made from their weekly wage to cover one or more of the following:

Cut down on 'paper explosion' abuse

By QUINTEN VARCOE, IBM OFFICE PRODUCTS DIVISION

WHILE IT IS generally accepted that copiers have improved communications, there can be no doubt that the "paper explosion" has often been abused and all too often unnecessary copies are made.

Statistics have indicated that next to data processing, copying equipment is the single most expensive machine cost Therefore, management needs to have a close look at selecting the ideal copier system to meet requirements

There are three systems available, decentralised copying facilities, total centralised copying and the combination of the above two Let's examine each of these individually

Decentralised copying

This approach to a copying system has the advantage of reducing "copy walk" to an absolute minimum as machines are spread throughout the organisation

Furthermore, there is an initial reduction in the overall cost per copy However, as this generally results in an uncontrolled system, copy proliferation becomes rife Within a short period of time, due to the proliferation, the volumes escalate and naturally the costs follow suit

Centralised copying system

The typical ... system is ... extremely well ... often found ... "print room" ... The big advantage ... this type of system is that proliferation is almost completely eliminated

The cost per copy is reduced as the user can take advantage of better pricing due to the high volumes on a single machine

However, the pitfalls with this centralised system are the escalation of the hidden costs Managment should take cognizance of the time lost with copy walk, queueing and "social meetings" along the way

With the labour costs as high as they are today, and escalating rapidly, this system could quite conceivably result in an increase in the overall copying costs although the cost per copy is reduced

Decentralised-Centralised copying

This type of approach allows management to take the advantages of both the above systems and totally evaluate the copy costs as well as the labour costs involved

The decentralised machines would be located in areas where the need for convenience copying could be justified These decentralised machines would normally serve more than one department and could easily be controlled with the use of pluggable meters

Furthermore, by using a meter system, accurate usage and billing can be established for each department

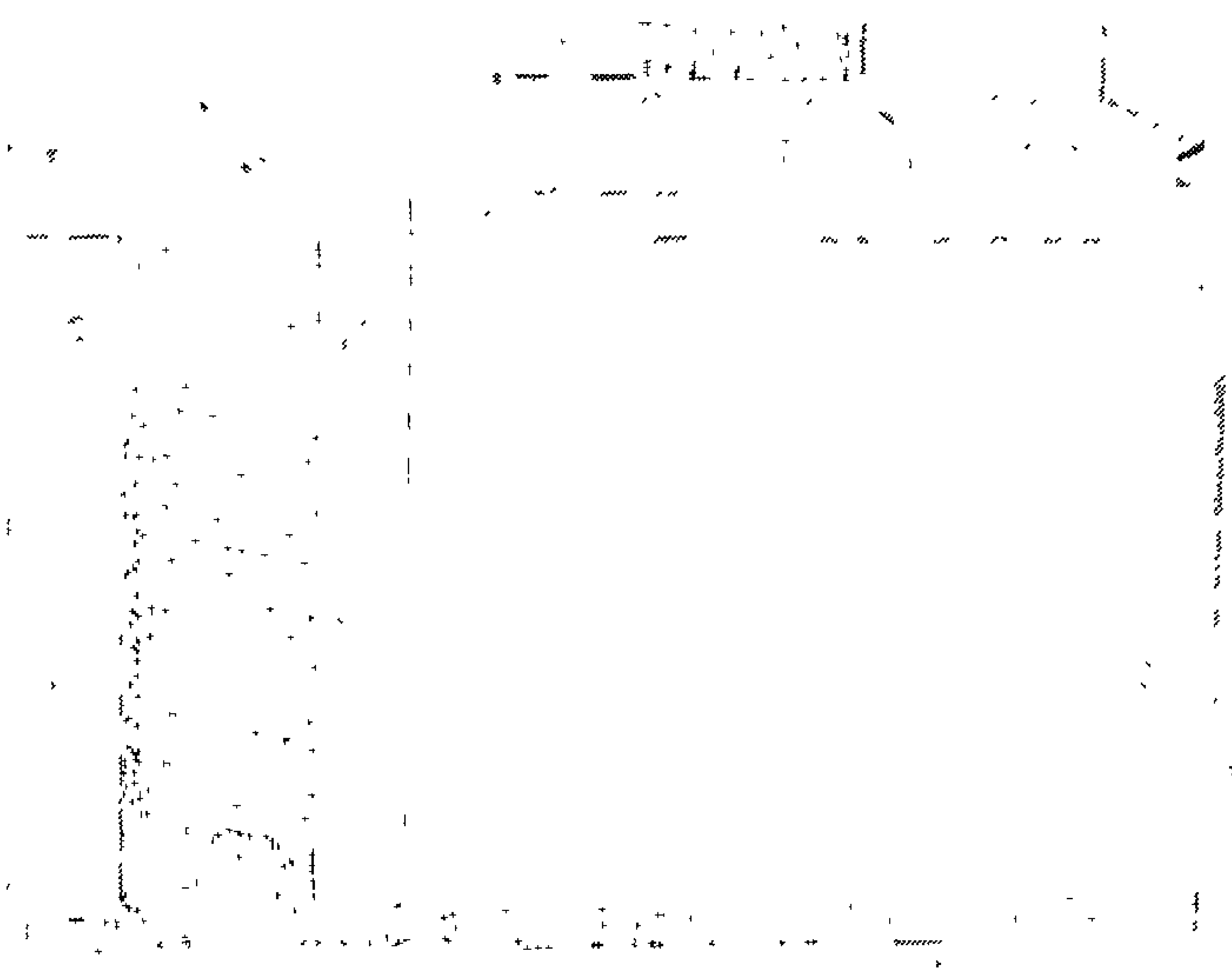
Convenience copying generally consists of one-to-five copies from one or many originals As this type of copying involves many personnel in an organisation, the decentralised approach does cut down on the copy walk and queueing that would normally exist with a purely centralised system With the use of a meter system, there is reasonable control to contain proliferation as compared to the total decentralised system

The centralised machine would be used for large volume copying Also, because of professional operation, the best copy quality can be maintained

Here the copy walk is not that critical because one trip results in many copies being produced and often, with deadlines not being that critical, a messenger service will normally suffice

From the above brief and perhaps simplistic comparisons, we think that the last system is the option best suited to organisations with both volume and quality requirements, especially when such organisations generally have extensive premises

Management should therefore first establish their criteria for a copying system, examining their present as well as their probable requirements



The IBM series 111 model 10 copier/duplicator which has a speed of 4 500 copies an hour. It features automatic duplexing and has an optional collator. The machine produces high quality copies of photographs, books and other-dimensional objects, line documents, drawings, and low contrast originals. The model 20 in the same series has reduction capability.

'Bilingual' machine should cut paper costs

A NEW, advanced duplex copy printer — for printing on both sides of the paper in one operation — is being launched in South Africa next month

Mercedes Office Machines is introducing the AB Dick 269T Duplex Copy Printer, which is expected to cut paper costs dramatically

"The machine will be particularly suitable for bilingual material," says Ben Wibier, marketing manager, new products, for Mercedes Office Machines "This particular model is used extensively in other bilingual countries like Switzerland, Canada and Belgium It is also particularly suitable for price lists, memos, pamphlets and specification sheets."

Other features of the machine are

- It prints at speeds of between 8 000 and 16 000 ...
- It is linked with a new 171 master maker with variable reduction facilities. This means copies can be reduced to 64 per cent of the original with a further savings in costs
- It is compatible with other AB Dick master makers.
- An automatic collating sorting unit can be added to further speed up production times.

Contents (continued)

Page

Table 31. Urgency of language and communication course to firms in Rosslyn sample --------------- 35

Table 32. Number of African technicians firms in construction sample would employ ---------------- 36

Table 33. Factors hindering firms in construction from employing more Africans as technicians ------ 37

Table 34. Urgency of language and communication course to firms in construction sample ----------- 37

Table 35. Number of African technicians firms in overall sample would employ --------------------- 38

Table 36. Factors hindering firms in overall sample from employing more Africans as technicians ------ 40

Table 37. Urgency of language and communication course to firms in overall sample --------------- 40

Table 38. Total number of technicians demanded by region -- 40

Table 39. Total employment of firms in overall sample by region and race ---------------------- 41

Table 40. Demand for technicians by category (Diplomas and Certificates taken together) in rank order of numbers of technicians firms in overall sample would employ if available ---------------------------------- 42

FOREIGN FIRMS

Rustenburg ahoy

189

FM 22/9/78

Building a new factory in SA is in itself a bold move these days When the investor is a US-controlled firm and the site of the new plant a decentralised border area, it is not surprising that the venture attracts some attention

Minnesota-based L&M Radiators hopes to open its R0,6m facility outside Rustenburg by early next year It will then manufacture locally the radiators (mainly for the mining and construction industries) which have been imported since mid 1977 when L&M first entered the SA market

L&M hopes to reach an annual turnover of R1m, and may boost its investment to R1m The company, which already has plants in the US, Australia, Canada and Mexico, currently sells about $6m worth of radiators worldwide each year

But why choose SA? How about all those anti-investment lobbies back home? "SA is the only stable country in Africa," avers L&M vice-president Dick Braun "We have faith in the future here" He points out that L&M is a privately-owned company — "That helps keep the pressure groups away"

But the main reason why L&M is opening up here is, not surprisingly, the prospect of doing good business Braun reckons that since L&M products were first sold in SA, sales have been "excellent."

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STEEL PRICE

189

Surprise rise

FM 22/9/78

The 10% across the board steel price increase has taken more than industry by surprise — it caught Iscor chairman Tommy Muller unawares.

Muller got back from a visit to the Far East on Monday to be told of the increase. As far as he knew no official application for one was before government "Of course," he adds, "steel producers have been saying for a long time that the price was too low and we have constantly put a strong case to the minister."

Apparently what has happened is that the rolled-steel producers, who include Dunswart, Highveld and Iscor, met Economics Minister Chris Heunis recently and convinced him of their needs.

Iscor, incidentally, reckons the increase will not make much difference to its parlous financial state this year. Says Muller: "We were planning to go for a much bigger increase in January. A smaller one now means the effect will be much the same" He is, however, happy about the government's intimation that it will review the steel price annually in July

Steel users on the whole appear fairly calm about the rise — although many industries have not yet worked out the effects The motor industry generally feels manufacturers will try to absorb costs as much as possible but that car prices will eventually go up

The construction industry is generally riding the 10% steel price rise with resignation There is even a feeling that regular and gradual tariff hikes are preferable to overnight announcements of the past which threw building budgets out of kilter

The rise can fairly be considered as a mild setback for construction (compared with damage done to it during the past two years), as modern design and better use of reinforced concrete means much less steel is used now than in the past

Mail 27/9/79

Black unions move closer to federation

Labour Correspondent

PLANS to unite mainly black trade unions in a new federation were taken a step further yesterday when five Transvaal unions and union branches elected an interim federal committee for the Transvaal.

The committee was elected at a meeting of about 150 trade unionists in Sharpeville.

Similar committees have been set up and are functioning in Natal and the Eastern Cape.

A national meeting involving all the regional committees will be held in Durban on October 21 to discuss drafting a constitution for the federation.

Although the federation is aimed primarily at uniting black unions, it will be open to all races. Among its main movers is the National Union of Motor Assembly and Rubber Workers of SA, a registered union for coloured and Asian workers.

A statement issued after the meeting said unions who elected the committee were:

• The Glass and Allied Workers' Union, Engineering and Allied Workers' Union and Paper, Wood and Allied Workers' Union — all affiliated to the Consultative Council of Black Trade Unions,

• The Transvaal branch of the Metal and Allied Workers' Union, affiliated to the Natal-based Trade Union Advisory and Coordinating Council,

• The Transvaal branch of the United Automobile Rubber and Allied Workers' Union,

Four other unions affiliated to the Consultative Council did not commit themselves to joining the federation.

The split in the Consultative Council over the federation has apparently not yet been resolved and yesterday's developments may widen it.

Mr Churchill Mhlanga was elected chairman of the interim committee, Mr Ntebisi Mqhayi vice-chairman and Mr Taffy Adler secretary-coordinator.

AGRICULTURE (189)

Tractors tumble

FM 6/10/78

Steeply rising farm debts look like putting another damper on tractor sales already badly hit by last year's 15% (now 12,5%) import surcharge. Earlier optimism among suppliers sure of passing 1977 unit sales of 14 505 is beginning to wear thin with farm machinery reps barely closing a total 1 000 deals each month.

Ford MD Wally Rautenbach says "It is a poor outlook We think (national) sales will reach 13 000 this year though some say as low as 12 000."

John Deere chairman and MD Brian Harrison says "The market could be 15% down on last year. In 1979 there should be a 3% increase. Farming receipts are just not keeping pace with operating costs."

Despite leapfrogging tractor prices, revenue for SA's dozen suppliers is also expected to be well down on last year. The only buoyant sector in all farm

Vegetables

friend . . . sales in the rut

...ing prices for tractors are ...to cause serious hardening ...among farmers who have ...of agricultural implements ...five years rise by 7%, 17%, 24%, 13%, and 8%. This year they would have been lower but for gst.

Spending on tractors of R72m in 1973 rose to R132m last year but is expected to fall back to R120m this year. Estimates for 1979 are around R140m.

During the same period spending on all agricultural machinery (tractors, combine harvesters, harrows, ploughs and the like) was R109m in 1973 and R221m last year. This year it is expected to fall just short of R200m but should pick up to at least R220m in 1979.

Spares sales, on the other hand, look like continuing to rise from R27m in 1973 to R50m last year. This year they should reach almost R60m and R65m in 1979.

It is hard to see how these depressed unit sales (boom year was 1975 with 19 166 tractors worth R152m) can be hiked while agriculture carries a growing debt burden. With taxes making up 10% of the present cost of tractors the best, if not the only, way of stimulating sales looks like further cuts in the import surcharge.

SHIP REPAIRS (189)

Dry as a bone FM 6/10/78

SA's ship repair industry is battling The repairers contend that unless they get some help from Railways, things can only get worse

Problems arise from several sources. The worldwide slump in shipping has reduced the volume of traffic, and the reopening of Suez has cut the flow of traffic around the Cape. Again, containerisation has brought with it new or refurbished fleets requiring fewer repairs Furthermore, repairers claim that SA harbour charges are high by world standards and so frighten off potential customers

The Association of Shipbuilders and Repairers is due to discuss the matter with Railways later this month for the umpteenth time, and Assocom has a motion on its agenda for October 19 dealing with the subject The Assocom motion, to be proposed by the Johannesburg chamber, suggests an international campaign to promote local port facilities It suggests that "port dues and other charges levied against vessels calling for repairs and maintenance be reviewed with the object of ensuring that our ports are placed in a competitive position *vis-à-vis* ports elsewhere in the world"

In his annual report James Brown & Hamer chairman Bob Hamilton pleads for special incentives to enable the local industry to compete more effectively, and points out that repair work is a useful earner of foreign exchange

Pieter van der Waal, MD of Elgin Engineering's ship repair side, claims that local charges are about three times as high as abroad and that last year a contract worth R1m was lost to Cape Town because of high dock charges

Cranes are a particular source of aggravation to the repairers There is a minimum charge for two hours even if a crane is used for only 15 minutes Repairers claim that if they require a 5 t crane it sometimes happens that they are obliged to use a 25 t crane and pay the higher rates. Crane drivers, they complain, are a law unto themselves and do as they please

In some cases crane and drydock charges amount to a quarter of the repair bill. The *FM* was shown a bill where crane charges during a five-day graving dock service amounted to R1 706 or almost 35% of the Railways' bill of R4 881 In most overseas yards, repairers allege, cranes at the drydocks are free of charge

Another complaint is that accounts come in in dribs and drabs, which irritates foreign customers used to one invoice. Dick Brass of Dorbyl sums up the general feeling of repairers when he says that most ships calling at SA ports only have repairs done when they have to, or else they opt for running repairs which can be done while they load or discharge cargo

Latest Railway figures from April to August reveal that harbours showed a surplus of R21,8m against the budgeted R20,6m, so there may be some scope for concessions to the hard-pressed repair industry when it does battle with the administration later this month

The Railways attitude was stated last year by Minister of Transport Louwrens Muller "Dry-docks and slipways were initially provided by the department to meet its own requirements The provision of additional facilities necessitated by the growth of the ship repair industry has placed an additional burden on the Railways

"As a port authority the Department's basic function is to handle cargo and to operate the harbours on a sound economic basis and no justification can be found to reduce harbour dues and other charges payable by ships calling at SA ports for repairs. Such concessions would no doubt bring about further losses which would, in effect, have to be subsidised by cargo-handling services."

170. 's early as 1895 most of the ...

ib.

Fanon, Wretched of the Earth (London, 1967), 41-6.

ster, 'The 1949 Durban "riots"',7-8.

e, Paris and London in the Eighteenth Century, 23.

exploration of the ICU's diverse and confused ideological strands, van Onselen, Chibaro, 213-14.

38/4., S.N. Bulawayo to CNC Salisbury, 31 October 1928.

38/22 'Speeches'.

In 1930 then a recrudescence of the trouble was rumoured it was reported that 'Lobengula's son has much to do with the stirring up of strife amongst the young men... and wishes to drive all Mashonas out of his father's Country'; see S 138/22, NC Charter to Acting CNC Salisbury, 25 November 1930.

A. Mafeje, 'The ideology of "tribalism"', Journal of Modern African Studies, 1971, 9, 254.

Webster, 'The 1949 Durban "riots"',47.

S 480/93, 'Memorandum on the position of Compound Managers on Mines in Southern Rhodesia', 11 July 1930.

Southern Rhodesia Legislative Assembly Debates, 14 April 1931, col 554.

181. Bulawayo Chronicle, 4 Jan. 1930

182. S 138/22, S N Bulawayo to CNC Salisbury, 30 De

183. Ibid, S N Bulawayo to CNC Salisbury, 11 Januar

184. Ibid, NC Wingbarne to S N. Bulawayo, 9 January 1

185 Ibid, 'Speeches'.

186. Ibid, S N Bulawayo to CNC Salisbury, 27 Decembe

187. Bulawayo Chronicle, 4 January 1930.

UNIONS

Arrie's fold

FM 12/10/78

The beginning of a white worker backlash — or a flash in the pan? That's the question posed by a vote of no confidence in their union leadership, passed by the Rustenburg branch of the SA Electrical Workers' Association

The Electrical Workers was one of the key unions to sign the Seifsa agreement earlier this year At its recent conference, it announced plans to organise an African electrical workers union in anticipation of the Wiehahn Commission's findings and passed a motion endorsing the training of African artisans

The Rustenburg men (who are mine electricians) passed the motion after a meeting at which union general secretary Ben Nicholson was present and the motion specifically refers to both Nicholson and a regional union organiser, according to a report in the local paper, *Die Magaliesberger*

Their dissatisfaction might stem more from the two conference decisions than the signing of the Seifsa agreement Questions were put to Nicholson specifically on the union's support for black artisan training and union membership

At the meeting, the Rustenburg men said that they refused to belong to a multi racial trade union (the Electrical Workers had originally planned to admit blacks to union membership but had decided on a separate union because Africans cannot belong to registered unions) and that they planned to quit the union

The obvious home for them if they do so would be the Mineworkers Union (MWU) but MWU general secretary Arrie Paulus tells the *FM* none have so far applied to join

Nevertheless, the MWU does seem keen to enrol white members of other unions — it has argued for some time that white workers are not being adequately protected by their union leadership and that their natural home is in the MWU

So the union seems to be looking for membership outside the mining industry — a move which would give it the right to speak for white workers in manufacturing as well

If it does do this, the MWU will have a broader base to oppose the Wiehahn Commission's findings if they are not to its liking — it will also be able to oppose them if they apply to manufacturing industry and not mining, as many observers expect

The success of this strategy depends, of course, on whether other white union members share the Rustenburg men's dissatisfaction Paulus says he knows of no similar moves in other unions at this stage But if other such moves do materialise, they will have a crucial effect on SA labour relations

IMMIGRATION/EMIGRATION

Where have all the boffins gone?

The great South African skills exodus

Without lashings of foreign capital the economy's growth potential looks unappetising say the economic planners No doubt they are right

But what if enough capital were to be generated locally? What would our growth potential be then?

Presumably, it depends on the availability of another key factor of production — skilled labour The planners have estimated that the economy can belt along at 5%-6% a year, provided more and more blacks are trained for work previously done by whites, *and* provided white immigration exceeds white emigration by about 30 000 a year

Sadly, prospects on the immigration front are even less rosy than on the foreign capital front In the seven months to July 1978, far from enjoying a net immigration gain, SA experienced a net emigration loss of nearly 3 000 In July net emigration was 59

After last year's net loss of 1 178, this means only one thing come the next proper economic upswing and SA is once again going to be short of skilled labour

Of course, net immigration has slumped partly *because* the economy has been stagnant, in other words, because there has been little *demand* for skilled labour

Most sectors have scrapped their previously active overseas recruitment campaigns Errol Drummond, director of Seifsa, tells the *FM* that during the 40 month slump in the steel industry, only very specialised technicians and artisans have been imported In the building industry, says Bifsa's Johan Grotsius, recruitment has completely fizzled out

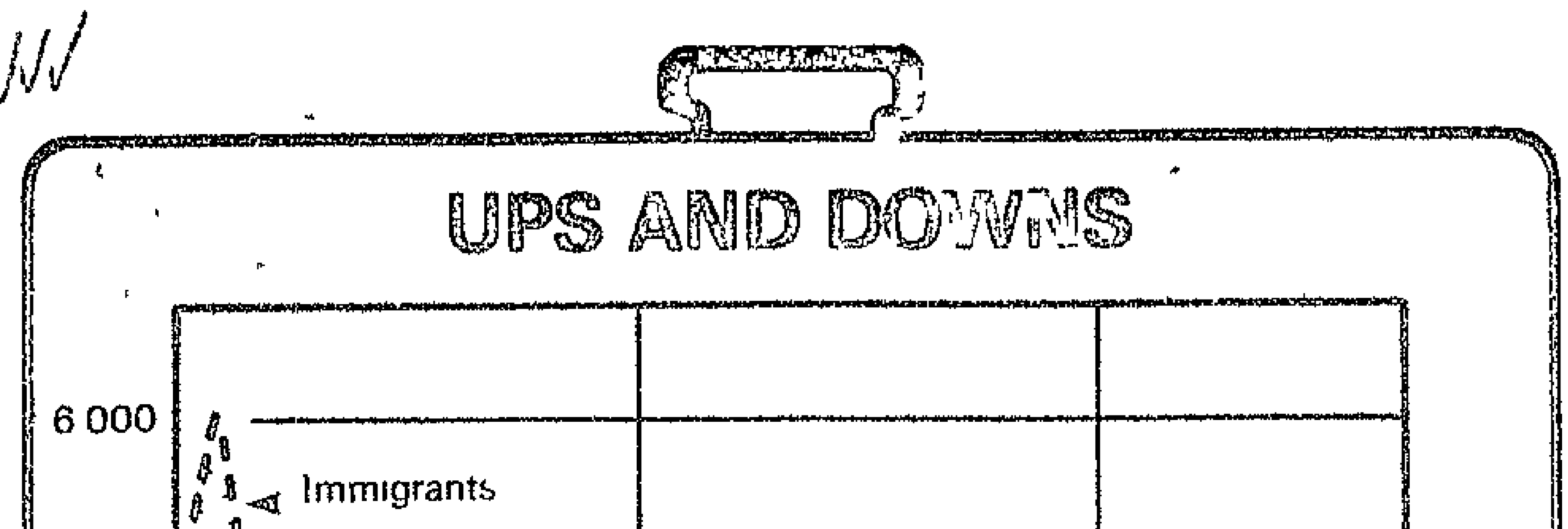
Meanwhile, with the economic squeeze has come a tightening up of immigration policy Government gives priority to SA's workers and, accordingly, the Department of Immigration has only been admitting people whose skills are in demand

Louis le Grange, until recently Deputy Minister for Immigration, told Parliament that about 10 000 of the 25 000 immigrants in 1977 were economically active, and all were placed in employment without difficulty

But even active recruitment campaigns are encountering dwindling enthusiasm A spokesman for Wits University tells the *FM* that, despite attempts to attract foreign academics, the flow of applicants has sharply diminished, especially since June 1976 Also a contributing factor is the decline in the competitiveness of SA academic salaries.

SA residents are also seeking greener pastures abroad Between 1975 and 1977 emigration increased by 250% and it scarcely seems set to decline in 1978. More than 2 000 people left in July alone, while only about 1 500 immigrated

JWW



Emigrants are taking both skills and money with them The first seven months of this year witnessed a net loss of 825 technical and professional people, as well as 113 administrative and managerial personnel And while 822 clerks and 1 132 production workers settled 97 and 1 415 of their colleagues departed

In 1977, 152 doctors (whose training cost taxpayers R13 000 each) joined the exodus And 6% of advocates, 1,6% of dentists, and 4% of architects followed suit The 1977 outflow carried R80m with it

The crucial question is will a brighter economic horizon attract enough people back to sustain the recovery? Le Grange insists that the drain is purely due to economic factors "There is every confidence that people who are emigrating from SA will return as soon as the economy is back to normal," he told Parliament

But political fears cannot be ignored June 1976 marked a definite watershed in immigration figures with the net gains of 40 200 in 1975 and 30 000 in 1976 diving dramatically to a net loss of 1 178 in 1977

By April 1977 the monthly tally of ins and outs (which had peaked at plus 5 200 in January 1976) showed a net loss for the first time in 20 years

If immigrants stay away, and South Africans continue to emigrate, will an economic recovery be impossible? SA's past reliance on immigrants has been substantial -- since 1961 they have contributed 38% of all accessions to the white labour force Without immigrants, SA's population growth of 2,2% among whites would have been only 1,39%

According to some estimates, our dependence on foreign professionals has been growing between 1963 and 1969, professional men constituted 19% of all male immigrants, in the 1970-77 period, the figure was 35%

Stellenbosch professor Jan Sadie argues that a drop in the immigration-over-emigration figure from 27 000 a year (the 1970-77 average) to today's minus quantity will cut the expansion of SA's white male labour force by 40% (see *Current affairs*)

Grotsius believes that a sharp upturn in the building industry would be severely hampered by a lack of skills "We could only sustain a moderate recovery," he tells the *FM* Likewise in the steel industry

But Simon Brand, economic adviser to Prime Minister Pieter Botha, tells the *FM* that, although there would be a serious bottleneck the barrier is unlikely to be absolute "Employers faced with a shortage of skills will always improvise," he says

Of course, the utilisation of black skills is the long-term answer Drummond says the recent removal of job bars in the steel industry has greatly lessened the need to attract immigrants The building industry is awaiting the results of the Wiehahn Commission

But SA has been slow in shifting its dependence from foreign white skills to local black potential It takes four to seven years to train an average artisan or technician and immigrants are often needed to do the training

Brand says attempts to train blacks have slowed down appreciably because of the recession If a real recovery were to materialise in the near future, it is unlikely that there would be enough adequately trained blacks to fill the immigration gap

"It is a vicious circle" Brand concludes "Because of the recession we have not built up a stock of skills But the lack of skills could slow down the recovery"

DD 20/10/78

Consumer must lift economy — industrialist

189

JOHANNESBURG — The president of the Steel and Engineering Industries Federation of South Africa, Mr W N Randell, yesterday spoke of the need for general support of the Buy South African campaign to give thrust to the economic revival

Mr Randell, who was addressing Seifsa's annual meeting, said "Because of the under-utilised capacity in many of our sectors the revival will not be an investment-led one

"The revival, in my view, to be meaningful and to be given thrust, will have to be initially consumer-orientated.

"This adds emphasis to the necessity of all sectors and population groups giving more than lip service to the Buy South African campaign currently being given impetus "

He said that from the strategic point of view and the generating of general and economic self-sufficiency in the total South African concept, "it must be under-scored that import substitution will provide and create more job opportunities and real wealth for all our population groups

"The returns on capital investment after tax generated through profits are held to be low by many economic commentators having regard to the various risk factors involved.

"The authorities should evaluate whether the current profit returns after tax are of sufficient incentive to attract future local and overseas investment and for projected growth in the private sector "

He said the gross output of the metal and engineering sector of the economy now amounted to more than R8 600 million a year and formed 26 per cent of the country's total manufacturing output.

The number of people of all races employed in those industries was 475 000, one-third of the total manpower engaged in manufacturing

Last year those industries' exports were worth R936 million, Mr Randell said — SAPA

Roelofse back

Dorbyl dank van sy werkers af

189

Burger 25/10/78

325

JOHANNESBURG

DORMAN LONG VANDERBIJL CORPORATION het gister aangekondig dat hy 'n deel van sy Boksburgse aanleg gaan sluit weens 'n skerp afname in die vraag na die maatskappy se produkte. Die aanleg vervaardig strukturele staalprodukte.

Die sluiting is by die maatskappy se Wright Anderson-aanleg, wat sowat duisend werkers in diens gehad het. 'n Deel van dié werkers sal afgedank word. Die maatskappy wou nie getalle bekend maak nie, maar het gesê dat dit tot die minimum beperk is. Sommige van die werkers sal elders in die groep in diens geneem word.

Volgens 'n verklaring sal die produksie in die res van die aanleg voortgesit word, asook by die aanlêe en Germiston en Vanderbijlpark.

Die deel wat gesluit is, gaan voortaan gebruik word vir die verwerking van staalplate. Dié bedrywighede is onlangs van Brockhouse oorgeneem.

Dorbyl sê hierdie herrangskikking van bedrywighede het ongelukkig daartoe gelei dat 'n klompie werkers afgedank moes word. Die maatskappy het landwyd sowat 20 000 werknemers in sy diens en is oor die jare bekend daarvoor dat hy nie maklik van sy werkers afdank nie.

Alle vervaardigers van staalprodukte is die afgelope vier jaar kwaai deur die ekonomiese resessie geraak weens die afplatting in die vraag. Dorbyl was een van die maatskappye wat die langste gewag het om die personeel te besnoei. Talle van die kleiner vervaardigers was lank gelede reeds genoop om tot dié stap oor te gaan.

Die maatskappy onder meer staalprodukte aan die boubedryf, wat veral deur diep waters gegaan het. — (Sapa.)

...rds, a rather narrow definition. ... covered either by an ... award, or a conciliation board ... y which the Industrial Concilia- ... dispute provided the Central ... o the Minister who was empowered thereafter to refer it to th... he case of a wage determination the conciliation machinery a... acial groups would be used if the determination had been i... than two years.

In 1973 there were 47 labour ... oppage of work involving 3 846 African workers. The ... led by Bantu Labour Officers. A further 115 disputes, wher... which could not be regarded as strikes occurred and these ... ans. There were also 246 strikes in which 67 338 Afr...

It would not be unfair to i... ative system of labour relations imposed upon Africans by th... e and that when it was subjected to stress it cracked. Afr... l it, employers showed a marked reluctance to use it ... and even the State implemented it without vitality.

THE BANTU LABOUR RELATIONS ... 70 OF 1973)

During the 1973 labour unre... ved quickly to overhaul the system and published a draf... aims in this regard. Its proposals, in the words of ... r "... evoked wide interest, and comment as well as prop... ement were received from most of the major employers' org... le unions, individual employers and other bodies".[24] As a... les altered the original Bill and later introduced the Ba... Regulation Amendment Bill.[25]

The new machinery retained the three-tier system, which had operated for twenty years, with certain important differences.

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23. Ibid.
24. Hansard 17 column 8390, 6 June 1973.
25. Some of the comment elicited by these Bills is recorded in: Muriel Horrell and Dudley Horner. A Survey of Race Relations in South Africa, 1973. Johannesburg, S.A.I.R.R., 1974 pp.276-281 and 286-291.

EMPLOYMENT

Jobs for 13 000?

(101)

FM 3/11/

Nobody really knows yet if the 13 000 ex national servicemen coming on to the labour market early next year will all find work. But they will certainly find plenty of people going all out to help them find it.

Before the year is out — perhaps before this month is out — the private sector will have lists of job seekers and the Defence Force will have lists of vacancies. The idea is to marry the two.

The SADF's Brigadier Cyril Smith speaks proudly of the nationwide community effort aimed at giving the couple a happy start.

The community effort consists of umbrella councils, chaired by local mayors supporting various committees in some cases advised by the Moths and the SA Legion.

Johannesburg deputy mayor Major Danie Opperman is very confident of looking after all those seeking work in the city, but feels there are a "lot of question marks. We do not know how many we will have to fix up in Johannesburg."

Brigadier Smith thinks the economy has put on enough fat to absorb the work-seekers, and that national service has in a sense merely delayed the entry into the job market of 13 000 school leavers.

But the difference is that school leavers are "boys" and ex servicemen are "men" who will be starting at the bottom two years behind schedule. At the same time the economy in the past has absorbed ex-servicemen who've been away for a year, and only time will tell whether the extra year will be significant.

Seifsa's Errol Drummond puts the numbers issue into perspective when he says that in the past six months alone the steel industry has increased its blue-collared work force by 12 000 — bringing its total to 475 000. He is confident there will be a job for any ex serviceman who wants to join the industry.

Provided this expansion has been equalled in other sectors, problems should not arise — but the exercise will have to be repeated in July and every six months thereafter.

Will the patriotic enthusiasm among employers last, or will it wane if SA faces a military need indefinitely?

SA has yet to feel the economic effects of, for instance, the 240 days — more if demanded — each of next year's returning soldiers will have to serve during the next eight years.

Will employers tolerate an employee's absence for anything up to three months in a year — plus annual holiday and the time effectively lost as the part-time soldier mentally prepares for and recovers from each stint in the army?

Or will they turn to women and blacks to fill the traditionally young white male jobs?

WHITE UNIONS

Mutter, mutter

FM 3/11/78

The rumblings among members of white trade unions affected by the Seifsa job advancement agreement continues apace (*Current Affairs* October 13).

The latest union to be affected is the SA Engine Drivers, Firemen's and Operators' Association, whose general secretary Ken du Preez complains that some of his members are being wooed away from the union.

Writing in the latest issue of his union journal, Du Preez [illegible] claims that [illegible] the [illegible] from Section [illegible] recently [illegible] members [illegible] union member [illegible] position [illegible] that position will [illegible] followed.

Du Preez's concern [illegible] the Seifsa agreement [illegible] exchange on the [illegible] elimination of the [illegible] has recently [illegible] opposition from the Mineworkers' Union, which [illegible] to extend the agreement to mines.

Du Preez was unavailable this week, so it is not yet clear whether [illegible] members, or whether significant numbers of them have left. What is clear is that the Mineworkers' Union has been appealing to white workers to band together in one union to protect white worker interests.

So if Du Preez's members are leaving, they must be going to the MWU. General secretary Arrie Paulus was also unavailable, but his union has been vocal in its criticism of the Seifsa agreement and its view that only the MWU is still actively protecting the white worker.

Is the MWU actively recruiting members from other unions? It obviously would like to have them. If unionists like Du Preez are in fact losing members, the MWU may be poised to establish itself as the mouthpiece of all white workers who are unhappy about changes like those negotiated by Seifsa.

AFGATE (189) FM 3/11/78

Sound specification

Activities: *Manufactures and trades iron and steel products, particularly fencing and irrigation equipment and agricultural and mining plant. Has a 12,7% interest in IPSA which controls Dorbyl and Stewarts & Lloyds (SA). The directors hold 37,4% of the equity.*

Chairman and joint managing director: *S Green, joint managing director: J Katz.*

Capital structure: *4m ordinaries of 50c. Market capitalisation: R10,2m.*

Financial: *Year to June 30 1978. Borrowings long and medium term, R598 000. Net cash: R1,8m. Debt:equity ratio: 6,4%. Current ratio: 2,9. Group cash flow: R3m. Capital commitments: R259 000*

Share market: *Price. 254c (1977-78: high, 270c; low, 180c, trading volume last quarter, 23 000 shares). Yields: 27,1% on earnings; 6,3% on dividend. Cover: 4,3. PE ratio: 3,7.*

	'75	'76	'77	'78
Return on cap %	21,4	20,6	19,3	18,1
Turnover index*	212	217	228	254
Gross profit (Rm)	3,9	4,1	4,1	4,4
Earnings (c)	55,7	62,0	63,1	68,9
Dividends (c)	15	15	15	16
Net asset value (c)	416	459	503	574

**Base 1972 = 100*

After a forecast of lower second-half earnings at the half-way stage, business picked up and earnings were 9% higher on the year. The improvement has been sustained with this year's sales currently 5% ahead of the same period last year.

As with previous years, the annual report is not a contender for any prizes for disclosure. There is no breakdown of the various divisions' contribution to turnover or profit. Margins were apparently squeezed with engineering and trading activities only 3,1% better at the pre-tax level against an 11,6% turnover improvement. Trading and engineering contributed R3,4m (R3,0m) pre tax. Dividend income (largely from IPSA) weighed in with R598 000 (R565 000). Interest on deposits and short-term loans was R317 000 (R154 000).

After three years pegged at 15c, the dividend was raised to 16c. But it presages no easing of the conservative dividend policy — cover rose to 4,3 (4,2) times. The company has an almost pathological aversion to debt financing and presumably the cash build up will continue until new expansion opportunities arise. The low level of capital commitments suggests that the new large-bore pipe plant, which is expected to come on stream by mid 1979, is the only important item in the group's expansion programme.

Growth this year is likely to be steady rather than spectacular and even with an economic upturn earnings could grow less rapidly than more highly geared competitors. But though financing is conservative, the company is technically progressive. There is little risk of upsets and the shares are best suited to investors looking for maximum income security.

Peter Hendrigh

BOYCOTTS 3/11/78

Not so ready

UK based battery manufacturer Eveready could be faced with a consumer boycott of its products as well as international solidarity strike action as a result of the sacking of striking workers at its Port Elizabeth plant

The workers — all of them women — are members of the registered National Union of Motor Assembly and Rubber Workers whose members at Eveready struck this week in protest at the company's refusal to recognise the union The union (which represents coloured workers at the plant) says around 260 of the company's workforce of 450 are on strike The company says it has fired 160 strikers

Union organiser Brian Fredericks tells the *FM* the union has responded to the sackings by calling for a national and international consumer boycott of Eveready products It will call on registered and unregistered unions with which it has been working to form a new trade union federation, to assist the boycott

Calls are also likely to be made to the International Metalworkers' Federation of which the union is a member, and the equivalent international union secretariat for chemical workers, to organise solidarity strikes overseas

The dispute between Eveready and the union is virtually unprecedented While unregistered unions tend to encounter massive employer resistance to recognition, instances of employers resisting recognition of a union registered with the Department of Labour are few and far between — particularly in recent years

While Eveready has been quoted as saying it is prepared to deal with the union, but that negotiations between it and the union broke down because of "excessive" union demands, the union insists that the company is "not bargaining in good faith"

If a consumer boycott does take place, Eveready could be hard hit It does a good part of its business in the black market and it is here where a boycott would be likely to take root

Upturn seen for steel

TR RDM 4/11/78

189

LONDON — Last month saw the beginnings of a general improvement in the international steel market, says the latest edition of the Commodities Research Unit

Domestic demand in the United States and Japan has been strong for some months and indications are that demand in Europe is also beginning to improve, particularly in West Germany

However, in the next few months steel demand is expected to weaken in the US while in Japan it should continue strongly through 1979 and with only a moderate rise in Europe next year

The unexpectedly prolonged high steel demand in the US is expected to end in the next few months, reflected by a fall in orders, particularly in the construction and automotive sectors

While CRU forecasts a modest increase next year, there should be an upturn in the rate of increase in demand in 1980

In Europe, the widespread price-cutting on commercial steel products in the past two months has eased, partly as a result of stronger demand But a more important influence is the unofficial agreements between producers which may be causing artificial supply difficulties in particular products

The supply and price weakness will continue into the early part of 1979 although conditions in the later part of next year and into 1980 will be much closer to normal in European steel markets

The Japanse market is expected to show the strongest final consumption through 1979 as a result of higher demand in such markets as construction and consumer goods

Steel prices in the export markets are not expected to improve to the point where large tonnages can be profitably exported and further reductions in production in Japan can be expected — Reuter

With blacks pay is the big thing

BOB HITCHCOCK, Race Relations Correspondent, concludes his two-part series on the efforts by foreign-owned companies in the motor and allied industries to break down apartheid barriers and satisfy external pressures for greater integration and equal work opportunities. Today he records the attitudes of black workers to reforms introduced by white managements.

Black and white on the assembly line putting parts and hopes together

WE MEET in Port Elizabeth, in that windswept "Detroit" of South Africa He is a black motor industry worker It is Saturday morning and he and his wife and three young children are out shopping

To protect his interests I shall call him Obed Vusi He is 32 a Standard Six graduate and for the past six years an assembly line worker with a South African subsidiary of one of the giant American motor corporations

With six words he puts a question mark over the employers' marathon attempts to achieve equality for workers of all races in the factories

"Who wants to eat with whites?" he says

And he adds "It's more money we want We don t care where we eat or what toilet we use There's only one way to talk equality -- money We want exactly the same rates as whites doing the same jobs, and the same fringe benefits We also want more chances of better jobs"

To what extent is Mr Vusi's opinion shared by other black and coloured workers?

I put the question to Freddy Sauls, leader of the 4 500-strong coloured National Union of Motor Assembly and Rubber Workers of South Africa, and adviser to the 3 800-strong black union, the United Auto, Rubber and Allied Workers of South Africa

He says "The point is, those companies have their priorities wrong Of course it's nice not to have apartheid at work We all agree on that It should not have been there in the first place

"But the first priority from the coloured or black worker's viewpoint is not desegregation of facilities but genuine equal pay and job security — and reasonable opportunities for promotion plus adequate retirement benefits"

Black and coloured trade union leaders in the motor industry predict that worker resentment will become increasingly pronounced until these factors are acknowledged by the Government and top managements, and dealt with satisfactorily

The managing directors of both Ford and General Motors in Port Elizabeth deny there is bad feeling among their black and coloured workers, or resentment against conditions for white workers

South African Brian Pitt, MD of Ford South Africa, the largest American-owned enterprise in the country, tells me "Race relations in my company have been good for many years"

American Lou Wilking, MD of General Motors South Africa, which has been operating here for the past 52 years, says "Sure, we're getting the flack from the black unions. But I don't foresee any grave race relations problems at GM"

Both bosses deny that the white unions are seriously opposing company efforts to break down race barriers inside their factories

Nevertheless, there is evidence that some black promotions at shopfloor and other levels -- and some desegregation measures — have been opposed, initially at any rate, by white workers

And Mr Wilking concedes that 'the social upbringing of white workers is a big problem in South Africa today"

It could be said that the social upbringing of blacks is causing a few problems, too For instance, labour relations experts say some black workers are sometimes reluctant to take full advantage of opportunities which have only just come their way

What is generally not realised outside the motor industry is that until June 1976 the American-owned companies, with a few exceptions, were adopting the whole gamut of apartheid practices, just as other foreign and South African companies were

These included low pay and no promotion for blacks, segregated eating and washroom facilities and miserable hostel accommodation for "bachelor" workers

Black and coloured workers, one discovers, are well aware of the reasons behind the changes taking place in industry today

Like the need for industrial peace if company profits are to be maintained

Like the increasing pressure from universities and churches in the United States on American corporations operating in South Africa to withdraw their investments from this country as a protest against the Government and its continued adherence to apartheid

The workers are also aware that Government labour inspectors have been instructed to turn a blind eye to certain infringements of apartheid-inspired regulations in the factories of multinationals, chiefly because their operations in this country are valued highly by the South African Government, which itself relies heavily on industrial peace

These facts and others, labour relations experts tell you, tend to inhibit black and coloured workers' enthusiasm for what in fact amounts to a dramatic breakdown of racial barriers

There are other difficulties faced by blacks general underprivilege and harassment outside the factory gates Influx control is one of many handicaps Then there is the fact that the Government and white society continue to practise racial prejudice in everyday life

This prejudice is spread in the factories, however fairminded top management might be, by the conservative white trade unions — in the case of the motor industry the tough SA Iron and Steelworkers' Union in particular

But of all the handicaps faced by black workers, education - or the lack of it - is regarded by top managements as the most serious and the most difficult to overcome

For this, executives of the motor multinationals are not shy to blame publicly the South African Government's black education system

Says GM's Lou Wilking "Some of the blacks we take on have no proper basic education at all So you start by teaching the three Rs"

Others, he agrees, have reached Standard Six or so before quitting school

Some of the more enlightened coloured and black workers at shopfloor level believe that, when it comes to promotion, top managements tend to make too much of the education issue

Says Freddy Sauls "When you look at the intellectual deficiencies of some of the white supervisors on a basic assembly line, you know there should be more coloureds and blacks with jobs at that level

"Some of the white guys don't even have Standard Six Some of the coloureds and blacks under them are intellectually brighter I know of white supervisors who can barely write They ask coloured or black workers to do their reports for them"

Sauls believes that many coloured and black workers have enough education and experience in the motor industry to make efficient quality controllers or foremen, but opportunities are lacking

Ford, probably the company with the most progressive record over the longest period, has a total work force of just over 4 870, about 1 870 black Ten years ago the company employed only 165 black workers

A black quality inspector is among Ford's 23 coloured and black foremen The company claims that 5,5 % of its supervisors are either coloured or black and that it aims at 10 % by 1980

General Motors claims that at a white-collar level it has 43 coloureds and four blacks In the artisan category there are 679 whites, 95 coloureds and 13 blacks, though the blacks are not "approved" artisans in Government terms In GM's black work-force, 75 % are low-skilled and 25 % semi-skilled

Goodyear Tyre and Rubber Company's Uitenhage operation has a wage scale fairly typical of most foreign-owned motor and allied corporations based in and around Port Elizabeth

The lowest wage (including bonuses) received by black employees at Goodyear last year was 87 cents an hour just under 3c more than the Eastern Cape's Household Subsistence Level

At the beginning of this year the black minimum wage was raised to 94 c an hour The lowest wage paid to white workers is around 97 c an hour

The average basic wages received by hourly-paid workers at December last year were R1 68 for blacks, R1 70 for coloureds, and R2 for whites Compared with the previous year these figures reflect a narrowing of the racial wage gap

Maximum basic wages today — discounting bonuses — range from R2,81 for blacks and R2,84 for coloureds to R3 38-plus for white artisans in the t[illegible] grade

It is estimated that South Africa has only 5 000 black university graduates Th[illegible] fact has a direct bearing, of course on the very few blacks one finds in top salaried-staff positions in the motor industry

"Do you employ any black engineers?" I put the question to Ford's Brian Pitt

"Find me one and I'll gladly employ him," he replies "Provided he's up to standard The fact is that black engineers are very very scarce"

The story goes that Ford South Africa had one until fairly recently He quit to become a professional boxer

Star 9/11/78

189

We are not interested in blacks — Paulus

Vereeniging Bureau

"We know how to protect whites We are not interested in black people," Mr Arrie Paulus, chief secretary of the SA Mineworkers' Union, told a jubilant crowd of about 400 Iscor employees in Vanderbijlpark last night

His speech was part of the union's campaign to recruit members from the steel industries in Vanderbijlpark

Mr Paulus launched a bitter attack on the 10 trade unions which had signed an agreement with Seifsa (the Steel Engineering Industries Federation of South Africa) which effectively does away with job reservation, calling for the retention of job reservation

He said the trade unions which signed the agreement, known as Section 35, tried to make out that it protected the white worker

"But its basic principle is to promote and recruit according to merit, or to promote equal job opportunities for all groups of employees, black, yellow and pink," he said, and the crowd cried "skande" (shame)

Mr Gert van der Berg, chairman of the local branch, which claims to have 1 000 members, said that no worker needed to fear discrimination against him if he joined the Mineworkers' Union

"If they fire you, we all walk," he said

HIGHVELD STEEL

More in the pipeline

(189) FM 10/11/78

At first glance, one might wonder why Highveld Steel was even considered for an export award In his annual review two months ago, chairman Graham Boustred noted that "throughout the year, difficulty was experienced in the marketing of all the group's products"

Nonetheless, Highveld has weathered the storms in the world's steel industry a lot better than many other producers. Export, in particular, have zoomed up, with earnings from steel, vanadium and ferromanganese bouncing up from less than R30m in 1974 to over R90m in the 1977 and 1978 financial years. In the year ending June 30 1979, exports are likely to be well over the R100m mark

"We've tried hard," says MD Leslie Boyd. "Our prices are competitive, our plants are modern and our costs are on the low side So we start with an advantage."

SA steel producers have been accused, however, of breaking into foreign markets by dumping their products. Replies Boyd. "In the past two years we've achieved higher prices in some overseas markets than on the domestic market. In other markets, prices have been lower. But we've remained profitable."

Highveld is at present concentrating its steel marketing efforts on the Far East, where the rising yen has dented the competitiveness of Japanese producers. "Suddenly Far East markets are opening up," says Boyd, referring especially to Hong Kong, Taiwan, South Korea and Singapore, all lucrative markets

By contrast, Latin America has lost much of its shine, as the fast growth of domestic steel plants has outstripped demand But Highveld is still selling in its traditional markets in Europe and North America

Does Highveld compete abroad with Iscor, also known for its aggressive export selling? "We try not to," reckons Boyd, "and we exchange market information." However, he notes they are vying with one another in some of the new Far East markets

Highveld is the world's biggest vanadium producer, accounting for around 40% of total output Demand began to improve early this year as big pipeline laying programmes got under way in Russia, Mexico and the Middle East Moreover, vanadium is being widely substituted for high priced molybdenum It is no secret that many Siberian pipelines are made from steel containing SA vanadium

Vanadium offtake is likely to continue improving, particularly in the light of decisions to exploit Arctic oil and gas deposits The industry is, however, still awaiting a decision by the US General Services Administration on whether it will increase its strategic stocks of vanadium

Demand for Highveld's ferro-alloys — produced by its subsidiary Transalloys — is also perking up, after a 19% drop in ferromanganese sales in 1977-78 While only two out of Transalloys' five furnaces were operating this time last year, all five have now been brought on line Moreover, Boyd reckons that Highveld's pending takeover of ferrosilicon producer Rand Carbide will contribute "substantially" to export turnover

189

~~150~~ ~~156~~ ~~157~~

STRIKES

Switched off

FM 10/11/78

Moves to boycott battery manufacturer Eveready are gathering momentum – and other moves are likely against the company as a result of a labour dispute at its Port Elizabeth plant (*Current affairs* last week)

The action against Eveready is the result of a union recognition dispute at the plant which led to a legal strike by the registered National Union of Motor Assembly and Rubber Workers, in which striking women workers were fired Union organiser Brian Fredericks tells the *FM* the consumer boycott will get under way towards week's end, and has already received substantial support

Fredericks says a number of PE shop keepers have already indicated that they will refuse to stock Eveready products until the dispute is settled Much of their clientele are union members and they are boycotting Eveready as a gesture to their customers, he says

The 12 trade unions who plan to form the Federation of SA Trade Unions have also issued a statement supporting the union They will send funds to assist the workers fired by Eveready and will assist the boycott if their legal advisers give the okay. Fredericks says his union's legal advisers say a consumer boycott is legal

Support has also been forthcoming from the SA committee of the International Metalworkers' Federation, which includes a number of prominent registered (white and coloured) unions The IMF committee's affiliates will each write individually to Eveready, demanding that it recognise the union If it does not, they too may join the boycott

International action is also on the cards The IMF's Geneva office has asked its UK affiliate to take action and they are due to give their response this week A delegation of Swedish metal unionists which is in SA at present has visited strikers to pass on their support

Fredericks says women fired from Eveready as a result of the strike will run the boycott in PE and he expects other unions to make personnel available for boycott publicity and the like in other centres Strikers have already begun distributing pamphlets and have been accosted by police, says Fredericks.

Eveready MD and chairman Ron Allen is non committal about the boycott He says he can't comment on whether it will succeed but says "any boycott stands to put scores of workers out of jobs" Despite this he says he is "not too worried" and says he knows of no retailers who are planning to boycott Eveready

Allen says Eveready workers are well paid — 92% of coloured women earn above 78c an hour, 43,5% above R1 an hour. The union has stressed, however, that it is recognition — it represented 80% of Eveready's coloured workers at the time of the strike — that lies at the core of the dispute.

It is the recognition issue which unions backing the PE strikers are focusing on, Says the statement issued by the 12 Federation unions: "We are amazed and appalled that a British company can be so intransigent as to force a legal strike, a rare event in SA over the recognition of a registered union"

Allen says Eveready is waiting for the Wiehahn Commission which it hopes will provide for multiracial unions The union dismissed this as a ploy.

Iscor shows loss of R73m for 1977-78

RDM 14/11/78

(189)

ISCOR incurred a R73 200 000 loss for the 1977-78 — the fifth consecutive year the State steel-maker has been in the red

Sales revenue for the year amounted to R1 309-million compared with R1 003-million the previous year and R373-million five years ago, according to Iscor's 1978 annual report

Despite this increased turnover, however, the corporation suffered a loss of R73 200 000 primarily because of several unfavourable conditions which had and are still having a major effect on its operations, marketing and prospects for the future

Topping the list of adverse factors is the worldwide economic recession and the consequent slackness in steel demand, resulting in over-capacity and keen competition in international markets

Iscor says the position has been aggravated for it by a legacy of debt from the expansion programme embarked upon 10 years ago, in consultation with the government, and a more comprehensive one launched in 1971

These were undertaken to enable Iscor to meet as far as possible the expected increase in the domestic demand for steel products according to long-term projections at the time.

It will be remembered, says the report, that South Africa suffered a severe shortage of steel in the mid-1970s.

Loan funds from overseas were then freely available, interest rates were low, Iscor had few debts and its borrowing capacity was therefore good.

Loan tenures generally extended over 20 years and internal cash flow was quite sufficient to repay long-term loans.

Between 1971 and the completion of the expansion programme in 1976, the situation changed drastically

Loan funds from overseas became practically unobtainable, the tenure of foreign loans shortened dramatically from 20 years to one or at the most two years and interest rates rose sharply

In addition Iscor is employing the conservative policy of charging production costs with a provision for the eventual higher replacement cost of production units

During the past year this provision amounted to almost R80-million

If Iscor had applied the same accounting policies as other steel producers it would have declared a profit of R6 400 000 for the year, disregarding any other adjustments which might have become necessary in that event

Because of the high fixed-cost structure in the steel industry, discontinuation of exports would have required production cuts and decommissioning of production equipment

This in turn would have lead to mounting losses, requiring further steel price adjustments By keeping up its export programme, Iscor says that it at least maintained employment and also earned valuable foreign currency

The development of the Grootgeluk coal mine, near Ellisras, for the supply of blend coking coal, is being proceeded with, after having been delayed under Iscor's curtailment measures

Financing of the project would require a capital investment of more than R200 million.

The current world-wide recession and consequent slackness inthe steel market had caused a substantial decline in the international demand for iron ore, and prices were therefore relatively low

It should be noted the report said, that at its current rate of iron ore and steel exports, the corporation was earning annually about R470-million in foreign exchange, which must have made a significant contribution to the improvement in South Africa's current account of its balance of payments — Sapa

WHITE UNIONS

Your union needs you

The white trade union movement may never be the same again. Over 1 000 Iscor workers have quit their unions to join the Mineworkers Union according to general secretary Arrie Paulus, and key white union leaders are preparing to fight a vigorous MWU recruiting drive aimed at non mining workers.

Union sources say the drive is aimed at those unions which signed the Seifsa agreement earlier this year. This is the immediate cause of the MWU move but the union has said for some time that it believes "the white worker is in a state of crisis" and only the MWU can adequately represent him.

Paulus denies that he is seeking to attack any specific union but he confirms that the MWU no longer sees its [illegible] as representing miners only. "Our doors are now open to any white workers who wants to join."

First signs of a white worker backlash came when the Rustenburg branch of the SA Electrical Workers' Association threatened to quit the union. Then Ken du Preez of the SA Engine Drivers, Firemen and Operators Association complained that his members were being wooed away from the union (*Current Affairs* October 13 and November 3). Now unions which signed the Seifsa agreement say the MWU has embarked on a wide ranging membership drive.

"They've been busy at Iscor Vanderbijl and Escom. There are signs that they're starting at other Iscor works," says Du Preez. Adds Electrical Workers' general secretary Ben Nicholson "They've tried to recruit our members on the mines at Krugersdorp, Welkom and Witbank as well as Rustenburg."

It is at Iscor, however, that the MWU appears to have been most successful and at the Iscor works rather than its mines. The 1 000 plus new recruits (Paulus says "applications are still streaming in ... we passed the 1 000 mark two weeks ago") are at Iscor's Vanderbijl works.

The unions most affected are thus the Engine Drivers and the SA Yster en Staal and the Confederation of Labour unions.

Which leads one union man to argue "It's brother against brother. It's a fight within the Confederation." Nicholson who says that his union members have rejected MWU overtures has another theory: "Maybe they were successful with process workers, but they haven't made much of an impact with artisans."

While Nicholson is confident that his union and others affiliated to the Confederation of Metal and Building Unions won't lose members, Du Preez says he can't tell yet. The MWU strategy, he says, is to recruit members in order to go to Iscor and other employers and ask for recognition and the deduction of union dues. Until that is done, the new MWU members won't cancel their present union membership, so it is impossible to tell now, he says.

Other unionists have claimed that the MWU has been organising protest meetings of their unions and "injecting dissenters" into union meetings. Paulus dismisses this as "a lie."

CMBU men claim they have effectively beaten back the campaign by "thoroughly explaining what the agreement means." Du Preez says the unions under attack will hit back soon. "We're planning ways of countering this and will announce them soon," he says.

Certainly there is a lot of bitterness among the unions whose members are being wooed. "They think they're the saviours of the white race," says one. "They're only doing this because the MWU is losing members," says another. Paulus denies this and points to published figures which indicate MWU membership was rising before the new move.

At present, the Seifsa agreement doesn't seem to be in danger. The MWU campaign is concentrated on state corporations and the mines, rather than in the private manufacturing sector, although Du Preez argues. "All the unions who signed the agreement are in danger. It could well spill over."

What does seem obvious is that two other Confederation unions are angry with the MWU and the argument could spill over into the Confederation. Equally clear is the fact that the MWU now represents non mining workers and will feel able to speak on behalf of non mining unions when it rejects change in SA industrial relations patterns.

WISPECO
Rationalising

ian Counihan

Activities: *Holding company with subsidiaries making steel windows, pressed metal products, chains, reinforcing steel, wire and aluminium products Holds 77% of Hart which manufactures plastic and aluminium holloware and other products Metkor Investments holds 51% of Wispeco's equity*

Chairman: *P K Hoogendyk; deputy chairman Professor P W Hoek, managing director C E Bryan*

Capital structure: *15,2m ordinaries of 50c, 75 000 7,5% "A" and 250 000 6% "B" cum prefs of R2 Market capitalisation· R5,0m*

Financial: *Year to June 30 1978 Borrowings long and medium term, R7,2m, net short term, R8,8m Debt.equity ratio: 70%. Current ratio· 1,6 Group cash flow: R591 000 Capital commitments· R565 000*

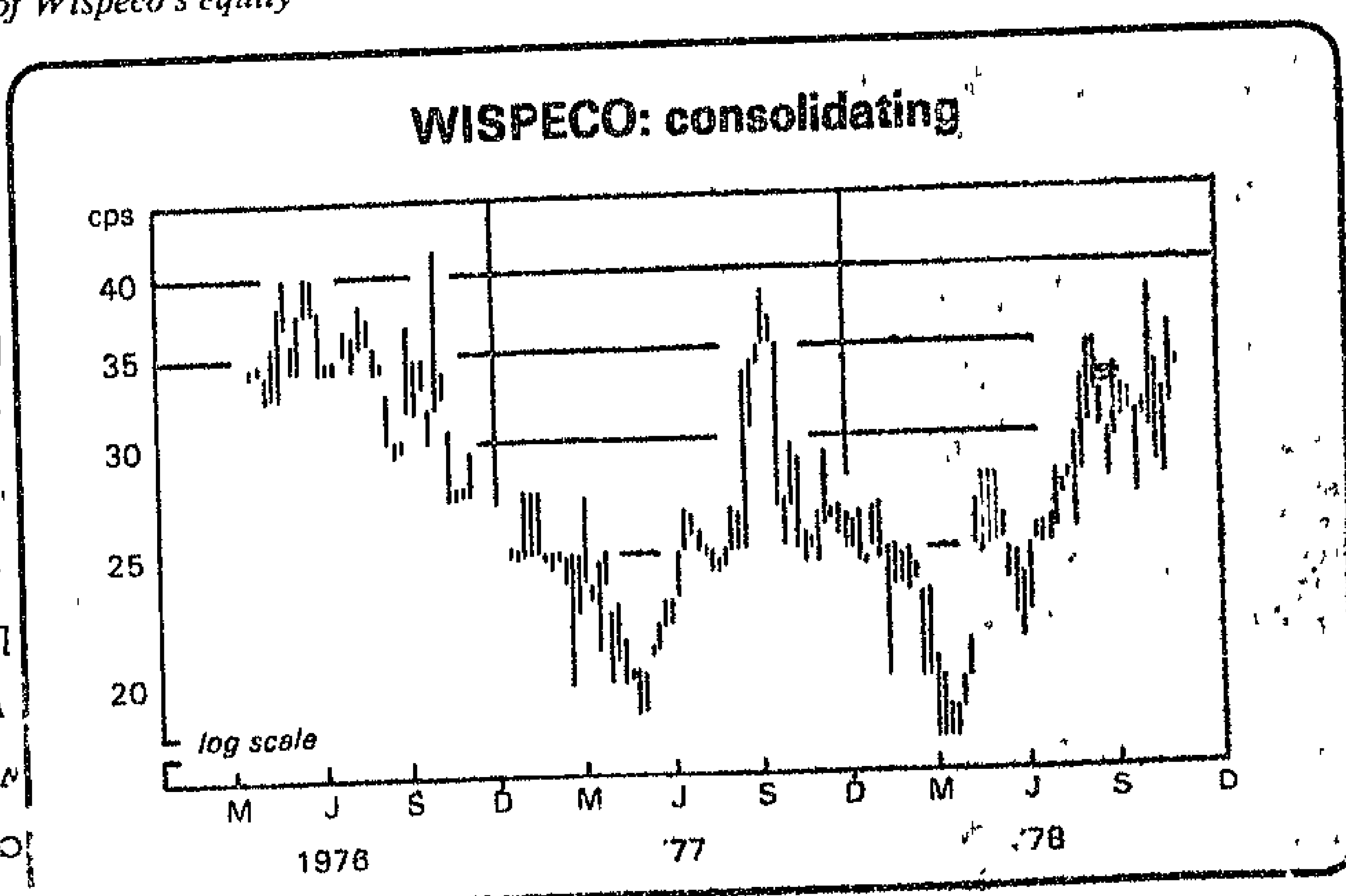
Share market: *Price: 33c (1977-78 high, 38c, low, 18c, trading volume last quarter, 434 000 shares)*

	'75	'76	'77	'78
Return on cap %	8 4	8 1	6 5	2,0
Turnover (Rm)	37 5	38 5	39 6	37 9
Gross profit (R000)	3 443	3 367	2 659	819
Gross margin %	9 2	8 7	6 7	2 2
Earnings (c)	6,4	4 1	0 5	—
Dividends (c)	2 5	3	1	—
Net asset value (c)	147	154	150	147

After a R740 000 attributable loss (1977: R75 000 profit), could Wispeco follow the same route as former fellow subsidiary, Fowler Holdings? Fowler became a wholly-owned Metkor subsidiary after a R1,4m (R1,3m profit) 1977 taxed loss and Metkor bailed the 41% minority shareholders out.

Last year's loss was due to the continued recessionary conditions in the building industry Taxed losses at the steel and aluminium building products division increased to R914 000 (R304 000) As a result the group suffered a taxed loss of R663 000 (R343 000 profit)

As a part of a rationalisation programme, Wispeco's building products factories outside the Transvaal reduced production drastically, and most of the groups sales are being met from the Alrode works The product range has been increased and efficiencies improved,



P.T.O.

ds, a rather narrow definition.
covered either by an
ward, or a conciliation board
which the Industrial Concilia-
lispute provided the Central
the Minister who was empowered
case of a wage determination
ial groups would be used if
han two years.

page of work involving
l by Bantu Labour Officers.
ch could not be regarded as
There were also 246

system of labour relations
l that when it was subjected
employers showed a
even the State implemented

ONS REGULATION ACT (NO. 70 OF 1973)

unrest the Government moved quickly to overhaul the draft Bill embodying its aims in this regard. Its of the Minister of Labour "... evoked wide interest, proposals for its improvement were received from most organisations, from trade unions, individual employers s a result the authorities altered the original Bill Bantu Labour Relations Regulation Amendment Bill.[25]

d the three-tier system, which had operated for
n important differences.

D, 6 June 1973.

licited by these Bills is recorded in: Muriel Horrell
Survey of Race Relations in South Africa, 1973.
R., 1974 pp.276-281 and 286-291.

could, if left unresolved, retard what he considers to be a gathering momentum in SA's economic recovery.

With PIT fully invested at this stage in a widely diversified portfolio, growth in dividend and nav will be dictated by market sentiment and the performance of those companies comprising the portfolio As such the dividend looks secure and the shares are not unattractive or out of line with the sector. *John White*

FM 24/11/78

ALDERSON & FLITTON

(30)

Increasing the line

Activities: *Holding company with subsidiaries selling and servicing motor vehicles, tractors and implements Holds GM and Sigma franchises in Pretoria. Directors control 50,3% of the equity*

Chairman: *S Cooper.*

Capital structure: *5,4m ordinaries of 50c. Market capitalisation: R1,7m.*

Financial: *Year to June 30 1978. Borrowings: long and medium term, R1,1m; net short term, R3,7m. Debt:equity ratio: 93,1%. Current ratio· 1,7. Net cash flow: R265 000. Capital commitments: R22 000.*

Share market: *Price. 32c (1977-78· high, 44c; low, 16c; trading volume last quarter, 12 000 shares). Yields· 12,1% on earnings. PE ratio 8,2*

Debt servicing, coupled with high overheads, hit profits But the vehicle market has picked up, and an effort is being made to improve gearing, says finance director Peter Cooper.

At the year-end, total borrowings were R5m (1977· R3,3m) of which R3,9m

GLACIER OP DREEF IN TRANSVAAL

129

GLACIER Bearings se nuwe fabriek wat teen 'n koste van R1 miljoen opgerig is, is nou ten volle in bedryf en sal die omvang van die Elandsfontein-maatskappy se bedrywighede en dienste aansienlik uitbrei tot in die hartjie van Suid-Afrika se nywerheidsgebied — die Witwatersrand.

„Die hooftaak van die fabriek by Elandsfontein is die herstel en restourasie van medium- tot baie groot gewone laers — van 125 mm tot 1 400 mm — vir mynbou- en nywerheidsdoeleindes," sê mnr Grenville Loder, direkteur van bemarking en verkope.

Die in situ-herstelgeriewe, al 'n kenmerk van Glacier se diens aan die skeepvaart-, nywerheid- en mynbousektore, is nou ook by die nuwe fabriek beskikbaar.

Mnr John Crawford, die werkbestuurder by Elandsfontein, het lang ervaring van produksie-ingenieurswese.

Elandsfontein is ook Glacier Bearings se hoofsentrum in Transvaal vir bemarkingsbedrywighede.

„Ons is nou in staat om 'n 24-uur-diens op die drumpel van al ons klante in Transvaal aan te bied," het mnr Loder gesê.

„Glacier Bearings laat die klem op plaaslike inhoud val. Ons is daartoe verbind om 'n geheel en al Suid-Afrikaans vervaardigde produk te lewer."

Glacier Bearings is die grootste vervaardiger van laers en laermontasies in Suid-Afrika.

1191

FM 22/12/78

(189)

FOUNDRIES

Not forging ahead

Latest figures from the Steel & Engineering Industries Federation (Seifsa) suggest that the battered foundry business may be reviving.

True, steel castings are down. In January-September 1978, 87 300 t of steel castings were produced, an 11,6% fall on the figure for the corresponding period in 1977 But there has been a rise in iron castings of more than 5% — from 173 200 t to 182 200 t. And non-ferrous castings have risen nearly 18% — from 9 451 t to 11 119 t.

Yet foundrymen are far from convinced that the lean times are over. Says Keith Price of Prima Industrial Holdings. "There has been a slight pick-up, but I wouldn't bank on its continuing. There have been upturns before which have soon died away " Prima, like most foundries in the country, is running at around 60% of capacity. Bill Bateman, MD of Edward L Bateman on the same lines: "If there has been an improvement it has been very marginal. And recovery will depend on the economy, particularly the world economy."

Prospects

Main reason for foundries not doing so well has been the fall-off in state spending. As Percy Levick, executive director of Stewarts & Lloyds foundry division puts it· "Much of the foundries' work is done for semi-government bodies, particularly the SAR and Escom Few orders have come from these recently."

What improvement there has been has come from mining, and some exports The new diesel engine plant in the Cape should help next year. Some enquiries have come from that quarter already.