MANUFACTURING - MOTOR INDUSTRY

1992

~~JANUARY - APRIL~~

Naacam targets the US

SEAN VAN ZYL

THE automotive component manufacturing industry had targeted the US as a major export market to boost foreign earnings as local demand declined, National Association of Automobile Component and Allied Manufacturers (Naacam) director Denzyl Vermooten said yesterday.

A 10-day "export workshop", to take place in the US from January 27, was expected to open up new export opportunities for local component manufacturers.

Vermooten said it was too early to put a value to the US market.

The workshop, which would allow Naacam members to meet representatives of major US component buyers like Western Auto Parts, had been jointly arranged by Naacam, the Department of Trade and Industry and the US-based Texas-Carolina Group.

Vermooten said local component manufacturers were already well-positioned in Europe and, to some extent, in the Far East. A break into the US market would be entirely new ground for SA manufacturers.

Texas-Carolina said in a statement that the workshop would cover topics like understanding US parts distribution, differences in American business practices, costing and pricing policy, product liability, import requirements, financing exports and US packaging and service requirements. The visit would be focused on Charlotte, North Carolina, the sixth largest distribution centre in the US.

Vermooten said the US workshop was the first of a number scheduled worldwide by Naacam which had "embarked on an aggressive export campaign to develop new offshore markets".

He said the US visit would be closely followed by an organised trade visit to Australia in March or April.

New vehicle sales may be down 20%

(192)

BDay 8/1/92

SEAN VAN ZYL

EARLY estimates by car manufacturers and dealers show that the industry's new passenger vehicle sales in December may have plunged by 20% on the previous month to a new five-year low of 12 000 units.

Top car dealerships in the PWV area reported a major drop in December car sales ranging from 15% to 50% as the majority of companies, which constitute about 80% of new passenger vehicle buyers, closed their doors for the holiday period.

Dealers said December was normally a quiet trading month as most buyers in the market held back until January to have their new cars registered as 1992 models

However, theysaid last month's sales were at best static compared with December 1990

Statistics supplied by the National Association of Automobile Manufacturers of SA (Naamsa) showed new passenger vehicle sales of 13 198 for December 1990

Industry analysts said the anticipated drop in last month's sales would be a new five-year low for the motor industry. New car sales last dropped to 12 000 in December 1986.

Dealers said the downturn, which saw new vehicle sales drop to a year low of 14 200 units for November, was largely a result of the recession, high interest rates and alarming price increases over the past two years.

Mercedes-Benz and Honda dealership Cargo Motor Corporation MD Fritz Borsuk believed that corporate buyers, on whom the motor industry is largely reliant for new car sales, were becoming prominent in the second-hand vehicle market

'A lot of companies have swopped over to a car allowance system, allowing their employees to purchase second-hand cars," said Borsuk

He expected new car sales to pick up marginally in Febuary — traditionally a good sales month — although he thought sales for the rest of the year would be fairly constant compared with 1991. He did not feel a recovery in the economy and a drop in interest rates would provide much relief to the motor industry.

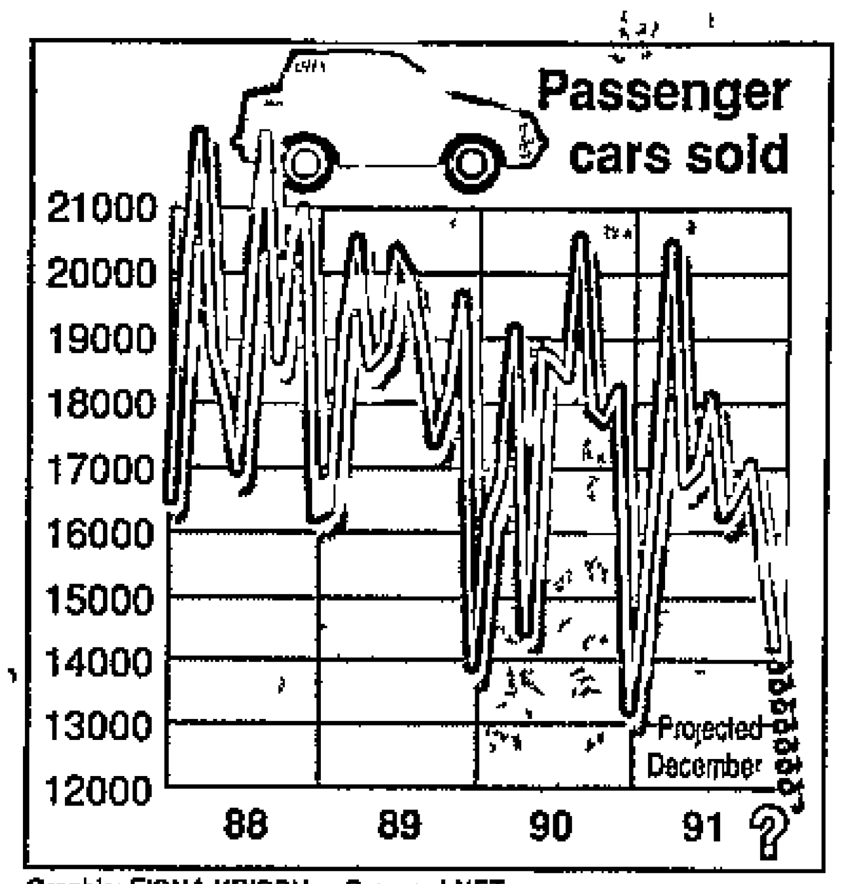
Sales manager for Volkswagen and Audi dealer Barons Frank McGuinness said although the company's new car sales dropped steeply in December, he expected sales to improve this month.

He added most of the purchases going were in the lower-priced end of the market as buyers downscaled to suit their pockets

Although sales were expected to pick up in January and February, Toby Venter, owner of Delta dealership Venter Motors, expected sales to be about 30% down on the same period last year.

He said the depression in the industry was largely a result of the huge new car price rises over the past year: "Companies are definitely buying down and are extending the life-span of their fleets."

Spokesmen for Toyota, Mazda, Ford, BMW and Nissan dealerships expected new car sales to improve in January and February, largely boosted by companies renewing their fleets for the year. However, they said sales would probably be lower than 1991, while sales for the the year could test an all-time low



Graphic: FIONA KRISCH Source I NET

FM 10/1/92 (192)

DRAFT DESIGNS BILL (192)

Return bout FM 10/1/92

The motor spares industry has triumphed after a bitter fight over powerful interests of motor manufacturers and patent attorneys

In its original form, first published almost two years ago by an advisory committee — appointed by the Trade & Industry Minister and headed by Judge Louis Harms — the Draft Designs Bill would have given vehicle manufacturers control of the after-market in spare parts

It would also have prevented the manufacture of spares by anyone other than the original maker by protecting the design of any functional part with a new shape and intended to be manufactured in quantity This would have affected every sector, including mining, from using replacement parts

The Bill has been amended extensively after fierce opposition from many quarters The latest proposed amendment announced last month exempts the spare parts industry from its far-reaching provisions Meanwhile, the Petty Patents Bill, which sought to provide blanket protection for low-level technology and would have had much the same effect as the original Designs Bill, has been abandoned entirely

Opponents of the original version — the Competition Board, the Automobile Association (AA), short-term insurers, Motor Industries Federation, National Association of Automobile Component & Allied Manufacturers and the Harmful Business Practices Committee's Louise Tager — condemned the Bill as anti-competitive

They feared the proposed legislation would give motor manufacturers a monopoly over the manufacture, import and sale of all replacement parts, raise prices and lead to the closure of independent suppliers and manufacturers — a sector which has created about 70 000 jobs since 1987 when restrictions, similar to those proposed in the draft legislation, were scrapped

Motor manufacturers said the protection was necessary because of huge investments needed to bring products to the marketplace

The AA, however, pointed out that "SA vehicle manufacturers are only assemblers of motor vehicles Our vehicle technology is developed overseas and imported under licence There are therefore no R&D costs for SA vehicle manufacturers and no reason why allowance should be made for the recoupment of such costs through sales of spare parts to consumers"

Motor manufacturers argued further that protection would reduce prices, because production volumes would increase, and that so-called pirate parts would be inferior and often sold to unsuspecting customers

However, committee member and patent attorney Chris Job says the committee decided it was inappropriate to introduce protection for spare parts in the face of such comprehensive opposition to the Bill He adds that the proposed amendment seeks "an equilibrium between the rights of owners of intellectual property — manufacturers — and those who wish to make or sell reproductions"

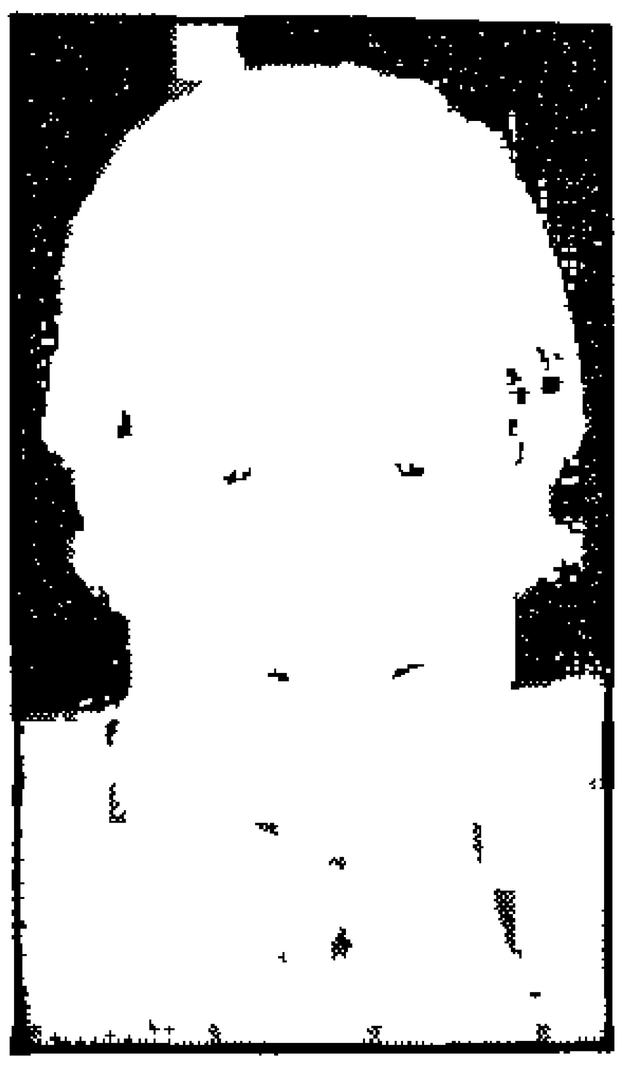
The committee came under fire because it did not include representatives from the spare parts industry Members are patent attorneys, judges, an advocate and an academic

Job, who has acted for BMW and Toyota, remains unconvinced that the amendment is in the interest of intellectual property as a whole. "By not protecting innovation, and allowing for unauthorised copying, long-term investment in technology will be discouraged"

One of the Bill's fiercest critics, patent attorney Marius le Roux, is concerned that protection for functional designs still remains in the Bill He says "The advisory committee should publish its proposed amendment for comment because its approach has been haphazard, to say the least As a committee, it has shown a complete inability to appreciate the jurisprudential issues and a marked inability to appreciate the effect of its proposals on trade and industry"

Le Roux argues that the remaining proposed regulations will affect thousands of mechanical items in industry It will certainly keep patent attorneys busy If the Bill is passed in its present form, manufacturers will acquire protection for the design of any functional part in addition to aesthetic parts which already enjoy legal protection

"Protection for a functional design will be obtainable merely by virtue of a change in shape There is no requirement for any originality or measure of inventiveness," says Le Roux. He argues that granting this protection will afford an unwarranted right that is not acceptable in other western industrialised countries ■



BRAND PRETORIUS We can't do anything about it

Another year of soaring car prices

By DON ROBERTSON

MOTORISTS are in for yet another shock — car prices are expected to rise by about 14%

Last year's car sales are forecast to be the second lowest in the past 14 years at below 200 000 Manufacturers are worried because factors outside their control continue to lift the cost of vehicles

This year's price rises will be about the same as in 1991 Most manufacturers believe sales this year will rise by a modest 2,5% to about 205 000, of which more than 80% will be bought by companies

Toyota Marketing managing director Brand Pretorius says the industry needs stimulation

The ordinary person should be able to afford a new car, but the factors that most affect vehicle pricing at manufacturer level are "beyond our control"

Mr Pretorius says "Exchange-rate deterioration is still evident, productivity is declining and is accompanied by ever-increasing wage demands Accelerated local content requirements are reaching a point where manufacturing costs are under pressure and the continued high cost of finanace is keeping buyers out of the market"

S/Times (Buss)

Upgrades

12/1/92

Toyota posted the largest price increase last year at 21% But Mr Pretorius says many product upgrades, especially in the Hilux range, as well as trim changes to the Conquest and Corolla boosted costs In real terms, the increase was 18%

Prices this year should rise by about 15%

Samcor, maker of Ford, Mazda and Mitsubishi, lifted prices by an average of 19,5% It is reluctant to forecast increases this year

Mercedes-Benz SA (MBSA) raised prices by an average of 18,3% on the W124 range and 17,5% on Honda models, both of which incorporated specification changes

Price rises this year, the first of which was announced on January 1, will be kept below the inflation rate

But Peter Cleary, management board member of passenger cars, warns that exchange-rate movements towards the end of last year and higher excise duties could affect this plan

192

Trimming

Nissan lifted prices by 2,5% across the range on January 1 Last year's average increase was 19% The 1991 figure included 3% as a result of the switch from GST to VAT and 2% for changes in the Phase Six local content programme In the current year, price rises are expected to be about 13%

BMW's price increase last year was 13,8% and is expected to be 2% to 3% below inflation this year The first price rise for 1992 — about 3% — is expected in February The company has stretched its Christmas closure by two weeks to prepare for the new Three Series range

Volkswagen moved prices up by 2,6% on average in January and expects the year's increase to be about 14%

Delta hopes to cut price increases from last year's 15,5% to 15% The company has extended its shutdown by a week to provide additional trimming facilities at the Port Elizabeth plant

Motor-makers cut production

S/Times (3455) 12/1/92.

(192)

By DON ROBERTSON

MOTOR manufacturers are reducing output because of the parlous state of the R20-billion-a-year industry.

Sales of new cars last year are expected to be below 200 000, the lowest in 14 years The National Association of Automobile Manufacturers of SA (Naamsa) says business is "nothing short of disastrous".

It says that given the close correlation between the economy and new-vehicle sales, the economy must be in a worse state than is realised

Toyota Marketing managing director Brand Pretorius says it had been hoped that sales in the last quarter of 1991 would mark the beginning of a modest upturn in the economy That would have allowed the motor industry to be a little more bullish about prospects for 1992

He fears that sales of cars will rise only modestly to 205 000 this year Light commercials will also record a small increase

December's sales figures are due in a few days, but industry sources say they will not be higher than 12 000 Sales in November, usually a good month, were down at 14 200, the lowest this year and 8,9% below the 15 590 in October

Tooling

The first manufacturer to give an indication of the poor state of the industry was Mercedes-Benz SA (MBSA) It will "reduce its total national inventory"

MBSA has closed sections of the plant in East London for an extra three weeks after the traditional three-week Christmas shutdown It has done so to allow for tooling up for the new Honda model and because of "general market conditions"

Most employees will be affected by the closure and will be dealt with according to their contractual agreements

Delta and BMW have also extended their shutdowns, ostensibly for plant extensions and tooling up for a new model

Peter Cleary, management board member for passenger cars at MBSA, says that in a market of 200 000 cars a year, quarterly sales should be about 50 000 units

"With last December's sales likely to be about 12 000, the total for the last quarter will be below 42 000, leaving production about 8 000 cars above requirements

"Because of the need to order components from source countries at least six months in advance, it is likely that current production levels will be maintained in the first quarter of this year in a market which is not expected to improve.

"This could add another 8 000 cars to stock levels It seems likely that production will have to be trimmed"

Naamsa executive director Nico Vermeulen says short time has been worked in the past It seems likely that at least some manufacturers will have to "take out" production days again Most car dealers appear to be overstocked, he says

Mr Cleary says he is pleased that a Mercedes-Benz customer can now get a car almost immediately from a dealer This compares with waiting lists of as much as 18 months only a year ago

The main problem facing the motor industry is that ordinary people cannot afford a new car Prices are expected to rise by another 14% this year, provided the rand does

● To Page 3

Car cuts (192)

● From Page 1

not depreciate much more against the yen and mark

This year's higher vehicle prices will translate into an increase of almost 35% in two years S/Times (3455)

A top-of-the-range Mercedes-Benz 300SE now costs R233 145

The Uno Fire, launched less than two years ago at R17 500, has risen by 45% to R25 550, with another three price increases expected this year 12/1/92.

Mr Pretorius says "It is common knowledge that SA motorists have reached a stage where they face a critical affordability problem The effect has been a dramatic drop in sales in the past 10 years

"It has caused a serious obstacle to sales growth in the motor industry It is our concern that without reasonable growth prospects, the industry will not be able to improve its economies of scale and translate these back into cost containment"

Mr Pretorius says the price of a modest car in 1981 was about 65% of the average white household's annual income In 1991, the figure had risen to 90%

Low-cost vehicles the main thrust

European car makers keen to come back

(192)

B/Day 14/1/92

SEAN VAN ZYL

FIVE major West European car manufacturers could enter the SA market in coming months, pumping billions of rands into the economy and creating new employment, highly placed industry sources said yesterday

Most of the new vehicles would be aimed at the lower end of the market — some with price tags as low as R15 000

The UK-based Rover Group, formerly Leyland Motor Corporation, was expected to be the first foreign car manufacturer to open up in SA with the relaunch of the Mini Leyland withdrew from the SA passenger car market in the early '80s

Rover spokesman Ian Strathan said from London last night that the possibility of the Mini coming back onto the SA market could not be ruled out. He added Rover was actively pursuing new business opportunities throughout the world

However, a source close to the company said Rover was already negotiating with an SA partner, most likely an established local car manufacturer, for a joint venture to relaunch the Mini. He said the project would require setting up at least one new production plant, which local industry sources estimated would cost between R500m and R1bn.

The source said the new Mini would be brought into SA in part kit form although the body would most likely be manufactured locally He expected a formal announcement of the project to be made in coming months once the negotiations were finalised

Local sources said a number of European manufacturers had already undertaken feasibility studies to set up new vehicle production facilities in SA in line with the Department of Trade and Industry's strict Phase VI local content programme

Citroen, which recently expressed interest in establishing a new production plant in Namibia, was also strongly rumoured to be looking at SA, sources said

Speaking from Paris, Citroen international division manager Jean Paul Huertas said the group had recently undertaken an in-depth research study of the SA car market, "which looked very interesting"

Huertas said a decision on whether Citroen would re-enter SA would be taken in about a month "We are looking at the possibility but no decision has been taken as yet."

Speaking from his company's head office in Paris, Peugeot spokesman Martin Alloiteau said the car manufacturer had been keeping an eye on SA However, he said Peugeot was evaluating the local economic situation and no decision to return to SA had been made

Italian car manufacturer Fiat, which has a majority shareholding in Alfa

☐ To Page 2

Car makers

B/Day 14/1/92 (192)

☐ From Page 1

Romeo is also said to be reviewing the situation in SA

Nissan SA, which holds the local Fiat agency, said yesterday that Alfa was keen to expand its business in SA

However, Nissan spokesman Stephanus Laubscher said Fiat was unlikely to come into the market through Alfa Romeo without local backing He said to his knowledge no negotiations in this regard had so far taken place between Nissan and Fiat

French-manufactured Renault was also rumoured to be about to return to SA

'They have good contacts here They are not wasting time and resources by sending people over here to establish a bridgehead,' an SA source said

Both Fiat and Renault disinvested in the '80s when anti-SA sentiment was running high

Another highly placed local industry source said some of the inquiries had come directly from the various European manufacturers and some indirectly Other inquiries had been routed through embassies

"It would not come as any surprise to me if more than one came back The inquiries have mainly been about the local content programme They are obviously closely monitoring the situation with a view to opening up here

"They wouldn't be asking the type of questions they have been unless they were serious This is clearly just more than a passing interest The type of in depth research being carried out can only lead one to the conclusion that they are looking at the viability of these projects"

'Car market can't support influx' (192)

CT 15/1/92

By AUDREY D'ANGELO
Business Editor

THE southern African car market is too small to support more than the seven manufacturers already here, industry sources said yesterday

And they considered a suggestion that Leyland would be able to come back into the SA market with a Mini selling for R15 000 unlikely

Toyota marketing director Brand Pretorius, Volkswagen public relations GM Ronnie Kruger and spokesmen for Delta Motor Corporation were commenting on reports that some manufacturers who disinvested from SA in the 1980's were conducting feasibility studies with a view to returning

Pretorius said that although the SA car market would probably grow in the long term, as real black incomes and spending power increased, Toyota did not expect significant growth in the medium term

He said his company welcomed competition and it was "encouraging that people are taking an interest in our country"

But, he added "I think the feasibility studies will not have a positive outcome"

The idea of using SA as a base from which to export cars to other African countries was "very good in theory"

But the rest of Africa was a small market, with foreign exchange in short supply The domestic market was still the most important and represented fewer than 200 000 vehicles in 1991 compared with about 14m in Europe and 12,8m in the US

It was a very competitive market which "the seven manufacturers fighting it out here don't find all that profitable"

Pretorius thought it unlikely that new manufacturers could set up production "with massive start-up costs" and local content requirements and sell vehicles in sufficient quantities

Discussing the suggestion that Leyland would be able to sell a Mini in SA for R15 000, Kruger said "At current exchange rates the cheapest Mini sells in England for R27 000"

Economies of scale meant that it was impossible to make a small car in SA more cheaply than it could be made in Europe

M&R could get slice of Fedvolks

BDay 15/1/92

SEAN VAN ZYL

THE finishing touch to Sankorp's restructuring of its industrial investment arm, Federale Volksbeleggings (Fedvolks), would see the group's interests in the motor component industry sold to the Murray & Roberts (M & R) group, a source close to the company said yesterday

Sankorp CE Marinus Daling confirmed that the industrial holding group's investments were being reviewed as part of a major restructuring of the Sankorp stable

However, Sankorp had no intention of selling off its manufacturing interests in Fedvolks, which was being turned into the "service division" of the group, he said

Means of tidying up the group's holdings were being examined

"There is no question that the restructuring presently under way should be seen as disinvestment by Sankorp"

Daling could not say whether the Fedvolks motor component companies would be hived off into M & R

The group's scrutiny of motor component interests was a continuing process, he said

Sankorp, Sanlam's investment holding company, holds a majority stake in M & R, Malbak and Fevolks

All three have undergone rationalisation recently, with various of Sankorp's "loose" interests hived off into the companies

Fedvolks' interests in the motor component industry include shock absorber manufacturer Gabriel SA, First National Batteries, Firestone tyre manufacturers, Trichamp Components, distributors of Champion spark plugs and Trico windscreen wipers

Industry sources peg the value of the motor component interests at between R250m and R300m

M & R CE Dave Brink said although his group had taken a close look at Fedvolks' motor component interests late last year, the decision to acquire the companies had been turned down

As a result, M & R was not presently involved in negotiations with Fedvolks

However, he said "I can't say our decision not to acquire Fedvolks motor interests won't be revised at a later stage"

Dismal sales herald more cuts in vehicle production

(192) CT 17/1/92

Business Editor

SALES of new vehicles fell in 1991 for the third year in succession, raising the prospect of further cutbacks in production

Figures released by the National Association of Automobile Manufacturers (Naamsa) yesterday show sales were the worst since 1986

Reporting the drop, Naamsa forecast that new vehicle sales would "probably remain under pressure during the next few months"

This, it warned, "could conceivably lead to further production cuts and short time in the vehicle assembly and associated industries"

The Naamsa statement said any recovery would be a slow process "A modest improvement in new sales is likely to occur only when interest rates commence their long-awaited decline and domestic activity levels record some improvement"

20-year low

The Naamsa statement said the severity of the recession was shown by the fact that December sales of buses and heavy vehicles were the lowest for 20 years

However, the statement continued, with actual new vehicle sales running well below the longterm historical trend, replacement needs would limit any further drop

Detailed figures show that although December sales of new cars and light commercial vehicles were lower than those in November they were better than in December 1990

Naamsa commented that the December sales figures were "better than industry expectations"

A total of 13 446 new cars and 7 424 light commercial vehicles were sold during the month, compared with 13 198 new cars and 6 946 commercial vehicles in December 1990

But new car sales were 5,3% lower and light commercial vehicle sales 5,4% lower than in November

A total of 197 736 cars and 110 339 light commercial vehicles were sold during 1991

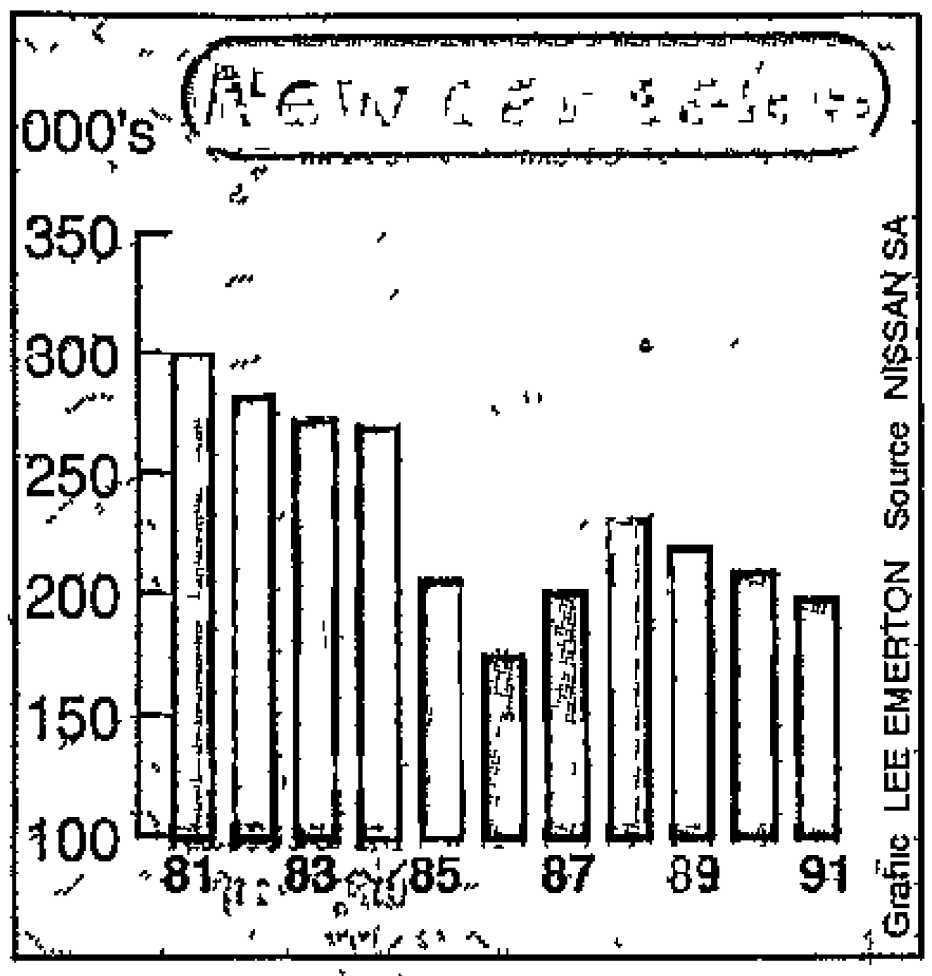
Car sales were only 69,5% of those achieved in 1981 and light commercial vehicle sales only 72,6% of those achieved in 1981

In 1990 a total of 209 608 cars and 125 171 light commercial vehicles were sold

Forecast sales for the current year are 208 000 cars and 118 000 light commercial vehicles

Car sales figure 'misleading'

(192)



B/Day 17/1/92

SEAN VAN ZYL

ALTHOUGH new passenger vehicle sales for December dropped marginally from November, the 13 446 units sold came as a pleasant surprise to car makers who had expected sales of about 12 000 units, industry sources said yesterday

However, they believed the uptick in December's official sales, which were released by the National Association of Automobile Manufacturers (Naamsa) yesterday, had been distorted by sales concluded in the first week of the new year slipping into December's statistics As a result, they believed January's sale figures would be considerably down on the corresponding

☐ To Page 2

Car sales

B\Day 17\1\92

(192)

☐ From Page 1

month last year

The Naamsa new car sales statistics also showed that 197 736 units had been sold during 1991 A statement said the year's overall decline in sales was a result of the economic recession and reduced corporate investment spending

Sales for 1991 dropped for the fourth year in succession and were at their lowest level since 1986 Sales in 1991 were about one-third of the 301 000 units of 10 years ago

Naamsa expected new passenger vehicle sales would remain under pressure in coming months, leading to further industry production cuts However, it did not expect new car prices to rise substantially

Naamsa expected a modest improvement in sales to between 205 000 and 208 000 units in 1992, but "only once interest rates commence their long-awaited decline and domestic economic activity levels record some improvement"

Nissan SA MD Stephanus Loubser said last year's disappointing sales had been expected by manufacturers

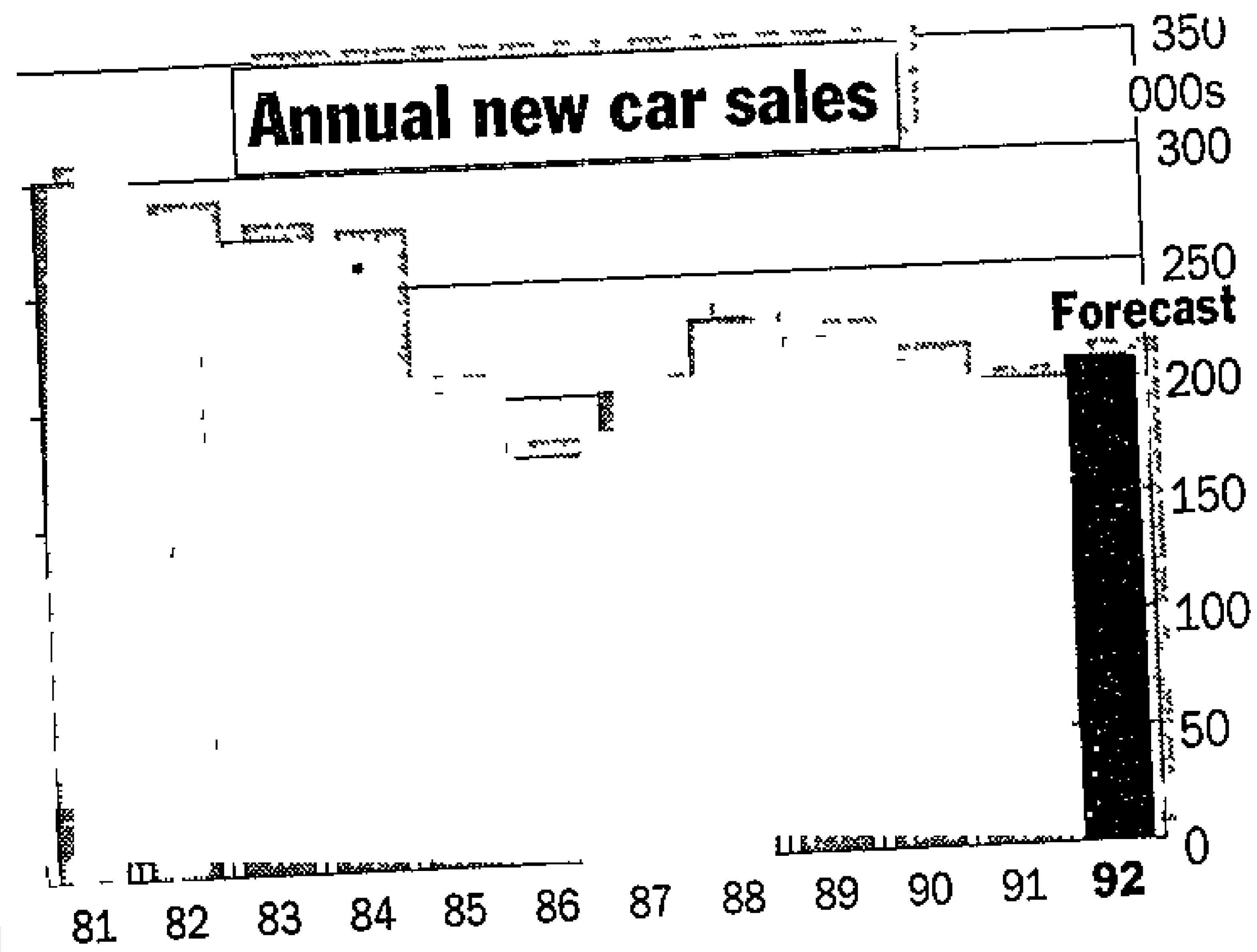
The drop in November's producer price index should have a positive effect on containing inflation and therefore car prices.

"Pricing is another factor which cannot be ignored when analysing new vehicle sales and manufacturers will be under great pressure this year to keep price increases as low as possible." Loubser expected prices would rise by about 13%.

VW spokesman Ronnie Kruger said most economists were predicting an early drop in interest rates However, the benefits of such a drop would probably filter through to the industry only in the second half of the year. He expected sales for 1992 would rise marginally to about 205 000

Kruger did not expect car price increases this year would be higher than the inflation rate as long as exchange rates remained stable

The Naamsa sales figures showed a similar year-on-year decline in the sale of light, medium and heavy commercial vehicles Light commercial vehicle sales for 1991 dropped by 11% to 100 405 units (1990 112 516), while medium and heavy commercial vehicle sales declined by 14% to 4 127 units (4 786) and 26% to 5 807 units (7 869) respectively



More uphill work for motor industry

STAR 17/1/92

By Sven Linsche (192)

The motor industry, which has just emerged from its worst year since 1986, expects only a mild improvement in sales this year.

The National Association of Automobile Manufacturers (Naamsa) reported yesterday that new car sales fell by almost 12 000 units, or 5,6 percent, to 197 736 last year.

Total new vehicle sales last year were 308 075, 7,9 percent down on 1990's 334 779 units.

But, said Naamsa, the pressure on sales would continue for the next few months, at least, and could lead to production cuts and short-time in the assembly and associated industries

"Any recovery from the current low levels of new vehicle sales will be a slow process.

"A modest improvement in sales of new vehicles is only likely to occur once interest rates begin their long-awaited decline and domestic economic activity levels record some improvement," Naamsa said

Its sales forecast of 208 000 units is at the upper end of most analysts' forecast.

VW spokesman Ronnie Kruger yesterday put unit sales at 205 000, an increase of four to five percent on last year's level

"But as interest rates are still very high and consumer confidence has not yet turned positive, a slight decrease in interest rates over the next two months will probably not impact much on sales in the first half of this year," Mr Kruger said.

Looking at December 1991 sales, Naamsa said the severity of the downturn was best reflected by a sharp deterioration of sales in the low volume, medium and heavy truck segments where sales declined by 24,1 percent.

Sales of heavy trucks and buses fell by 34,5 percent, compared with those of December 1990.

"The December sales of heavy commercial vehicles and buses represented the worst heavy vehicle monthly sales figure for over 20 years," it said

Naamsa said the blame lay in the weak economy, stringent monetary policy, lower levels of personal disposable income and reduced coporate spending

Other factors included higher vehicle prices and uncertainty about the future of the economy

December's new car sales were up by an annual 1,9 percent at 13 446 However, compared with November 1991's unit sales, there was a fall of 5,3 percent to 13 446.

Sales of new light commercial vehicles, bakkies and mini-buses fell by 5,4 percent in December to 7 434 units from November's level

Fleets the only hope

S| Times (Buss) 19/1/92

(192)

By DON ROBERTSON

REPLACEMENT of the ageing business fleet is the only hope of recovery in vehicle sales in the first six months of this year

New-car sales last year fell to the second-lowest figure in 14 years at 197 736 — a 5,6% decline on the 209 608 in 1990

Light commercial sales fell by 10,7% to 100 405 from 122 516 Medium comercials dropped by 13,7% to 4 127 from 4 786

Heavy commercial sales in December were the lowest in 20 years, leaving the annual figure at 5 807 — down 26,2% on the 7 869 in 1990

Commercial sales are the lowest in 12 years

Bert Wessels, chief executive of Toyota SA and vice-chairman of the National Association of Automobile Manufacturers of SA (Naamsa), says sales were "unnaturally low" in the last four months of 1991

A large part of the fleet will soon have to be replaced and this should limit scope for declines

SA has 3,6-million cars and 1,14-million commercials

Mr Wessels says any improvement will be modest in the first six months because violence, crime, declining disposable income and high interest rates are likely to continue

Sales are expected to remain under pressure and some manufacturers will trim production

Forecast sales for the current year are 208 000 cars and 118 000 commercial vehicles

So much pie in the sky about cars

S|Times (Buss) 19/1/92.

(192)

Spencer Sterling, chairman of the National Association of Automobile Manufacturers of SA (Naamsa) and managing director of Samcor, pours cold water on reports that foreign vehicle manufacturers are eager to enter or return to South Africa

REPORTS have it that five major west European car manufacturers could enter the South African market in the coming months, pumping billions of rands into the economy and creating employment Really? I doubt it.

I do not know who the highly placed industry sources are to whom these reports are ascribed because I am in constant contact with all of the chief executives of the seven established motor manufacturers in SA, six of which represent or have an association with major West European car manufacturers, and none of them believes these reports either.

What I do believe is that several European manufacturers, both East and West, are studying SA's vehicle market because many of them, as well as others from other parts of the world, have been to see me in recent months to discuss the implications of entry or re-entry

But this should come as no surprise to anyone even remotely acquainted with SA's motor industry because of the high level of interest, worldwide, in the dramatic political transition currently in progress It must ultimately lead to new opportunities for the motor industry in both the domestic and export markets

The point is that the motor industry has always been a multinational business and is fast becoming an integrated global one. Investment feasibility studies are constantly being conducted in the search for new business opportunities in a constantly changing global business environment. Equally dramatic political and economic changes to those taking place in SA are occurring in many parts of the world. All of them are under study for investment opportunities.

So, just how attractive is SA at the moment with our high production input costs, high tax structure, high cost of capital, high interest rates, low productivity, high salaries and wages, highly politicised trade unions, double-digit inflation and over-regulated economy?

Businessmen do not make investment decisions based on sentiment or patriotism or braaivleis, rugby, sunny skies and "lekker lewe".

They analyse the potential for earning a satisfactory return on their investment, taking into account the myriad social, political, regulatory and economic factors, both internal and external which impact on the business environment. They make their decisions in the light of an assessment of the inherent risk of non-achievement of satisfactory returns

When money is available for investment, all options are considered and the most attractive always prevails.

Any rational review of the investment environment in SA and the present structure and degree of competition in the motor industry must question the economic viability of an investment in new assembly facilities for additional products in a highly fragmented market with a low volume by international standards.

Therefore, given the relatively large investment needed to establish facilities for manufacture and assembly of new products (quoted in the reports at between R500-million and R1-billion), which must comply with the stringent requirements of Phase Six of the local content programme, as well as the infrastructure that must be created to distribute, sell, service and support automotive products on a national basis, it is difficult to believe we will see any new entrants in the immediate future

I believe this to be true even on the basis of co-operative agreements with any of the established SA vehicle manufacturers because of the cost of complexity in assembly operations, the degree of market fragmentation, and the high level of competition which will intensify with the advent of market entries.

It will increase the cost base all round and lower prospects for satisfactory returns on investment

Understandably, from the consumer's point of view, increased competition in the motor industry in the form of additional new products would seem like a step in the right direction to making motor vehicles affordable again to the ordinary person

But the converse is true

What the SA motor industry needs to become world competitive in cost and quality is much higher production and sales volume than exists This, of course, will happen only when SA's economy turns around and enters a period of sustained growth

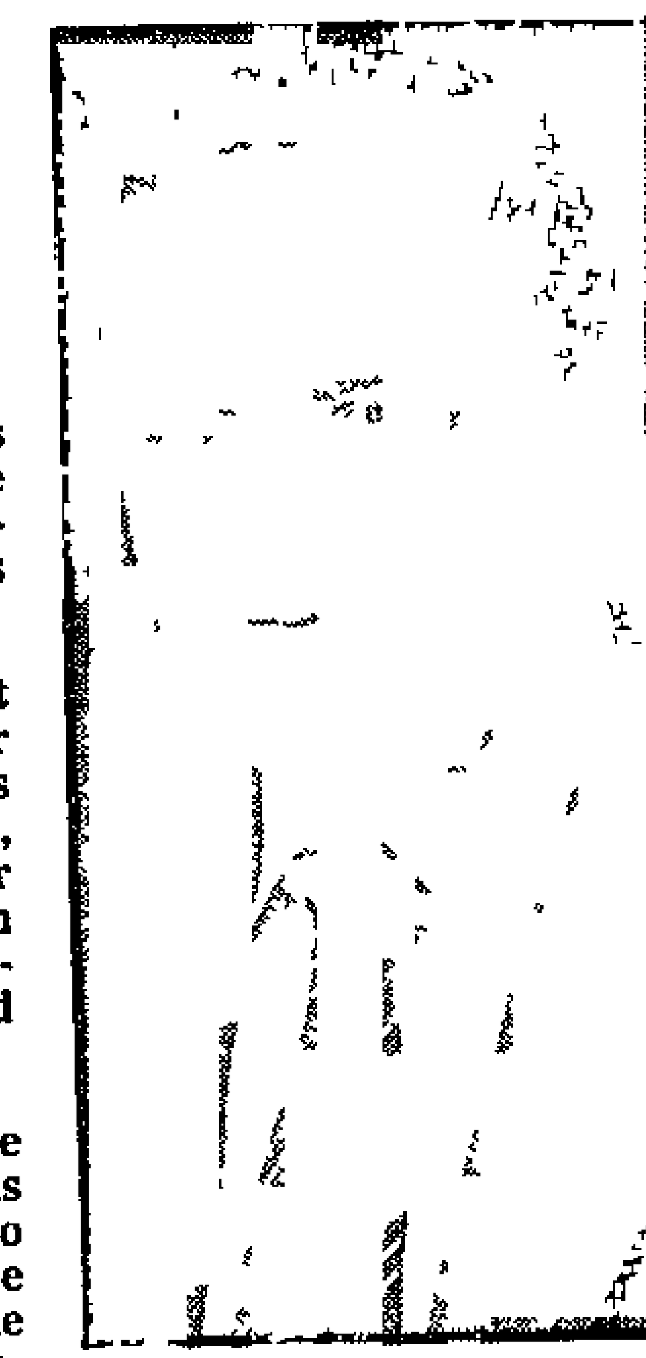
That seems unlikely in the immediate future

Improved access to export markets will help, but nowhere in the world has the motor industry been able to mount a successful export drive off a weak domestic base

So our first priority must be to increase domestic sales volume in order to lower the cost base and improve affordability of our products through economy of scale

Therefore, in a market which has been in decline for the past 10 years and faces little prospect of recovery, what is required is further rationalisation of product in SA's motor industry, not proliferation of products based on uneconomic investments

Exaggerated reports in the press, based on anonymous and uninformed sources, do nothing to contribute to the debate on the direction of the motor industry, or to the public's understanding of the issues facing it



SPENCER STERLING The hard truth about investment

Mercedes SA and Mitsubishi talking about LCV venture

S Times (Buss) 19/1/92 (192)

By DOUG KEMSLEY and DON ROBERTSON

TWO of the world's automotive giants are considering the production of a new light commercial vehicle (LCV) in a joint venture in South Africa

Mercedes-Benz SA (MBSA) chairman Christoph Köpke says parent company Daimler-Benz AG and Mitsubishi Corporation have held preliminary discussions on the matter

"Daimler-Benz AG and Mitsubishi are certainly exploring avenues worldwide for means of possible co-operation and a small commercial vehicle manufactured in our East London facility, was one of the possibilities discussed," says Mr Köpke

This is the second Japanese corporation with which MBSA has closely liased with a view to joint ventures

The company, which is the only Mercedes-Benz car manufacturer outside Germany, has been making Honda cars in East London since 1982

Last month, a new deal was negotiated with Honda Motor Corporation It will result in 10 000 component kits being imported This compares with 7 000 last year, which effectively restricted sales of the popular car

Mr Köpke says "Mercedes-Benz AG sees MBSA as its spearhead into Zambia, Namibia and Botswana and we will supply most commercial vehicles for these markets from East London"

The move for greater co-operation between Daimler-Benz and Mitsubishi is expected to affect the relations between another SA motor-maker, Samcor, and Mitsubishi Corporation

Sigma, which became Samcor when it amalgamated with Ford in 1985, made Mitsubishi cars and commercial vehicles Production of passenger vehicles stopped shortly after the deal

Samcor still makes Mitsubishi Canter nine-ton vehicles, the L-Series comprising the Star Wagon and Express minibuses and one-ton light commercials at its Pretoria plant

The Mazda B2600 4x4 pick-up, made by Samcor, has a Mitsubishi engine Samcor imports the V6 4x4 Pajero

Speculation is that because Mazda and Samcor are coming closer, Mitsubishi may be seeking to retain a foothold in SA

Mazda is contemplating acquisition of a 24% stake in Samcor The 24% holding went to Samcor employees after Ford quit SA

Mr Köpke also disicosed that MBSA had budgeted for an investment of R445-million in the next five years

"New model introductions will account for half of this investment and the balance will be spent on upgrading facilities at four operating locations

"The investment in new models has been earmarked for a Mercedes-Benz in 1995 and an eventual replacement Honda in 1996 as well as for upgrading various commercial vehicles"

The latest Honda will be launched in the middle of this year The 1996 vehicle will be the usual four-year replacement

It is believed that the S-class Mercedes-Benz models, which will be replaced early next year, will be imported in semi-knocked down (SKD) form and assembled in East London

Although MBSA will not comment, speculation is that the new Mercedes-

□ To Page 2

Mercedes

S Times 19/1/92 (Buss)

□ From Page 1

Benz model is the 190, due for replacement in Europe It could be shipped in SKD

Mr Köpke says political changes introduced by President De Klerk as well as the refreshing focus by the Department of Trade and Industry on an export-oriented economy will result in tremendous opportunities for MBSA (192)

Hopeful motor industry looks to brighter 1992

(192) ARG 22/1/92

Motoring Reporter

HOPING to put the memory of a grim 1991 behind it, the motor industry is entering the new year with a mixture of hope and determination — and with fingers crossed.

For a start, several new cars are expected to be launched this year These include the new Audi range, BMW 3 Series and Nissan Sentra

One estimate of possible sales this year, from Volkswagen, is 205 000 passenger cars — up by four to five percent from 1991

Economists are expecting a decrease of about one percent in interest rates, probably as early as February, according to VWSA public affairs head Mr Ronnie Kruger

"But as interest rates are still relatively high and consumer confidence has not yet turned positive, this decrease will probably not impact much on sales in the first half of the year," he said

"However, there is a lot of money in circulation, and this liquidity, coupled with lower interest rates, better company earnings and South Africa's increasing acceptability in the world markets should stimulate the economy in the second half of the year

"As long as exchange rates remain stable, car prices should not increase by more than the local inflation rate this year We expect this to be around 13 percent

"Relations between employers and trade union showed positive developments in 1991, and we expect this to impact favourably on productivity in 1992

"The increasing improvement in South Africa's foreign relations, especially the normalisation of trade with Japan, augurs well for exports This could have a positive effect on the balance of payments, the exchange rate and liquidity, which further indicate that we are on the threshold of a moderate economic upturn," he said

VWSA Chairman and Managing Director Mr Peter Searle said the company had managed to achieve some highlights last year despite the poor trading conditions

Some of these were

- Agreements within the VW and Audi Dealer organisation had culminated in the opening of another Audi Centre with four more planned for 1992,
- Several dealers had undertaken extensive rebuilding and refurbishment programmes and new training programmes for staff,
- VWSA regained some of the market share lost in 1990 (due to the inability to supply enough vehicles to the market) and was once again in a strong second place far ahead of the nearest competitor,
- The Citi Golf continued the unprecedented Golf success story, breaking the market share records established by the original Golf over a decade ago,
- VWSA recorded further gains in customer satisfaction, in sales and service,
- The launch of "highly successful" products such as the Citi Golf CTi and the new 2 5 litre Microbus and Caravelle,
- The completion of investment for the 1992 launch of the Audi-500 range,
- Improved labour stability, following the Recognition Agreement with the trade unions in late 1990, which enabled VW to concentrate on quality,
- An increase in exports Volumes are set to double in 1992

"All in all, we find the Volkswagen/Audi organisation emerging from the recession leaner and tougher than we went into it," Mr Searle concluded

VENTER TRAILERS

Four challenges facing company

(192)

S Times (Buss) 26/1/92

EXPORTS, market segmentation, new products and development of specialist trailer applications are four of the challenges Venter Trailers faces

So says Michael Katcs, business strategist and deputy chairman of the holding company of Venter Trailers

Mr Katcs says "When we joined forces with Jasper Venter to take the company to the market, we did so because he wanted the company to grow We need to not only serve and increase our market but to bring all our expertise to bear on exploiting new opportunities both here and abroad"

By using market segmentation, Venter will be following a path taken successfully by several motor manufacturers

The VW Golf is one example of a product which was given a new lease of life through the application of a market segmentation strategy When the faithful Golf was nearing the end of its life cycle, it was relaunched in a revamped form and aimed at the younger set as the Citi Golf The model is still selling well.

Trips

Market segmentation in the trailer sector could be equally successful Although not giving away too much, Mr Katcs hints at possibilities

"The city person who would not necessarily use a trailer for a holiday but would like it for weekend trips is one target We will launch a trailer with a design that attracts urban consumers"

The 4x4 market is another segment he is looking to Venter has launched a 4x4 trailer called the Botswana Special The body is made of 1,6mm sheet metal and includes a re-inforced chassis draw-bar as well as heavy-duty axle and springs

The long-distance taxi market is another area with potential growth The company has patented and produced a prototype trailer aimed at this market

Mr Katcs says "The export market will be explored because its potential is enormous

Jasper Venter has taken trailers to exhibitions in Barcelona, Earl's Court and Frankfurt where the response was excellent

"The main problem was that our quality was too high

People thought we were crazy to use such a high standard of paint finish for a luggage trailer Most foreign trailers are made of galvanised steel or treated plywood with canvas tops

"In terms of design, quality and end product, we are streets ahead of our competition Our patented knock-down trailer for the European market is one of the most innovative export products designed by a South African company to meet specific market conditions overseas," he says

An encouraging sign for exports is that Venter has hosted visitors from Australia, New Zealand, the Netherlands, Italy and America who are interested in dealing with the company

Africa is another export area being looked at

"The typical 'Skotskar' could be a field of development because it is one of the most popular yet ill-designed forms of transport in Africa," says Mr Venter

The Skotskar is a trailer used in rural areas mainly for the transport of people It is pulled by donkeys and is usually constructed on the axle of a scrapped car The weight imbalance makes the home-made models cumbersome

The light commercial trailer market is a potential winner and Venter enjoys the advantage of having products in place

"All that is needed is market education about what we have to offer," says Mr Katcs

Breaking into new markets with new products will require research and development and a large sum has been set aside for it

Mr Katcs has a strong background in the information business and this expertise will be used in R&D

Plus

"We will accelerate the process of design through R&D But we will seek expertise worldwide

"We will know about all developments internationally We are developing a department to carry out that function"

The big plus factor is that all the manufacturing processes and capabilities are in place

"All we have to do is listen to the markets and meet their needs"

The company also has an excellent manufacturing base to meet market growth

"We don't need any major capital expenditure to double the unit production of our plants," says Mr Venter

S Times (BASS) 26/1/92 (192)

Christmas sale bonanza

ALTHOUGH most retailers recorded low sales in December, not so for more than 400 Venter Trailer outlets

Venter Trailer managing director Richard du Plessis says: "Sales exceeded all our expectations, most agents reporting their stock almost depleted as a result of the high demand."

Mr Du Plessis says the excellent results came as a surprise because he expected sales to be down in line with the overall fall in new-car sales and the generally low consumer spending predicted for December.

"December is traditionally our peak period, but we were particularly concerned about this past Christmas

"Last year, consumers suffered under heavy budgetary constraints and we were not expecting any fireworks.

"However, our forecasts were on the conservative side and we came out pleased with our results."

A positive spin-off has been the effect on the company's manufacturing arms

"We were able to kick off the new year by moving into full production from day one The factories are working flat out to replenish dealer stock."

Most Venter trailers are sold to the private motorist and are designed for towing behind small or medium cars.

"It is obvious that this market will continue to grow in real terms in spite of the current economic difficulties," says Mr Du Plessis

Commenting on what he sees as the main contributing factors to this growth, Mr Du Plessis points to the steep rise in the cost of passenger vehicles. This has caused a swing to the use of small family cars.

"The reduced luggage capacity of small cars has led to the increased use of trailers for holiday and leisure.

"The trend has been accelerated by the effects of inflation on family vacations and has contributed to a move to more affordable self-catering and camping holidays.

"These are all trends which favour the purchase of a Venter trailer," he says.

The entry of blacks to the light-trailer market has added to demand

"Innovative products which the company continually develops have also helped to lift sales," says Mr Du Plessis.

VENTER TRAILERS

'Ventertjie' goes for a JSE listing

S Times (Bus) 26/1/92. (192)

VENTER TRAILERS announces today that it is to go public and has applied for a listing on the Johannesburg Stock Exchange The prospectus will be published on Thursday

The "Ventertjie" is as South African as boerewors, but what is the history of this wholly South African product and what does Venter management think of the future?

PATRICK O'LEARY reports.

VENTER Trailers, South Africa's largest light leisure and commercial trailer manufacturer, is going for a listing on the JSE

The company has operated as a family concern since 1960

It will offer a slice of the action that has made Venter a household name in this country

The decision to go public marks a dramatic turnaround in the methods and history of this successful company

Until now, all decisions have stopped at the desk of Jasper Venter, managing director and owner of the company

Growth

He has been joined at the boardroom table by a team of high-profile, financially oriented marketing men whose specialised input will combine with the production and product expertise of the Venter group to raise the company to a new plateau of growth

With limited management resources in the past, growth opportunities have not yet been fully exploited

An example of such an opportunity is exports Although investigated and found to be potentially profitable by Jasper Venter, export markets have been ignored

Mr Venter says "There is an export market for our products, but I haven't had the staff to handle it I have had my hands full with the South African market"

However, one should not allow this to detract from the company's excellent performance Venter Trailers has been a front-runner travelling a pioneering road that leaves one with nothing but admiration for the people behind the venture

Dynamite comes in small packages is an apt saying when applied to Venter Trailers

Holidays

Richard du Plessis, managing director of the company to be listed, says "The 'Ventertjie' — as it is so well known in South Africa — is a small trailer But its impact on the market has been huge — and so has the company's impact on Naboomspruit

"Not only has Venter Trailers put this town on the map, but it has contributed in a more tangible way by being the largest employer in the area"

The name Venter has become synonymous with trailers, especially leisure vehicles Most Venter trailers are designed for towing behind small or medium cars Several hundred thousand South Africans own a "Ventertjie"

Although especially noticeable on roads during holidays, they are also common travellers over weekends when families head for the open spaces for relaxation

Municipal rubbish dumps are another weekend stop-off point for many "Ventertjies" doing garden duty

Venter trailers are, like the famous radio programme 'Chickenman', everywhere Perhaps the all-South African nature of the company and the product are what have attracted many to the marque

The Venter trailer is a South African born, bred and sustained product It carries an Afrikaans name and is made in the heart of the platteland where high-quality mealies more than top-quality trailers are the norm

The South African attachment has resulted in a type of cult being built up around the name There's the one about an SAA Boeing trying to slip into Heathrow Airport at the height of the sanctions era It would have gone unnoticed — but for the fact that it had a Venter trailer in tow

This humble little trailer has also given rise to a new nickname for Transvaalers who visit the Cape No longer are they referred to as "Vaalies" They are now "Venters"

Although the fame of the Venter marque is founded on its luggage trailers, the company has made great inroads into commerce and industry with several one-off "specials" turning into favourites

Coke

These include flat-decks, horseboxes, car carriers, dog transporters, water carts, gooseneck trailers, 4x4 trailers and several other specific application products carrying up to four-ton payloads

Promotional trailers such as those built for Coca-Cola in the shape of a Coke can and cup emanate from the Venter stable

At the gymkhana, there is a Venter horsebox, at the beach there is the Venter boardsurf carrier; at the dam, there is the Venter canoe carrier

Almost everywhere there is some model of Venter trailer which makes this company a South African success story at its best

Czech truck assault on SA

By DON ROBERTSON

THE depressed and highly competitive heavy-truck market has a new challenger

Trackless Mining Services (TMS) plans to introduce the Czechoslovak Tatra truck to Southern Africa

The trucks, driven on all wheels, range in size from five to 20 tons The 4x4 model finished third in the Paris-Cape Town rally The 6x6 version won its class

TMS managing director Don Duncan says the trucks will be imported in completely knocked down (CKD) configuration from the plant in Koprivnice and assembled at the company's Randfontein plant S/Times (Buss)

The first three trucks will be fully imported and will be used as demonstration models The CKD kits will later have bodies fitted in SA Other components will be added (192)

Mr Duncan says on-road, off-road vehicles will be suited for the timber and quarry industries Several companies are interested in the trucks

The agreement to assemble the trucks, although not yet final, follows a visit of three members of the Tatra group to the Randfontein plant three months ago With minimum local content, TMS will have to pay a 66% import duty

But Mr Duncan believes he will be able to sell them at about 15% cheaper than similar trucks made in SA Service and parts will be provided by TMS

Since the collapse of communism, sales of Tatra trucks to Russia have fallen sharply and stocks have built up Although it is unlikely that the trucks will be sold at dumped prices, reasonable terms have been offered to TMS 26/1/92

SA sales of heavy trucks last year fell to their lowest in many years at 5 807 December sales were the lowest in 20 years at 327

The National Association of Automobile Manufacturers of SA (Naamsa) says it is a brave move for TMS It says several manufacturers are unprofitable and the import of second-hand trucks is a major problem

Feature

Network of 400 (192) dealers delivers the goods

S Times (Buss) 26/11/92

NABOOMSPRUIT is a long way from the markets and Venter trailers are distributed throughout Southern Africa through more than 400 independent dealers

Each is selected on strict criteria to ensure the maintenance of high quality and service associated with the name Venter

The large-scale appointment of dealers began in the late 1970s

Then came the first dedicated outlet in Kempton Park It was not only a sales point but a depot to serve agents in the PWV area

Jasper Venter says "To carry stock of all the models was an expensive exercise for an independent dealer But we felt it necessary to expose our full range of products"

In 1981 the agency was moved to Boksburg North The move has paid handsome dividends A similar agency has since been opened on the West Rand at Westgate

Size

Both the Boksburg and Westgate agencies are managed by Esther Colebank, who has been with Venter Trailers for more than 10 years

An indication of the size of the operation can be gauged by the fact that in December stock totalled more than 1 000 trailers

Normal stock totals 500, Mrs Colebank keeping three of each trailer type — including horse-boxes and a range of commercial trailers — on hand at all times

"As soon as a trailer is bought, an order is placed for a replacement," she says

Although this seems unnecessary, it is part of the customer service philosophy practised by Mrs Colebank and her team

"If a customer wants a trailer today, he can have it today," she says

However, this does not apply to trailers made to customer specifications

"We need a little more time for these"

Being in the heart of trailer territory, Mrs Colebank is surrounded by opposition which spurs her and her staff to even greater efforts

Credit

"We don't believe in running down our opposition But we do believe in beating them in terms of the quality of our service and product," she says

A large stockholding without access to consumer credit it would be pointless and she has negotiated with a financial institution for an on-site terminal to access credit facilities for customers

"Trailers are bought either by cash, hire purchase, or credit cards We have the facilities to have any credit application approved within two hours, or at most a half a day."

NEWS IN BRIEF

SA to host motor trade

THE SA motor industry is to host a world conference of motor traders in 1994, says Motor Industries' Federation president Errol Richardson (192)

A statement yesterday said Richardson's invitation was made to the International Organisation of Motor Traders and Repairers in Canberra, Australia, at the 1991 conference in November last year B/Day 28/1/92

Richardson said initial planning meetings had been held and Cape Town was likely to be the venue The body has 38 member organisations from 24 countries representing more than 600 000 businesses.

MOTOR INDUSTRY FM 31/1/92

Short-time working (192)

Motor manufacturers, bound by a moratorium on lay-offs until the middle of this year, may have to negotiate further short-time working unless there is an early market recovery

The sharp slump in vehicle sales at the end of 1991 left manufacturers with an estimated 15 000 unsold units at the end of the year, says Peter Cleary, marketing director for Mercedes-Benz SA's car division

With long production lead times preventing companies from sudden cutbacks in output, he estimates that figure could rise to 30 000 by the end of March

One result of the excess is that almost every motor company is discounting prices to move stock. Even some luxury cars previously subject to long waiting lists, are available at short notice Says Cleary "For the moment, it's very much a buyer's market"

But discounting is only a partial solution

The obvious answer is to cut production One result of last year's industry strike was an agreement by employers not to lay off anyone until July 1 1992 Many companies are already working short time Employers must now consider how much further they must go.

In terms of the industry agreement, companies are entitled to reduce the five-day week to four days without paying for unworked time. Below that, they must pay a sliding scale of compensation

With agreement from the unions, some industry executives estimate the excess stock could be wiped out by midyear ■

The ultimate in passenger transport .. Toyota designers in Japan have come up with the answer to commuter transport - a 4-litre V8 engine Hi-Ace.

Toyota keeps going right with car sales

Sowetan 31/1/92. (192)

WORLDWIDE vehicle sales for Toyota were up by more than two percent in the 1990/1991 financial

The 2,5 percent means a record 4 538 507 units were sold by the corporation This was boosted by aggressive marketing in the Japanese domestic market, where sales of 2 443 274 units made up 41,7 percent of total market registrations (excluding minicars)

Turnover of R200-billion was 7,2 percent up on the previous financial year, but profit of R8,75-billion was 22,3 percent down, due to increased research and development expenditure, personnel costs, depreciation and indirect expenses at the parent company in Japan, as well as substantial foreign exchange losses

In other sector of its operations, sales of Toyota industrial equipment, such as forklifts, showed a solid 8,7 percent increase during the 1991 financial year to 65 752 units, while sales of the compnay's prefabricated housing units grew 19 percent to 3 872 units

Budget to buy R140m cars

By DON ROBERTSON

S/Times (Buss) 2/2/92

SOME good cheer for motor manufacturers is that Budget Rent a Car has increased its initial order for vehicles by 5% for 1992

Budget plans to buy 2 700 cars worth R140-million this year, nearly half from Toyota. (192)

Managing director Tony Langley says. "The order is in line with our market-share growth which we believe will continue in 1992 The order will be increased should the market recover "

Budget's rental days fell by 23% in the 12 months to October, but business improved in the last two months of 1991

That made the negative figure an expected 19,6%

Mr Langley expects rental days to fall by 8% this year — 200 000 worth about R22-million

Budget will again concentrate on 1,3l cars

Posh car-makers under the whip as sales fall

S/Times (Buss) • 2/2/92

(192)

THE luxury car market is fighting for survival as an increasing number of motorists switch to smaller vehicles

By DON ROBERTSON

As a result, profit margins are being squeezed

Peter Cleary, management board member for passenger cars at Mercedes-Benz of SA (MBSA), says almost 75% of all new cars sold last year were in the small-class category Luxury models had only an 8,5% share of the market

Survival

Mr Cleary says "We are under tremendous threat, largely because of fringe benefit tax and affordability We are talking about survival.

"To survive, MBSA needs to get back into the dominant position which it held in 1985-86 when it had about 65% of the luxury car market and was the third largest seller in the industry"

Mr Cleary believes that MBSA will continue to grow this year, having shown the largest percentage gain in the market last year to 7,97%, marginally ahead of chief rival BMW with 7,8% (see table)

"We will have new models in the Honda range at mid-year and are optimistic that new options, such as the Sportline concept, will enhance sales of Mercedes-Benz cars in the first half of this year

"Good news for customers is that a number of factors should keep prices down, depending on exchange rates"

The company plans to make the S Class range in 1993, although there is some doubt that it will be fully manufactured in SA It is also investigating the introduction of the 190 range

"It would be good to have a cheaper model in the Mercedes-Benz range," says Mr Cleary

Interest rates are expected to fall this year and costs will not be under the same pressure as before Customers should also benefit from the fact that with sales short of target, most manufacturers have stock to sell

Similar

Mr Cleary says that in terms of normal quarterly sales, 8 000 more cars than required were made in the last quarter of 1991 A similar state of affairs could happen in the first quarter of this year

MBSA has provided a table of individual manufacturers' sales for 1991

It is expected that the National Association of Automobile Manufacturers of SA (Naamsa) will provide this information monthly this year after having withdrawn detailed sales figures in 1987 because of sanctions

PASSENGER CAR MARKET

	1987	1988	1989	1990	1991
MB	8 447 4,2%	10 650 4,6%	10 240 4,6%	7 889 3,76%	7 562 3,82%
HONDA	10 124 5,0%	10 598 4,6%	7 178 3,2%	6 452 3,08%	8 194 4,14%
TOTAL	**18 571**	**21 248**	**17 418**	**14 341**	**15 756**
MBSA	9,2%	9,2%	7,9%	6,84%	7,97%
TOYOTA	49 785 24,8%	52 558 22 8%	50 638 22,9%	54 759 26,1%	51 653 26,1%
VW	39 970 19,9%	48 981 21,3%	49 199 22,2%	41 007 19,6%	39 757 20,1% 473
NISSAN	19 527 9,7%	26 917 11,7%	22 625 10,2%	22 215 10,6%	20 793 10,5%
DELTA	16 913 8,4%	22 720 9,9%	24 793 11,2%	21 774 10,4%	20 949 10,6%
FORD	22 943 11,4%	24 372 10,6%	22 707 10,3%	22 312 10,6%	18 631 9,4%
BMW	16 113 8,0%	17 457 7,6%	18 673 8,4%	17 932 8,6%	15 431 7,8%
MMI	16 935 8,4%	16 077 7,0%	15 222 6,9%	15 201 7,3%	14 731 7,4%
OTHERS	67 0,0%	117 0,1%	67 0 0%	59 0,0%	35 0 0%
TOTAL	**200 824** 100,0%	**230 447** 100,0%	**221 342** 100,0%	**209 603** 100,0%	**197 736** 100,0%

Source MBSA

Venter Trailers to raise R25,5m

(192)

MARCIA KLEIN

VENTER Leisure and Commercial Trailers (Ventel) is to raise R25,5m ahead of its proposed listing on the JSE.

An announcement issued today said the group intended to offer about 17-million ordinary shares at an issue price of 150c a share. This would be by way of a private placement of 13-million shares and a public offer of 4-million shares.

The company, SA's largest trailer manufacturer, expects to list on the transportation sector of the JSE on March 4. The offer opens on February 6 and closes on February 26. BDay 4/2/92

The company's prospectus will be made available to the public on Thursday.

Ventel has been a family-operated company since 1963, managed and owned by Jasper Venter.

After the listing, Venter will remain with a 15% holding in the company and will manage product development. Richard du Plessis, former CE of Murray & Roberts' industrial divisions, will become MD, while businessman and Motorvia founder Pienkies du Plessis will be chairman. Michael Katcs will join the board as deputy chairman.

Venter said in a recent report that the listing and additional management resources would enable the company to exploit export opportunities. He said the listing would offer future investors the opportunity to share in the company's rapid expansion.

Venter Trailers prepares to follow the export road

BDay 6/2/92 192

MARCIA KLEIN

VENTER Leisure and Commercial Trailers (Ventel) will exploit export and niche marketing opportunities after its March 4 listing, which will raise R25,5m

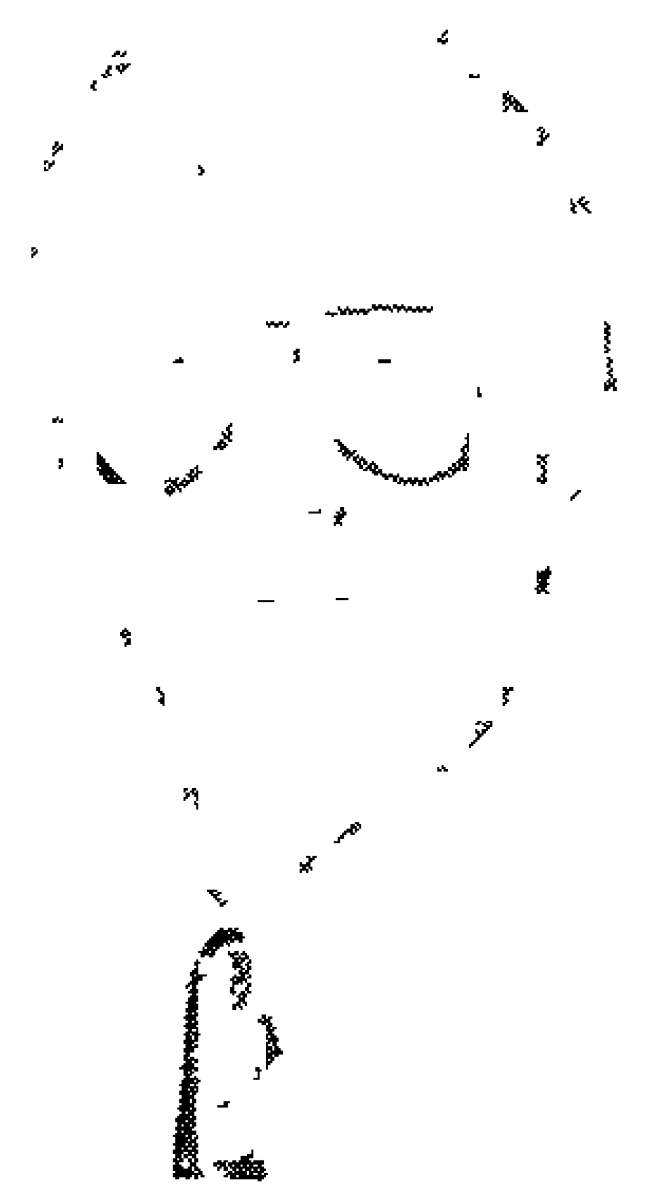
Directors said yesterday in an interview that they were confident the company would sustain its long history of profit growth The trailer manufacturer, which accounted for more than two-thirds of the SA light trailer market, had over 400 dealers throughout southern Africa It had dominant market share, was a cash flow generator, and its listing would give it the opportunity to develop a wide range of products, directors said

Forecasts in Ventel's prospectus, published in Business Day today, showed that turnover would increase by 25,8% (actual figures are not given) and net income before interest would rise by 19,6% to R14,8m (R12,4m) in the year to end-December 1992 Net income after tax was expected to rise by 19% to R10,5m (R8,9m), representing earnings of 21,1c a share

The company stood on a historic earnings yield of 11,8% and a forecast yield of 14,1% A forecast dividend yield of 6,1% was substantially higher than the industrial index, said the directors

Ventel would maintain a dividend cover of between two and three times, and would declare one dividend each financial year The first dividend of around 9,2c a share would be declared in March 1993

Chairman Pienkies du Plessis said the company and its directors were conservative and not over-optimistic in forecasts The offer price of 150c a share was "finely priced", and the institutional offer to raise R19,5m received enthusiastically The public offer would raise R6m



VENTER sold company

Jasper Venter, who owned and managed the business for close on 30 years, sold the company to its new directors last year for over R34,3m

Ventel's listing would enable it to settle amounts owing for the purchase of the company, strengthen the capital base and facilitate further expansion In addition, the listing would enhance its public identity, allow management, employees and associates the opportunity to participate in its equity, and see a wider spread of shareholders, directors said

According to the prospectus, the company had showed continuous profit growth for more than 30 years and had strong cash flow generation

Despite the economic downturn, its markets had grown as people bought smaller cars, black customers entered the market, and a trend developed towards self-catering holidays

Ventel would develop export market opportunities and expand the local rental market

Venter said he had been considering listing the company for some years as it had outgrown him He had wanted to expand, especially into the export market, but had concentrated his attentions on the local market as his company did not have the people or the expertise to enter the global market This left him with the choice of keeping the business as it was or expanding, so a listing seemed the logical option

He said that not only would he have 15% of the business after its listing, but he also owned the company's property interests His continued involvement in the business would ensure that his interests were safe

Other directors said there would be no change to the fabric of the business, but they would add a new dimension

Du Plessis said real growth in profits would be sustainable The company had a strong brand name, about 50 quality products, more than 400 outlets and the capacity to double production

The company had hoped to list in the hotels, beverages and leisure sector, as research had shown that about 20% of its business was trailers for commercial use, but the JSE had granted the listing in the transportation sector

EDWARD WEST reports that with the listing of Venter Trailers comes news that truck tipper manufacturer Meiller SA intends marketing its own range of trailers in competition with Venter Trailers The German subsidiary's MD Roland Joest said yesterday the new trailers wuld be stronger than the Venter trailer and would be made available in three sizes within three months

VENTURE LEISURE FM 7/2/92

Looking to world market

Pitched at 150c, Venter Leisure & Commercial Trailers' prelisting public offer of 4m shares looks expensive Present NAV is estimated at 59,4c (192) (189)

But it is clear the company has been doing some restructuring and strategic planning and when it comes to the market next month as Ventel, it could be quite a different organisation to the one which has slowly cap-

FM 7/2/92 (192) (189)

tured more than two-thirds of SA's trailer market over the past 30 years

Growth of the family business under Jasper Venter has been impressive Calendar 1991 turnover is up 13% on 1990 (actual figures are, sadly, not given), while pre-tax profit climbed 36% to R13,2m

The institutional market, probably reflected largely by the medium-sized life companies and financial service institutions, seems confident. As well as the 4m shares in the public offer, 13m ordinaries have already been placed with institutions. The balance of the 50m post-issue shares are held by directors and management, who are also taking some of the 13m, giving them a 71,6% holding in all. Venter personally has 15%.

The issue is underwritten by Mercantile Bank

EPS is forecast to increase by 19% to 21c for 1992, which should allow a 9,2c dividend A forecast dividend yield of 6% on the issue price should be a deterrent to stagging

Besides concentrating on new opportunities in the SA market, particularly light commercial trailers and new product development, Venter is going to have a serious crack at the export market.

The group has spent several millions on research and sees good prospects abroad, influenced by the squeeze on holiday spending and the trend towards smaller cars, less suited to towing full-size caravans

It will be based and registered in Bophuthatswana, apparently because of better export incentives, with two of the three operating subsidiaries at Babelegi. The third will remain at the original site, Naboomspruit.

The R25,5m raised in the prelisting offer should ensure growth, at least in the short term. Some will be used to repay loans

If Venter succeeds in breaking into the international leisure market, the share should be a good one to follow *Shaun Harris*

FM 7/2/92 192

MIDMACOR INDUSTRIES

Cost bind

192

FM 7/2/92

Activities: *Imports and/or distributes various industrial products, Honda motor cycles and Delta motor vehicles, rebuilds diesel engines and transmissions*

Control: *KNJ Industrial Holdings (Pty) 88%*

Chairman: *K N Jenkins, MD D B Jamieson*

Capital structure: *7,86m ords Market capitalisation R4,32m*

Share market: *Price 50c Yield 4,0% on dividend 12-month high, 60c, low, 35c Trading volume last quarter, 12 000 shares*

Year to June 30	**'90**	**'91**
ST debt (Rm)	20,0	24,5
LT debt (Rm)	6,1	5,3
Debt equity ratio	0,7	0,9
Shareholders interest	0,4	0,4
Int & leasing cover	2,2	1,4
Return on capital (%)	15,8	9,3
Turnover (Rm)	86 8	78,8
Pre-int profit (Rm)	7,4	4,7
Pre-int margin (%)	8,5	6,0
Earnings (c)	36,4	(1,0)
Dividends (c)	6	2
Net worth (c)	264	261

Midmacor's Jenkins *trading conditions remain competitive*

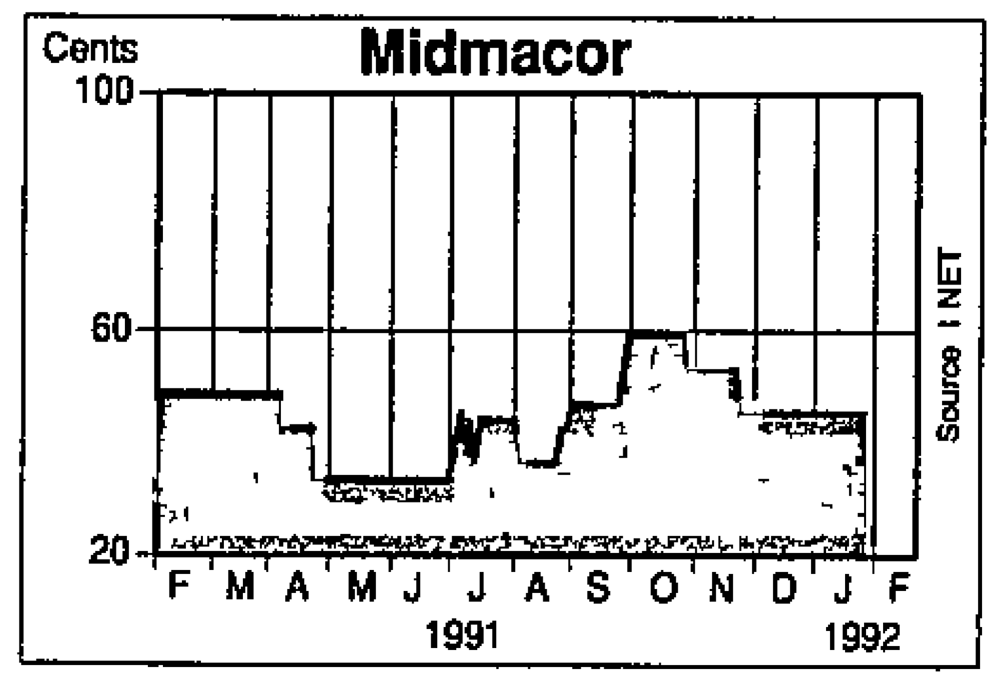
Midmacor has produced below average results since its reverse listing in 1990 and has again suffered from loss-making operations associated with the mining and engineering industries

Chairman Keith Jenkins says the group had to source products from factories in Taiwan and Brazil after Honda in Japan rationalised export models

Earnings were undermined by the fall in volume of repair work done by PDS Diesel Services (Pty), part of the diesel engine division

Reflecting the changes in operations, industrial sales were down in the third quarter and fell further in the fourth.

Net operating income of R861 000 was more than eliminated by R1,8m write-offs of stock and irrecoverable work-in-progress Jenkins says provisions against these in previous years may have been inadequate



Jenkins says the work force and overhead costs have been cut but warns that trading conditions remain competitive

Midmacor probably does itself a disservice by not disclosing the effects of problems in the diesel engine operations. There is no breakdown of turnover of the divisions Lack of this information makes it impossible to assess where Midmacor may go from here If one accepts management's view that problems in the diesel engine operations have been dealt with, this year should, at worst, reflect a return to stability — with the recovery of the diesel interests offsetting any further deterioration in the economy

Trading volumes are thin Obviously, the market is not happy with what has happened, nor, apparently, is it expecting significant recovery in the short term *Basil Barber*

A 'Ventertjie' for the Porsche to tow

S[Times [Buss] 9/2/92 (192)

FANCY a trailer towed by your Porsche?

That is what Venter Leisure & Commercial Trailers (Ventel) intends to market

Ventel was established more than 30 years ago at Naboomspruit by Maarten Venter

The business is about trailers up to four tons There are 30 standard models and another 20 specially manufactured lines Custom-made trailers are also part of the business One is streamlined for towing behind sports vehicles and another for taxis is on the way

There are trailers for dogs, board surfers, anglers and outboard motors Hot-dog stands and mobile Coke cans are Venter products

Jasper Venter, son of the founder, says he toyed with the idea of listing the family business for several years There was no shortage of suitors, but there is a degree of commercial isolation in Naboomspruit and a financially literate partner was not met until Michael Katcs entered the picture

Mr Katcs is the biggest shareholder in Ventel, which goes for a listing soon

Mr Venter still owns the properties and the retail interests of the group They will not be included in the listed company

The group comprises three divisions — Rubax, Manufacturing and Marketing

Rubax, based at Babalegi, makes trailer components, such as axles, jockey and ball-hitch assemblies Rubax supplies Ventel at Naboomspruit and other buyers

Manufacturing comprises two separate factories in Naboomspruit Karavene makes run-of-the-road trailers and Supreme the specials

Marketing, based at Babalegi, owns the Venter trademarks, designs and patents and offers the most scope for development

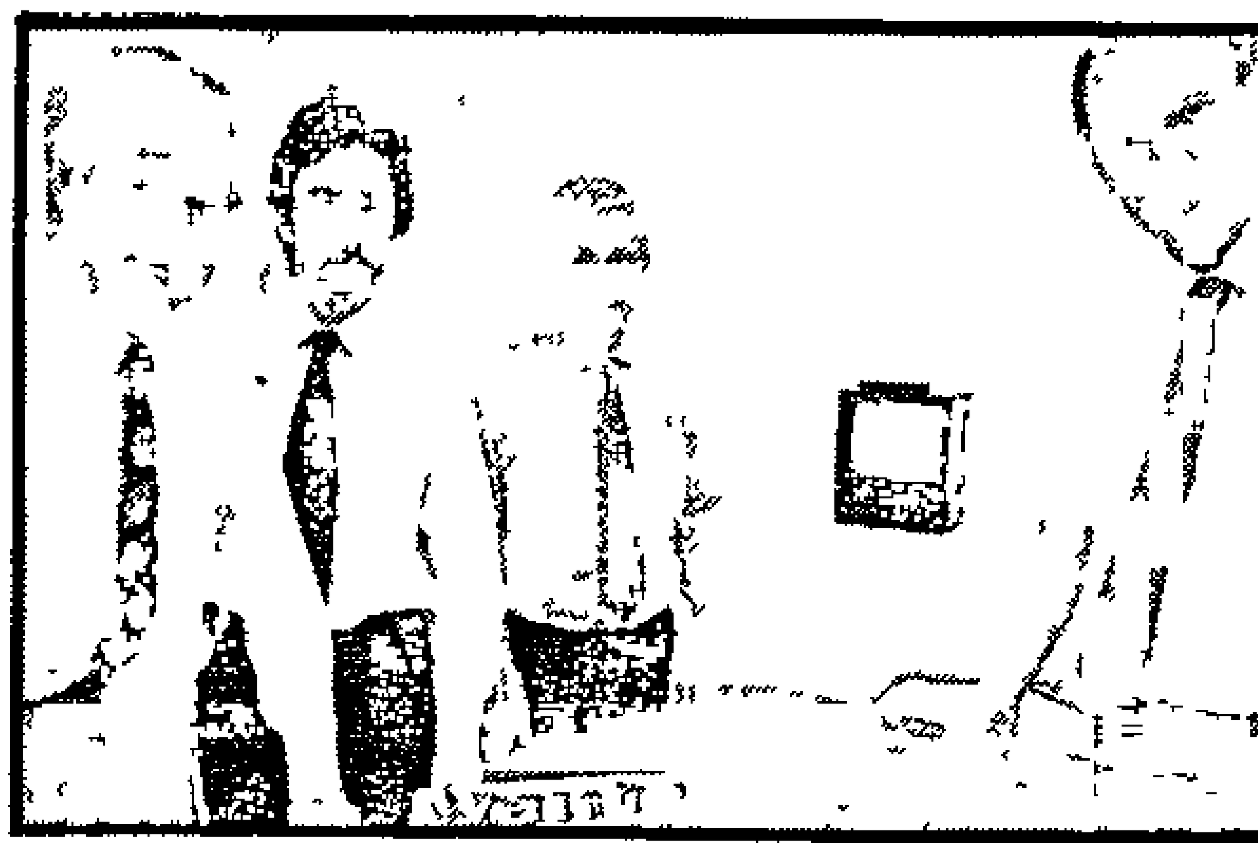
Mr Katcs says Ventel now has the management to take it to its next level of growth He has one or two ideas up his sleeve, but the biggest incentive is exports

In Mr Venter's opinion, formed after considerable global homework, Venter trailers are as good as any in the world

The group does not make trailers at the bottom end of the market. About 20% of its production is for commercial concerns and the rest for the leisure market Ventel hoped this might secure it a listing in the glamorous hotel, beverage & leisure sector of the JSE, but it has been assigned to transport

The swing to smaller cars and cheaper self-catering holidays has been a major contributor to the growth of trailer sales in SA in the past 20 years

In America, nine out of 10 trailers are rented, not owned But in SA there is nothing like that scale of rental There are a few Rent-a-Venter outlets, but no nationwide hire service



VENTEL BOSSES Pienkes du Plessis, Michael Katcs, Jasper Venter and Richard du Plessis. Picture ROB HADLEY

Non-executive chairman Pienkes du Plessis was the founder of listed Motorvia, which houses Budget Auto Lease and Budget Rent-a-Car He sold out in 1989

Mr Katcs' consulting experience was applied in various private and public companies, notably Fleishmans He is deputy chairman of Ventel, and the managing director is Richard du Plessis Mr Venter is also an executive director

The flotation of Ventel comprises a private placement of 13-million shares and a public offer of 4-million at 150c The offer closes on February 26 and the listing should take place on March 4 The R25-million raised will partly settle amounts owing to vendors Mr Katcs says that some of the working capital will be used to research and develop export markets

The market capitalisation based on these criteria is R75-million The issue price is at a 153% premium to the net asset value of 59,4c

Ventel forecasts earnings of R10,5-million after tax, or 21,1c a share, in 1992, giving a forward price-earnings ratio of seven on the issue price

Turnover is not disclosed, but is probably close to R100-million The dividend will be covered between two and three times Non-Bophuthatswana residents will have to pay 15% withholding tax

Mr Katcs says the private placing has been well received

Toyota No 1 in service

(192)
S/Times (Buss)
9/2/92

TOYOTA, No 1 in vehicle sales, has scored another first.

A survey by the Centre for Proactive Marketing Research finds Toyota has the best customer service record in the motor industry

The survey is claimed to be the biggest project of its kind since the last SA census.

Toyota received a 82,8% rating, followed by 80,7% for Mercedes-Benz MMI, the Mazda division of Samcor, was third with 77,3% Volkswagen was next, ahead of BMW, Nissan, Delta and Ford, which scored 73,2%

Corolla's Conquest

By DON ROBERTSON

TOYOTA'S Corolla and Conquest range took a growing share of the market in the four years since individual model sales were last released

For the first time since 1987 the National Association of Automobile Manufacturers of SA (Naamsa) has disclosed individual sales figures for 1991 (192)

Corolla/Conquest models increased market share from 16,9% to 20,4%, or 40 318 units S/Times (B455)

Next came Volkswagen's Citigolf/Fox range with 19,696, Delta Kadett/Monza (18 756), Golf/Jetta (17 944) and Toyota Cressida (11 012)

Mazda 323 sold 10 664, BMW 3-Series 9 778, Sierra/Sapphire 9 341, Laser/Meteor 9 290 and Uno 9 268. 9/2/92

The Corolla 1,6 GL also topped individual model sales with 11 212, followed by Corolla 1,3 L (6 748) and Citigolf 1300 (6 338)

Motor show duo set to go national

(192
STimes (CM)
9/2/92.

SOUTH AFRICA'S first National Motor Show is set to be the showcase of the country's motor industry

The show will be launched on Tuesday by the Cape Town organisers, Motoring Events, at the inaugural meeting in the Sunnyside Hotel, Johannesburg, attended by representatives of leading motor manufacturing and component companies

Roger Haupt and Malcolm Uytenbogaardt of Motoring Events were responsible for the highly successful Cape Town Motor Show held in the Good Hope Centre in 1990

They have decided to enlarge the show and get much bigger exposure by "going national".

The result is the National Motor Show from October 2 to 11 in the National Exhibition Centre, Johannesburg, which will stage passenger and commercial vehicles from manufacturers, retailers and fleet dealers, plus classic used cars

The entire spectrum of the market will be represented, including niche markets such as motorcycles, dragsters, kit cars, off-road vehicles and "hot rods"

"The response to the show has been extremely positive," says Cape Town-based Peter Ray of Motoring Events' marketing team

"At Tuesday's meeting two major motor manufacturers are expected to announce they will be signing contracts to participate in the show"

Mr Haupt, who organised the Design for Living exhibition in Cape Town for many years, says the industry view is that such a show is long overdue

"It is the view of Samcor, Nissan, Delta, BMW, AAD and Naamsa alike

"So there is a definite need for this motor show on a national level, particularly with the number of new car models coming onto the South African market this year"

Mr Haupt says he expects a uniformly high level of presentation from the exhibitors

"But the emphasis must be on the product — not the package

"Although the demand for exotic cars will always be there, there is a general shift throughout the market from prestige cars to the bread-and-butter luxury cars or top-of-the-range medium models

"In addition, companies are veering away from bigger passenger cars as statistics reveal — 70 percent of the market is held by small, lighter cars as opposed to the 54 percent reflected seven years ago

"Emphasis at the show will also be placed on the needs of the fleet dealers

"With only one in every six new vehicles being bought by the private buyer, the input of fleet dealers is vital and cannot be ignored"

Italian connection to the fore

S Times (Bus) 9/2/92 (192)

By DON ROBERTSON

TRUCKMAKERS, manufacturers of Samil and Samag trucks, is to change the name of some of its Samag vehicles to Iveco to reflect its closer association with the Italian company

Truckmakers is a member of Automakers, a Sankorp subsidiary which controls Nissan Iveco, established in the mid-1980s, has Fiat and Magirus Duetz as major shareholders

The Samag name will be dropped on all heavy vehicles which use Iveco engines and drive trains, including the 360hp 4x2 and 6x4 as well as the new 480hp 6x4 trucks

Mossie Mostert, managing director of Truckmakers, says the change in name does not mean that Iveco has invested in the company — "although they have shown an interest"

Iveco, after a shaky start, is now one of the largest suppliers of medium and heavy trucks in America and Europe

Mr Mostert says "After research, we decided that all new models from Iveco, Europe's second-biggest truckmaker and the world's biggest manufacturer of diesel engines, will be powered by Iveco engines

"The next step is to take advantage of the well-known international trade name, Iveco, for the SA market"

All other models from Truckmakers, fitted with Atlantis Diesel Engines (ADE), will continue to be sold under the Samag name

Samag Turbostar trucks have been fitted with Iveco engines and drive trains for two years and have been well received by fleet owners

Several truck manufacturers have indicated that imported engines from their source companies could be cheaper than the ADE motor, in spite of undertakings by ADE to reduce prices in the next two years

Mr Mostert believes that differences in prices between the imported product and the ADE engine are of little concern

The Iveco trucks compete in niche markets against Mercedes-Benz and MAN in SA and are used mainly in the tipper and forestry business

Mid-year deal likely for Benz, Mitsubishi

(192) CT 10/2/92

By MAGGIE ROWLEY
Deputy Business Editor

A DECISION on whether Mercedes-Benz SA and Mitsubishi Corporation would go ahead with a joint venture to manufacture light commercial vehicles in SA was expected by mid year, according to MBSA CE Christopf Kopke.

In an interview Kopke confirmed that MBSA's parent company Daimler Benz AG and the Mitsubishi Corporation were exploring the possibility of joint co-operation in a number of ventures world wide including the manufacture of a light commercial vehicle in SA.

"At this stage negotiations are still in the preliminary stages and have not yet filtered down to MBSA's level but we are expecting a decision within about five months.

"If there is agreement it could take a further 15 months before such a vehicle was launched on the SA market."

He said if they did go ahead they would be aiming to capture about 10% of the local market for LCVs

Kopke said MBSA, which is one of the largest German investors in SA, planned to invest a further R81m this year, of which R51m would be spent on tooling up for new models.

The East London passenger car assembly plant presently has a capacity to manufacture 60 Mercedes-Benz and 54 Honda passenger cars daily and would be spending about R13m this year to prepare current assembly lies for the new Honda and Mercedes-Benz S class models due to be launched mid-1992 and 1993 respectively

Last year the company expanded its production facility with the opening of a R25m commercial vehicle plant which, he said, would further enhance MBSA's position as the leading SA manufacturer in the over 7,5 ton commercial vehcile market.

Kopke said the executive car market in SA was relatively stable and was not expected to grow much more than the present 200 000 units per year.

In 1991 Mercedes-Benz and Honda captured about 8% of the total passenger car market, up from their 6,8% market share the previous year.

Sales of both Mercedes-Benz and Honda passenger vehicles, he said had increased steadily since January 1991 to achieve their highest market penetration for the year with a 9,7% (3,8% for Mercedes Benz and 5,8% for Honda) in October last year

MBSA, he said had been the only manufacturer to increase sales for the year and the only one to significantly increase market share by more than 1%.

In spite of the shrinking commerical vehicle market in recent years due in the main to unfavourable economic conditions, political instability and trading restraints through sanctions, MBSA lifted its market share in the over five ton gross vehicle mass (GVM) market last year to 24% against 21% the previous year while in the heavy commercial market segment (over 7,5 ton GVM) market share was increased to 35% from 33%

Kopke said the bus market had been hit not only by the economic downturn but by a gradual move to minibus taxis for commuter transport. Total bus sales had fallen from 2623 units in 1981 to an anticipated 580 units las year However MBSA had increased its market share from 29% 10 years ago to 62% last year.

Turning to exports, Kopke said political changes in recent years had opened up markets in Africa which had been previously been closed to MBSA and they would be aggressively pursuing these opportunities

Yuppies have money for their leisure toys

(192)

B/Day 10/2/92

PAUL ASH

THE continuing recession has not dampened the hunger among the wealthy for expensive outdoor leisure toys

Retailers of boats, caravans and 4x4 vehicles say that while overall sales may have slumped, targeting the upper-income groups has ensured the success of a number of new leisure market campaigns

The trend is especially pronounced in the 4x4 vehicle market where owning an offroad vehicle is a definite indicator of style Accountants and doctors who yearn to be Camel-men — but without the grime — seem to find satisfaction in just having the "right" tools

Sales of top model Land Rovers, Toyota and Nissan 4x4s have shown a steady increase

In 1990, about 78% of all 4x4 double cabs sold went to urban dwellers, with 30% of those sales accounted for in Johannesburg's northern suburbs, a Toyota sales forecasting analyst said yesterday

"There is a yuppie trend to use these double cab 4x4s as dual purpose vehicles, and this segment of the market is holding a lot of attention," said Associated Automotive Distributors (AAD) dealer development manager Billy Butler

"Dual purpose" means the vehicles are used as smart town-runabouts during the week and in the bush or at trout farms over weekends

AAD, who supply Land-Rovers to the local market, launched their new Discovery in mid-1991 The vehicle, designed as a rival to the stylish Japanese leisure off-roaders, had "found a niche in the upper market", Butler said

The 4x4 market in general had not been as hard hit as other sectors of the motor trade and sales of all types of Land Rovers were steady.

Arnold Chatz sales manager Boris Gordon believed the market for dual-purpose 4x4s was not growing significantly "At a growth rate of 2% to 3%, the market is just hungry," he said

The trend towards top models continues in the caravan market

While sales in 1991 dropped 10% on the previous year, a turnaround in October saw Jurgens Caravans achieve a 9% increase in sales by the end of the year This was the highest since 1983, said Jurgens executive director Hans Koekemoer

Retail sales in decline of 4,5%

SHERIDAN CONNOLLY

RETAIL sales decreased by 4,5% in real terms in the year to November, according to preliminary figures released by the Central Statistical Service (CSS) last week

In month-on-month terms, November sales were up 3,2% from October B/Day 10/2/92

The largest increases occurred in sport, entertainment and photographic equipment with a rise of 9,4% Textiles increased by 9,2%

Sanlam economist Johan Louw said the decline in retail sales indicated the weak state of the economy

He said there were no indications that the poor state of consumer spending would improve in the short term

Louw said a cut in interest rates would be unlikely to have a significant effect on spending levels because conditions were extremely flat

Despite stubborn and disappointing inflation figures, conditions in the economy showed there was room for a rate cut — which would probably happen by the end of the first quarter, he said

Retailers reported dismal Christmas sales, and December retail figures would probably also be disappointing, Louw added

Volkswagen takes the Chinese highway

CT 10/2/92 (192)

Own Correspondent

PORT ELIZABETH — Cars made in Uitenhage, South Africa will be seen soon on Chinese roads following the signing of a R150m export order by Volkswagen South Africa

This export breakthrough, announced last week by MD Peter Searle, is the first export order of left hand drive vehicles by a South African manufacturer

The China export news follows the announcement that Mercedes Benz is to invest as much as R500m in SA over the next five years and an announcement last year of Delta Motor Corporation's further investments in PE totalling R250m

The deal signed by VW with China will see 5 000 Jettas being exported from Port Elizabeth to China in semi-knocked down state, to comply with Chinese local content requirements

Searle said the handling of the export order was made possible by VW's recent acquisition of the old Ford Plant in Neave Township, Port Elizabeth

● **Benz, Mitsubishi deal likely — Page 10**

Car boost won't bring jobs

ARG 11/2/92 (192)

VW deal means security

PORT ELIZABETH. — Multi-million rand investments by major motor manufacturers in the Eastern Cape will not have any effect on employment opportunities

That is the outlook of Volkswagen (SA), who announced at the weekend they had concluded a R150-million deal with China to export 5 000 Jetta models, and the Delta Motor Corporation, who this year will complete a R250-million investment plan to upgrade their plants

Mercedes Benz might also invest as much as R500-million to improve production facilities for new models at its East London plant

But there will be no spin-offs for the region's unemployed, estimated to be around 70 per cent of the population

Volkswagen spokesman Mr Matt Genrich said the important thing about the China deal was that job security at the plant was now protected

He added, however, that "export performance" would increase the possibility of job creation

"At the moment it would be something one could aim for in the future," he said

A Delta Motor Corporation spokesman said the R250-million investment would go towards "upgrading the plant and increasing capacity", but no new jobs would be created by this

"There may be job opportunities in specific areas, but really the money will be spent on upgrading"

Mercedes Benz (SA) had not commented at the time of writing

All three companies will be putting new models on to the market next year — Ecna

Naamsa asks Govt for easier HP on car sales

STAR 11/2/92 (192)

By Sven Lünsche

The National Association of Automobile Manufacturers (Naamsa) has appealed to the Government to relax hire-purchase provisions on new and used motor vehicles sales

In January car sales fell by 2,1 percent to 14 766 units compared with January 1991, continuing a downward trend from last year

Naamsa said yesterday that trading conditions in all segments of the market were expected to remain extremely difficult and competitive during the months ahead and unit sales would remain negative in the first quarter.

"In the absence of any relief on the interest rate front and specifically in order to assist private buyers Naamsa believes that some relaxation in the hire purchase provisions should be considered by the authorities."

January's new car sales were 9,8 percent, or 1 320 units, higher than the unit sales of 13 446 recorded in December last year

Big slump

Stephanus Loubser, the managing director of Nissan Marketing, said the increase on the December figure should be treated with caution as December sales were seasonally low

He said in a statement that the severe drought would have an adverse effect on the economy and the motor industry should get ready for a big slump towards the middle of the year if conditions did not improve

"The light commercial vehicle segment in particular will be hard hit by the ongoing drought," he added

Naamsa also provided a breakdown of new car sales, a list which is headed by Toyota with 4 062 sales, followed by VW with 3 [illegible]7 sales, Samcor (2 4[illegible]) and Nissan (1 693)

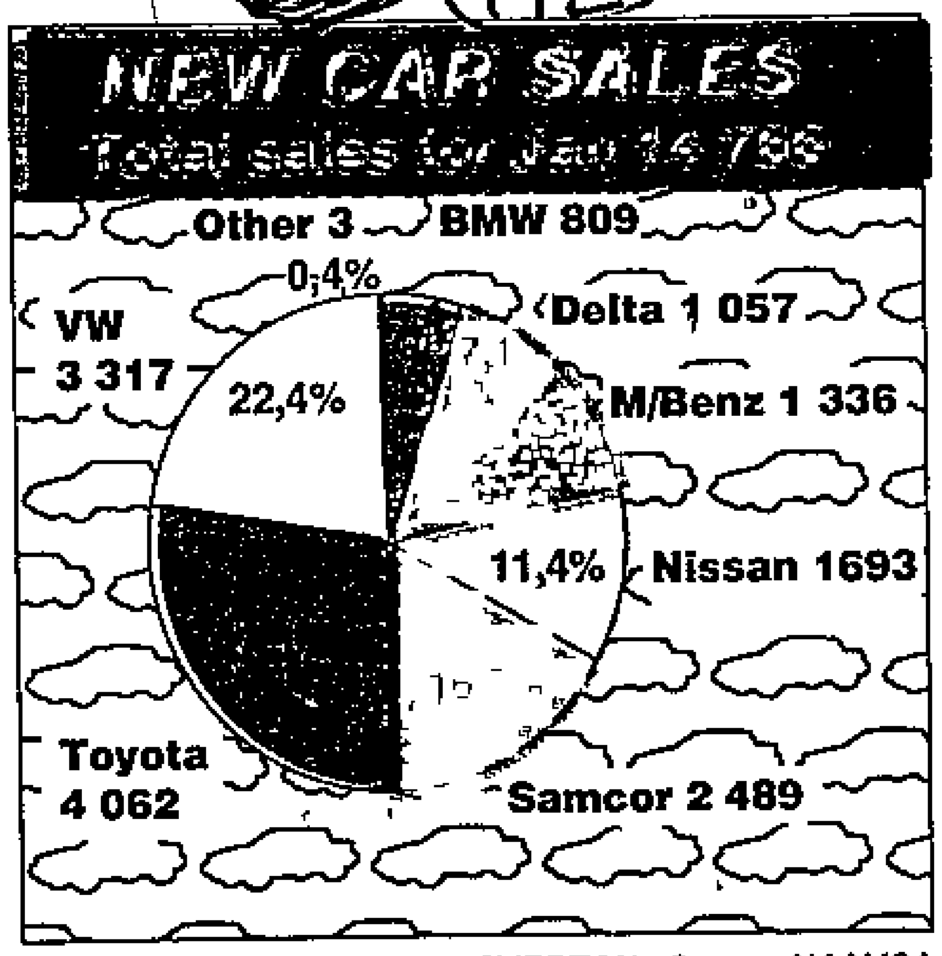
Sales of new light commercial vehicles, bakkies and mini-buses at 7 069 in January showed a decline of 11,3 percent on the January 1991 figure and a fall of 4,7 percent on December's sales

Medium and heavy commercial vehicle sales during January remained at historically low levels falling by an annual 9,5 percent to 541 units

New car sales down 2,1%

192

SEAN VAN ZYL



Graphic LEE EMERTON Source NAAMSA

NEW passenger vehicle sales for January dropped 2,1% to 14 766 units compared with the corresponding month last year, figures from the National Association of Automobile Manufacturers (Naamsa) show BDay 11/2/92

For the first time since 1938, Naamsa released a monthly breakdown of market share, based on sales, of SA's seven major car manufacturers The figures showed Toyota had maintained its leading position in the industry by selling 4 062 units, equivalent to 27,5% of January's total market

Volkswagen SA followed closely by selling 3 317 units (22,4%) and Samcor was third with 2 489 units (16,8%)

☐ To Page 2

Car sales BDay 11/2/92 (192)

☐ From Page 1

Nissan's January sales came in at 1 693 units (11,4%), Mercedes-Benz at 1 336 units (9%), Delta at 1 057 (7,1%), and BMW at 809 units (5,4%) Naamsa said a breakdown of manufacturers' monthly market share would in future be released regularly with the normal vehicle sales figures

The Naamsa statistics indicated that most new car sales were in the lower end of the market, with the Toyota Corolla taking top position with 3 221 unit sales and VW's Golf the second most popular range with 1 484 sales

Nissan SA MD marketing Stephanus Loubser said he was happy with the sales of Nissan's Uno, which captured 4,8% of the market with 709 unit sales in January The continuation of Uno's high sales volumes proved there was "a definite stable market for a small car in SA"

Although January's new car sales were down on the previous year, Naamsa noted they were up on December's sales of 13 446 units However, sales in all four sectors reflected a decline in sales on last year

New light commercial vehicle sales for January dropped by 11,3% to 7 069 units compared with the corresponding month last year Medium and heavy new vehicle sales declined by 9,4% (248 units) and 12,7% (376 units) respectively

Loubser said the severe drought would add more pressure to declining commercial vehicle sales, particularly the light commercial vehicle segment.

Naamsa said trading conditions throughout the market would remain difficult in the months ahead, with monthly new unit sales remaining negative in the first quarter compared with last year

In the absence of any relief in interest rates, "Naamsa believes that some relaxation in the hire purchase provisions applicable to new and used motor vehicles should be considered by the authorities"

Naamsa noted the deposit required on vehicle hire purchase sales had been increased to 15% from 12% in 1989 as part of the monetary authorities' policy to tighten up against credit sales The maximum monthly payment period was also reduced to 42 months from 48 months

Naamsa felt the minimum deposit should be reduced to 10% and the monthly payment period lengthened to 48 months to bring some relief to the motor industry

New vehicle sales keep on sliding

(192)

CT 11/2/92

Own Correspondent

NEW passenger vehicle sales for January dropped 2,1% to 14 766 units compared with the corresponding month last year, figures from the National Association of Automobile Manufacturers (Naamsa) show

Although January's new car sales were down on the previous year, Naamsa noted they were up on December's sales of 13 446 units However, sales in all four sectors averaged a dramatic 10% drop in sales on last year

New light commercial vehicle sales for January dropped by 11,3% to 7 069 units compared with the corresponding month last year. Medium and heavy new vehicle sales declined by 9,4% (248 units) and 12,7% (376 units) respectively

Loubser said the severe drought would add more pressure to declining commercial vehicle sales, particularly the light commercial vehicle segment

For the first time since 1988, Naamsa released a monthly breakdown of market share based on sales, of SA's seven major car manufacturers. The figures showed Toyota had maintained its leading position in the industry by selling 4 062 units equivalent to 27,5% of January's total market

Volkswagen SA followed closely by selling 3 317 units (22,4%) and Samcor was third with 2 489 units (16,8%)

Nissan's January sales came in at 1 693 units (11,4%), Mercedes-Benz at 1 336 units (9%) Delta at 1 057 (7,1%) and BMW at 809 units (5,4%)

Naamsa said a breakdown of manufacturers monthly market share would in future be released regularly with the normal vehicle sales figures

The Naamsa statistics indicated that most new car sales were in the lower end of the market, with the Toyota Corolla taking top position with 3 221 unit sales and VW's Golf the second most popular range with 1 484 sales

Nissan SA MD marketing Stephanus Loubser said he was happy with the sales of Nissan's Uno, which captured 4,8% of the market with 709 unit sales in January The continuation of Uno's high sales volumes proved there was "a definite stable market for a small car in SA"

In the absence of any relief in interest rates, 'Naamsa believes that some relaxation in the hire purchase provisions applicable to new and used motor vehicles should be considered by the authorities'

VW to spend R152m

STimes (BUSS) 16/2/92

VOLKSWAGEN SA is to spend another R252-million on its Uitenhage plant The company has won a R150-million order from China for 5 000 VW Jettas (192) (63)

Motor-makers seek HP relief as cuts loom

By DON ROBERTSON

THE beleaguered motor industry has asked the Government for help as it faces more production cuts and short-time working. S/Times (Bus)

It wants hire-purchase restrictions on new and used cars to be eased

The National Association of Automobile Manufacturers of SA (Naamsa) says that in the last quarter of 1991 capacity use was lower than in the three months to September. 16/2/92

In car manufacturing it dipped to 80,1% from 80,4% in the September quarter. The light commercial vehicle (LCV) sector was down at 61,1% from 61,9% Capacity use for medium commercials (MCVs) fell to 46,9% from 50,2% and in heavy commercials (HCVs) to 41,5% from 48,25%

Some manufacturers operated at only 65% of capacity in cars, 18% in LCVs, 11% in MCVs and only 10% in HCVs.

Capital investment also fell — R87,1-million compared with R107,8-million One coastal manufacturer reported that expenditure for the year had been reduced by about 34% to R64-million, of which 41% represented model-related tooling

Because of the retrenchment moratorium agreed to between employers and employees, staff numbers are expected to remain stable at 37 000

The report says the price of imported components rose by about 10% last year SA components were about 12% more expensive than in 1990

Naamsa has asked the Department of Trade and Industry to relax HP restrictions.

Some manufacturers call for total deregulation of the industry and the scrapping of all HP curbs

They want banks to be allowed to determine the creditworthiness of buyers

(192) Balance

The Association of General Banks backs Naamsa, suggesting that HP payments be extended to 48 months from 42.

Naamsa asks for 60 months, believing that the longer life of vehicles justifies it.

Naamsa fears that interest rates will remain high. It asks that deposits on vehicles be reduced below 15%

Naamsa says the 1989 restrictions which lifted the deposit and cut the repayment period were introduced because of severe balance of payment problems

This is no longer the case and if the authorities are eager to get the economy moving, an improved vehicle market could be one way of doing it

COMPANIES

Management gains control of Autoquip

Business Day Reporter

B/Day 19/2/92

A MANAGEMENT buyout consortium has gained control of car accessory supplier Autoquip Group from its Australia-based majority shareholder, G J Santana

An announcement published today said Santana's 31,6% stake, comprising about 5-million ordinary shares, would be converted into an equal number of convertible preference shares, bearing a cumulative fixed dividend of 12% a year

The pref shares, valued at 46c a share, would be redeemable at a pre-determined price in whole or part at the option of the company on the first of July from 1994 to 1996

As a result, the pref shares not redeemed by July 1996 would automatically be converted to ordinary shares one-for-one and sold to management and other shareholders on a pro-rata basis

The pref shares would have no voting rights (192)

The directors stated that the majority shareholder had not been involved with the executive running of the group since the end of 1987. As a result, they said, Santana had agreed to sever his ties with Autoquip.

Car makers eye African exports

B/Day 19/2/92 (192)

SEAN VAN ZYL

SA's TOP seven car manufacturers are set to conclude extended distribution agreements with their international franchisers to export finished vehicles to African countries, industry sources said yesterday.

BMW SA and Toyota SA confirmed negotiations were under way.

BMW spokesman Chris Moerdyk said the local company had entered an agreement in principle with its German parent to export righthand-wheel drive cars to a number of sub-Saharan countries. Although he would not attach a value to the deal, he said BMW SA would be exporting "a few hundred finished units this year"

He added discussions had already been held with various import agents and the governments of the countries concerned He noted that "this is not just an export contract, BMW SA plans to set up a full service and distribution network in the countries concerned". However, the manufacturer did not plan to construct a vehicle assembly plant at any of these locations and all cars exported would be fully built

Toyota SA spokesman Brand Pretorius confirmed that a representative of Toyota Japan would be arriving in SA shortly to discuss extending African distribution rights

Pretorius was reluctant to disclose countries concerned but expected Toyota's 1992 finished vehicle exports to the African countries to be worth about R60m. Toyota SA exported about 1 000 finished units in 1991, worth about R35m, which he expected to rise to about 1 500 units in 1992.

Samcor and Volkswagen SA recently disclosed that they had secured car export contracts to the UK and China respectively while Mercedes SA has said its sales revenue from vehicle exports to Africa would grow to about R60m this year

Samcor's 1992 exports to the UK — of 2 500 to 3 000 units — are believed to be worth about R60m while Volkswagen's publicised export contract of 5 000 SA-made Jettas to China is expected to generate about R175m

While no concrete figures are yet available, the motor industry's finished vehicle exports for 1992 could rise from an almost nonexistent base to a high of R400m, with the majority of orders originating from African countries, the source added

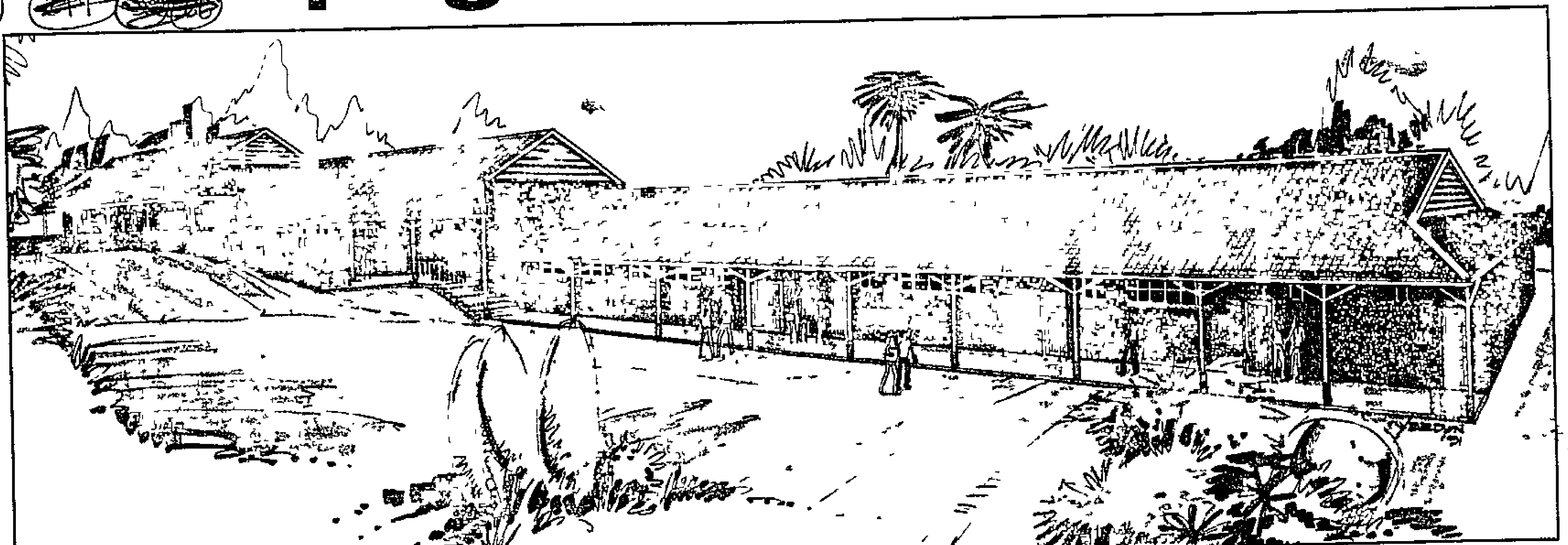
The National Association of Automobile Manufacturers of SA expected total export revenue in 1992 to be about R1,2bn

Toyota – helping others to help themselves

STAR 20/2/92 (192)

Toyota South Africa's multimillion rand social investment programmes are actively helping to improve the quality of life of many thousands of South Africans

Toyota believes in investing both time and money in the upliftment of people and their communities The long-term benefits of this will be considerable — and they will benefit the country as well as the company



EDUCATION UPLIFTMENT An artist's impression of recently completed additions to the Ogwini Secondary School in Umlazi

THE RATIONALE

Commenting on Toyota's social responsibility activities, Elizabeth Bradley Executive Chairman of Wesco Investments Limited and Deputy Chairman of Toyota SA says 'We always try to give expression to our feelings that the company must be part of the community where its workers reside and should not just exist for the benefit of its shareholders and workers We want communities that can benefit from the wealth and industrial development of the country — and we want to develop workers to the point where they will benefit industry as a whole, not just Toyota.'

THE JAPANESE INFLUENCE

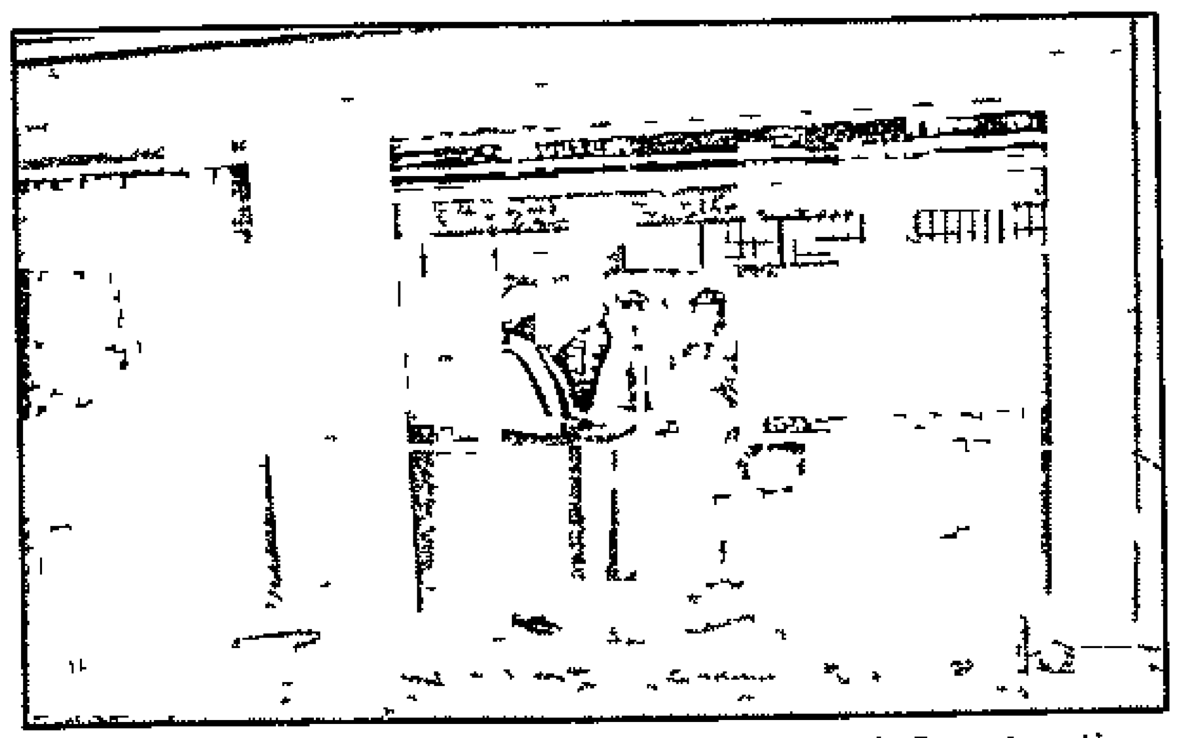
It is no secret that Japan is inherently one of the poorest countries in the world continues Mrs Bradley It has no natural resources or energy sources and yet it is an industrial and commercial giant This has been achieved through the efficient use of human resources

From the start of our business relationship with Japan we were aware that Toyota spent more time and effort on people than on any other aspect The Japanese are in a continuous state of development — always learning new skills mastering new arts improving themselves It is this kind of environment that we aim to promote — one of many flourishing businesses and many comfortable people

Toyota centres its upliftment efforts on three strategic areas — education community involvement and housing

EDUCATION

Here Toyota puts much emphasis on technical education and training for employees and their children This is done in house and through the funding of technical institutions



WORK IN PROGRESS Brian Fowler of LTA Construction (centre) discusses progress of the mechanical workshop at the Alexandra Education Centre with Toyota SA Marketing's Crosby Dlamini and Susan Smit

TECHNICAL EDUCATION

The focus on technical education is in line with the world wide Technical Education Programme initiated by Toyota Motor Corporation of Japan Recent local developments include the opening last year of the Toyota Institute of Technical Training at the Eskom Training College in Midrand Toyota apprentices are trained at this facility

SCHOOL EDUCATION

The company funds various secondary schools and plans to finance the building of pre-schools primary schools and more secondary schools in areas where its employees live

FEELING THE BENEFITS Daphne Mothapo, a receptionist at Toyota SA Marketing, and her husband Reverend Mac Mothapo, outside their new home bought with the assistance of Toyota's housing consultant, Fortune Homes

There are adult literacy projects and bursaries for secondary and tertiary education of employees children A high school bursary scheme available to staff earning less than R2 000 a month has been greeted with enthusiasm — and hundreds of applications

TOYOTA TEACH

The TOYOTA TEACH Primary School Programme supports the work done in creating comprehensive high schools in Umlazi Umbumbulu and Kwamakhuta The reasoning is that improved primary school education in the feeder areas will improve the ability of these schools to provide adequate secondary school education

COMMUNITY PROJECTS

The Toyota South Africa Foundation is a charitable fund and education trust jointly funded by Toyota SA and Toyota Motor Corporation of Japan Its main objective is the upliftment of underprivileged communities in South Africa — primarily through substantial support of ongoing educational social and charitable projects The building of a library in the new Alex San Kopano Community Centre has been funded by the Foundation The Foundation also contributed to the furnishing of the Study Centre and the provision of books through the READ Organisation

TRAINING FOR THE FUTURE Toyota's Technical Training Institute based at the Eskom Training College in Midrand, which opened last year Toyota apprentices are trained at this facility

The Toyota Africa Donations Committee has similar guidelines but focuses on smaller projects It makes annual donations to universities teacher training colleges technikons and technical colleges

The committee provides financial assistance to approved foundations such as the Urban Foundation the Rural Foundation and the Siyazisiza Trust Further it allocates funds for special education projects career guidance and various social welfare programmes

A substantial donation made by the Foundation was used to finance the second phase of the Alexandra Community Education (ACE) Project

Many welfare projects have also benefited from funding by the Foundation and Donations Committees of Toyota SA

HOUSING

Home Ownership

Through an ingenious ownership plan, Toyota is helping many of its workers to buy their own homes By investing R25 million over the next five years Toyota hopes to make this dream come true for at least 3 000 employees presently paying rent. The home ownership plan not only helps workers to qualify for a building society loan but it is expected to allow them to repay their bonds in about 10 years instead of 20

Housing Developments

Toyota has initiated two sizeable residential developments in Natal — one at Fowell the other at Lamontville In the Transvaal the company has obtained 60 stands in old Alexandra for future development This site is adjacent to a primary school and a secondary school

A Housing Information Centre has been set up at Toyota to counsel employees on all aspects of buying and maintaining a home Creches pre-school and day care facilities feature prominently in Toyota's future plans

COMMITMENT NATIONWIDE

Since Toyota's manufacturing plant is situated near Durban and its marketing offices are near Johannesburg, the company's social responsibility activities tend to serve the greater areas of these cities All activities are co-ordinated from a centralised point in Johannesburg by the company's Manager Corporate Social Responsibility, Susan Smit

Toyota is however aware that needs exist elsewhere and provides special social responsibility budgets to its regional offices Funds from these budgets are allocated to needy causes throughout South Africa

Hawker stalls form part of responsibility programme

Sowetan 13/2/92

By JOE MDHLELA

IN SUPPORT of the informal business, Mercedes Benz of South Africa (MBSA) will shortly provide stalls from which hawkers will conduct their business, chief executive of the company, Mr Christo Kopke said

The stalls, to be erected at the factory's East London plant, have had the support of hawkers and workers, Kopke said

He said this was part of the company's social responsibility programme

"We could never have erected them without involving workers," Kopke said

He said hawkers would operate from a hygienic environment.

The union and management were working hard to bring about a sound industrial relations climate.

He said the hourly-paid work force was represented by the National Union of Metal Workers of South Africa

"Numsa represents 60 percent of all hourly-paid employees "

He said the nine-week strike action that rocked the company in 1990 served as a lesson that there was a lot to be achieved in the area of industrial relations

192

"We are proud that we are working more closely with the union to the satisfaction of both management and workers.

"Of course, we are far from perfect, but we are working hard to resolve the problems," he said.

Trading conditions hamstring McCarthy

B/Day 13/2/92

SEAN VAN ZYL (192)

MOTOR retailer McCarthy Group has disclosed an 11% drop in attributable earnings to R20,9m for the six months ended December. This, says the group, reflects the poor trading conditions in the industry.

Earnings amounted to 24,2c (1990: 27,4c) a share on which a dividend of 7,5c a share was declared.

The group kept its dividend payment in line with the previous year's and the drop in earnings resulted in the dividend cover falling to 3,2 times, compared with the previous period's 3,6 times.

Despite an 8% decline in unit sales, McCarthy managed to achieve a 7% increase in sales revenue to R1,5bn (R1,4bn).

The group's operating profit dropped by 8% to R42,3m (R46m).

The operating margin fell to 2,6% compared with the previous period's 3%.

The directors said that the total dealer market for new vehicles declined by 13% compared with the same period the previous year.

McCarthy's more modest 8% drop in unit sales indicated, therefore, that the group had increased its market share to 13% (12,5%), they added.

The directors noted that "the market for the group's products is not showing any sign of improvement and, in fact, has deteriorated further in the first six weeks of 1992".

McCarthy predicted that earnings were unlikely to be higher for the remainder of the trading year.

An 160% increase in finance charges to R2,4m (R954 000) was attributed by the directors to higher stock levels carried during the six months.

The heavier interest bill resulted in the group's pre-tax profit dropping 11% to R40,2m (R45,2m).

Taxed earnings, after outside shareholders' share, declined to R20,9m (R23,5m).

Brian Porter brings in R1m

BD 13/2/92 SEAN VAN ZYL (10/192)

MOTOR retailer Brian Porter Holdings has posted a 24% rise in attributable profit to R1m for the six months ended December, despite a drop in unit car sales

From earnings of 36,5c (1990 29,4c) a share, a dividend of 10c (8c) a share has been declared

Recently appointed MD Adrian Porter said the group's growth in earnings was satisfactory considering the tight operating conditions experienced during the period

He said the real increase in earnings resulted largely from tighter cost controls and improved contributions from the parts and service division.

Sales revenue climbed by 15% to R170,1m (R148m) despite a drop in unit sales of both new and used vehicles.

Export doors open to Benz

Sowetan 13/2/92

(192)

By JOE MDHLELA

POLITICAL changes in South Africa have opened up export markets in Africa previously closed to Mercedes-Benz of South Africa, according to the chief executive of the company, Mr Christo Kopke.

Kopke said the company exported vehicles to Zimbabwe, Zambia, Malawi, Mozambique and Burundi.

Namibia, Botswana, Lesotho and Swaziland were already part of the Southern African customs agreement and were already supplied with vehicles directly from MBSA, he added.

With the establishment of an export department, the company would aggressively pursue opportunities in the African export market.

He said Angola would at this stage be the only neighbouring country not to benefit from the export deal.

He said this was mainly because the MPLA did not represent all the people of that country

Even if a representative government were to be formed, the fact that Angolans drove on the right side of the road made the prospect of having export trade with it difficult.

He said the export target on commercial vehicles, the market that has potential at the moment, would be around 300 units this year, a total of R60 million.

Mr Christo Kopke

FM 14|2|92

publicity are a deterrent "The fines are severe but just as important, in this age of environmental awareness, is the fact that no company can afford the publicity associated with being caught deliberately abusing water systems"

He points out that while the Zenex conviction is a precedent in terms of harbour pollution, the department is prosecuting more cases of inland water pollution. "This serves as a warning that the department now has the people on the ground and legal backing from Pretoria to prosecute infringements"

Portnet harbour pollution officer Coen Ackerman says harbour spillages are few and falling. In April there were six major incidents of harbour pollution. That rose to 10 the next month but the number has fallen steadily since. In December there was just one major incident ■

MOTOR INDUSTRY FM 14|2|92

Losing the lead

(192)

Unleaded fuel, scheduled for introduction to SA in 1995, is likely to be available much earlier. Oil industry spokesmen say companies should be able to beat the target date by several months Some motor industry officials predict that limited supplies will be at the pumps as early as next year.

FM 14|2|92 (192)

They say that, with demand already high for unleaded fuel, at least one oil company is accelerating its programme in the hope of stealing a march on rivals — even if at only a handful of pumps around the country Car companies would probably be quick to import exotic cars now unavailable here because of the lack of unleaded fuel. More important, it would encourage them to develop their own ranges

Leaded fuel remains generally available in the rest of the world but modern engine development is based on the unleaded version. Some engines in SA vehicles are at least a generation behind overseas equivalents. However, companies say the change to more modern engines can be made with little fuss once the fuel is available

Companies have long warned that the delay in introducing unleaded fuels threatens to cause local vehicle technology to fall behind and, while some may argue that SA does not need the same vehicle sophistication as Japan, Europe and North America, outdated technology will make the SA motor industry uncompetitive in export markets.

With the domestic market still looking so sick, that is a prospect the industry does not relish As the latest figures show, new-vehicle sales continue to look terrible — to the extent that the industry wants government to relax HP restrictions Without it, companies say, the short-term future looks bleak indeed ■

JANUARY VEHICLE SALES

	1992	1991	% change
Cars			
January	14 766	15 089	−2,1
Dec (13 446)-Jan			+9,8
Light commercials			
January	7 069	7 971	−11,3
Dec (7 424)-Jan			−4,8
Medium commercials			
January	248	274	−9,5
Dec (214)-Jan			+15,9
Heavy commercials			
January	376	431	−12,8
Dec (327)-Jan			+15,0
Total sales			
January	22 459	23 765	−5,5
Dec (21 411)-Dec			+4,9

Source Naamsa

Squeeze on car firms may benefit consumer

MARC HASENFUSS (192)
Business Staff BDG 15/2/92

CONSUMER demands for affordable passenger cars could be met, albeit temporarily, in the next few months if vehicle sales remain static, a motor industry expert predicts

Ironically what has been bad news for the motor industry — weak new car sales in the past eight months — could turn into welcome news for consumers.

Weak sales have caused a glut of new vehicles in dealers' showrooms and burgeoning stocks might have to be sold off at large discounts to make way for the arrival of new model ranges

Vehicle manufacturers are due to release nine new models between March 1992 and March 1993.

Stocks have been piling up in dealerships since late last year as corporate buyers — the motor industry's main customers — have chosen to delay fleet purchases until the new models are released, Econometrix's motor industry expert Mr Tony Twine said.

He said the growing emphasis on residual value leasing (full maintenance leasing etc) has made potential car buyers more acutely aware of resale values

Mr Twine said buyers were definitely stalling purchases until the new models were launched to ensure acceptable resale prices

"Dealerships, currently battling to move their stock, will be further under pressure to clear showrooms to make space for new models."

Mr Twine believes that dealers will be forced to offer attractive discounts on new "old" models to shift sales.

He predicts that the new vehicle range would account for more than half of the expected 5 percent growth in new vehicle sales in 1992.

Economic pressures have forced dealers into a Catch-22 situation.

They either hold back excessive stock, pushing financing charges up or sell their merchandise at a discount, eroding operating margins.

In the long run most private buyers will still remain outside the new vehicle market's realms of affordability.

AUTOQUIP FM 31/1/92

A bumpy road

Activities: *Wholesaler of automotive accessories and tyres*

Control: *Directors 57%* 192

Chairman: *G J Santana, MD B D'arcy Coquelle*

Capital structure: *16m ords Market capitalisation R7,5m*

Share market: *Price 47c Yields 10,6% on dividend, 23,6% on earnings, p e ratio, 4,2, cover, 2,2 12-month high, 70c, low, 35c Trading volume last quarter, 123 000 shares*

Year to June	'88	'89	'90	'91
ST debt (Rm)	0 06	3,9	4,6	4,1
LT debt (Rm)	0 15	0,35	0,37	0,26
Debt equity ratio	—	0,58	0,56	0,45
Shareholders' interest	0 44	0,35	0,38	0,37
Int & leasing cover	14 8	8,9	4,3	4,1
Return on cap (%)	18 8	25 0	22,8	19,6
Turnover (Rm)	22 2	35,5	44,5	50,0
Pre-int profit (Rm)	2,6	5,2	5,2	5,0
Pre-int margin (%)	11,3	14,6	11,8	10,1
Earnings (c)	10 5	15,6	13,2	11,1
Dividends (c)	3	6,5	5	5
Net worth (c)	37	46	54	60

An increased interest bill and squeezed margins trimmed earnings for the second year running, though the dividend was held.

Chairman George Santana makes no bones about the tough conditions. The automotive replacement parts and accessories market has suffered a two-year drought, due mainly to recession, high inflation, punitive interest rates and no real growth. Competitors, driven by a need to de-stock, discounted to a depressed market

So, for the second year running, management made changes to hedge against the market downturn The Techniquip division,

FM 31/1/92 192

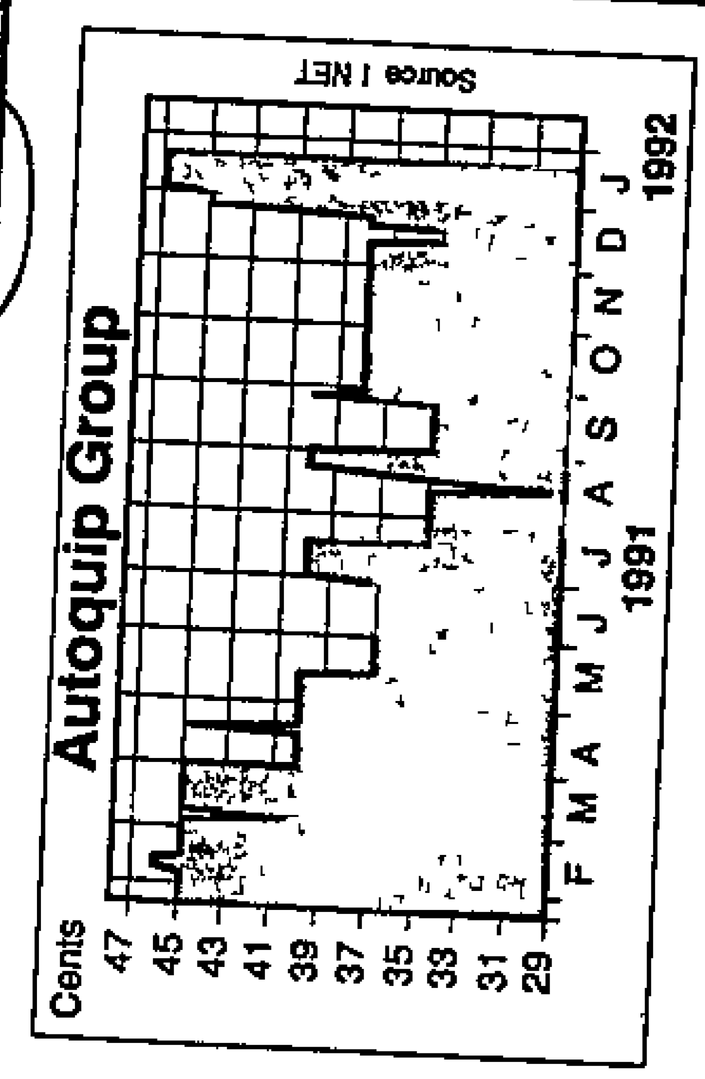
COMPANIES

which marketed mining and industrial bearings, was sold without loss A new company is being formed to use Techniquip's infrastructure It will focus on the existing customer base of replacement parts stockists

Santana says marketing policy is being reviewed and branches have been relocated

The investment in the foreign division was sold at a small profit of R17 000 Though the investment had performed well despite tight market conditions, Autoquip foresees more exciting growth prospects at home

Santana believes growth prospects in SA are unequalled in the western world He says the car parts industry has a huge market He expects black ownership to double within



eight years, with most purchases being used vehicles This will extend the car parque and benefit the parts and accessories industries

The average life of the car parque has increased to 10 years from 7,5 in 1985 This trend is expected to accelerate Spare parts required to keep a vehicle mobile increase dramatically from the age of six years

Santana expects improved demand this year He says customers will need to rebuild stocks and so margins should recover to more realistic values.

Santana has retired because his Australian interests have become increasingly onerous

The share has had a bumpy 12 months, with a wide trading range But volatility applies to other car parts shares The market has not known how to value them because of the squeeze on margins

Liz Rouse

Nissan's new training drive

Sowetan 31/1/92

By MZIMASI NGUDLE

NISSAN is determined to infuse a new dimension in literacy programmes by putting a strong emphasis on functional rather than generic literacy

At the launch of a literacy awareness campaign yesterday, general manager Mr Sarel Liebenberg said the main objective of its literacy programmes is to exploit the optimal ability of an individual that will pay off in increased productivity and thus improving the quality of life for its giant workforce

"Time is past when literacy programmes had as their sole objective the training of an individual to decipher words and numbers," he said

"A more systematic approach, both historical and futuristic, is urgently needed to enable an individual, not only to read and write, but also to inculcate powers of interpretation and analysis that will ensure positive and active response to what he is reading ".

He said the company has firstly a responsibility towards its shareholders who must be assured the returns they expect from their investments

Secondly the company must provide facilities for the "incompany programme" and also finance outreach programmes for the families of the company's employees

The company is currently running programmes with about 1 000 participants

The company has secured the co-operation and support of Numsa and Cosatu in promoting public awareness so as to get the ball rolling, he said

Liebenberg said the company is presently negotiating with SABC television to participate in the current literacy programme series on TV1, *New Vision,* which consists of 13 episodes

The company also intends to negotiate with the new television channel CCV TV in order to have some of its programmes broadcast

Extenal auditors have praised the programme as a tremendous success and a welcome dramatic departure from the host of quick fix schemes and "fly-by-night" schools

S/Times [Buss] 2/2/92

Traders to meet here

SOUTH Africa will host a world conference of motor traders in 1994 (192)

An invitation ~~from~~ Errol Richardson, president of the Motor Industries' Federation to the International Organisation of Motor Traders and Repairers (IOMTR) in Canberra last year was "accepted with enthusiasm"

The IOMTR has 38 member organisations in 24 countries and represents 600 000 businesses Member countries include Japan, the US, Germany, Italy and France

The conference will probably be held in Cape Town.

Strike threat by 8 000 workers at VW

(192)

DIRK HARTFORD

ABOUT 8 000 workers at Volkswagen's Port Elizabeth and Uitenhage plants could go on strike next week over the dismissal of 39 press shop workers last Thursday for failing to reach revised company production schedules 13/1Day 20/2/92

Cosatu president, Numsa member and Volkswagen worker John Gomomo said the results of a strike ballot would be known today If, as he expected, a majority voted for a strike, VW would be given three days' notice before the strike began

VW spokesman Matt Gennrich confirmed the ballot had taken place but said work was continuing as normal He said a strike would be unprocedural and negotiations with Numsa were continuing

The issue underlying the dispute is whether management has a unilateral right to set production targets Last September, VW revised press shop production targets from 160 to 211 floors an hour VW was "satisfied" these targets could be achieved easily and believed the failure of the 39 dismissed workers to achieve them was "wilful defiance of a legitimate instruction" However, Numsa said workers consistently were unable to reach VW's target

VENTER LEISURE (192)

Profitable for some

FM 21/2/92

When Venter Leisure & Commercial Trailers (Ventel) published its prospectus, the *FM* called the public offer of 4m shares at 150c expensive *(Fox* February 7) Further examination bears this out and raises questions about the tangible asset base relative to issue price and the structure of the deal

For one thing, just about all of the R25,5m to be raised will go towards the acquisition of founder Jasper Venter's business (R23m) and cover listing costs (R1,9m) That leaves just over R500 000 for the company

Deputy chairman Michael Katcs believes the company has budgeted adequately for working capital and other new developments After indicating to institutional investors, who took up 13m shares in a private placing, that Ventel had no requirement for most of the R25,5m, he feels comfortable with the way the money will be used

He points out that Ventel is a strong cash generator Results support this claim, but investors would probably feel happier if more of the proceeds were kept in the group

The prospectus puts net tangible assets at September 30 at R20,2m Yet tangible NAV, after an issue which raises R25,5m, is only 28,1c a share, or R14m on 50m issued shares So it seems the issue is eroding rather than enhancing the asset base

Katcs argues that as the businesses were introduced into the structure to reorganise the group for future goals, direct comparisons are unfair September data was "simply included as a pro forma statement"

One would think this information vital to potential investors, but Katcs goes on to say that, while taking the point regarding the net tangible asset base, the major assets, though intangible, should be regarded in terms of international brand accounting as major assets He says these assets could be sold a lot easier than plant and equipment.

While this argument will find some support, there is certainly no unanimity internationally that brands should carry balance sheet values And even if they should, their valuation is another minefield

FM 21/2/92 (192)

Katcs admits there is an element of wealth creation, but that overall it is "considered a very fine merchant banking transaction" He points out that the price of about R36,5m was negotiated in December 1990

"Between then and the listing, p e ratios have improved substantially and the Industrial index has moved up 50%. The Venter vendors are not unhappy in that they will reap the benefits of the restructured business it would be plain stupidity for shareholders to discount the restructured business back to a value established in 1990," he says

A further point is that the buyers of the business, called the Rosemay vendors and headed by Katcs, are being paid R960 000 for "intellectual property" concerning their work in the trailer industry They are also being allotted 27,6m shares, valued at R41,35m Yet the R36,5m consideration for the original Venter business — R5m of it has been met by the issue of Ventel shares — suggests the Rosemay vendors walk away with a profit of almost R12m

An unfortunate term

Katcs says "intellectual property" is an unfortunate term Rosemay has sold patents and trademarks and one is for a taxi trailer which management feels has the potential to become the group's largest single product

He says the vendors were able to receive "fair value at a higher rate than the price agreed to in 1990" and, because of the improved market and beneficial after-tax effect, do make a "theoretical paper profit"

Katcs emphasises that the institutional market, which he says recognises market dominance, brand accounting and cash flows as the fundamentals which drive the business, received the offer well He concedes Ventel is not an investment for investors who like heavy asset backing

The offer, which closes next week, will probably be well subscribed Ventel may become a market highflyer The question is how long will it fly before the fundamentals catch up with it?

Shaun Harris

BRIAN PORTER MOTORS

FM 2/12/92

Turning upwards

192

If there is any market sector, other than clothing and textiles, where earnings were expected to fall sharply, it is the motor industry So it came as a surprise when Brian Porter Motors, whose profit record has long been stodgy, reported a 24% surge in earnings for the six months to end-December

Executive chairman Brian Porter last year was succeeded as MD by his brother, Adrian, who (though he has been with the operation for at least 25 years) seems to be making his mark in his new capacity

Still, for Brian Porter Motors it's a fine line between profit and loss The difference in six months' operating profits between

FM 2/12/92 FOX

1990 and 1991 was R410 000 After interest and tax, this was whittled down to R202 000 This is not to be sneezed at But when the business is operating on such fine margins (it fell from 2,26% in 1990 to 2,21% last year) it does not take much movement to affect earnings

192

Adrian Porter is optimistic that the remainder of the financial year to June will produce results similar to the first half He is depending more on generating efficiencies out of peripheral services, such as maintenance, rather than on vehicle sales It will be interesting to see if he can maintain a more favourable profit trend

Gerald Hirshon

Metair beats recession

B/Day 21/2/92

EDWARD WEST

DIVERSIFIED vehicle component manufacturing group Metair Investments — an associate of Wesco — beat the recession and poor vehicle sales last year and lifted earnings 80%, effectively erasing the previous year's poor performance

Earnings rose to 275c a share in the year to end-December from 153c in 1990 and 245c in 1989

The preliminary results show that turnover increased 18% to R390m and pre-tax profits increased 41% to R27m. Gross profit margins increased slightly from 5,82% to 6,94%

With income from associated companies Hella SA and First National Batteries up to a R1,3m profit from 1990's R159 000 loss, attributable profit amounted to R15,6m This compares with 1990's profit of R8,6m before an extraordinary write-off (192)

Metair directors attributed the group's good performance to contributions from all its subsidiaries.

VW lands R150m export deal

(192) Argus 22/2/92

VOLKSWAGEN South Africa (VWSA) has landed a R150 million export contract and is planning to invest a further R252 million in its Uitenhage plant

"Following a year which saw a number of new sales records for some of our products, and a January passenger car market share of 22 percent, VWSA is poised to tackle a difficult 1992 with confidence," says Mr Adam Bage, VWSA's Finance Director

Volkswagen was one of only three motor manufacturers in South Africa to improve market share during 1991.

ADE price freeze may benefit farmers

Business Day Reporter

ATLANTIS Diesel Engines (ADE) will freeze the prices of all its tractor engines until year end, which may help the depressed farming sector, says MD Fritz Korte BDay 24/2/92

Korte said the move was equivalent to a price cut of 32% on ADE models since July 1990 He said ADE was confident tractor manufacturers would pass the benefits of this price freeze onto farmers

The reduction would result in the engine representing only 15% of the expected retail price of tractors by the end of the year This compares favourably to the 17% figure of June 1990, Korte said

He said ADE was able to implement the engine price freeze because of the success of its current cost-cutting programmes

While 1992 retail tractor sales forecasts were currently set at 2 800 units, compared with 2 860 units sold in 1991, ADE was confident the market would show a gradual long-term improvement

R20-m Delta export venture takes off

(192) ARG 25/2/92

PAT CANDIDO
Argus Bureau

PORT ELIZABETH — A R20 million investment by Delta Motor Corporation in catalytic converter production has started to pay dividends

Delta's director of commercial and industrial holdings, Mr Andre Van Rooyen, said the entire yearly production of 300 000 catalytic convertered from Precision Exhaust Systems would be exported to motor manufacturers in Europe

He said European legislation would shortly require the fitment of catalytic converters to all vehicles which would result in significant growth in the overall market

Mr Van Rooyen said the high local content and price of catalytic converters made them a natural choice for manufacturers looking to increase their local content, provide jobs and boost the gross national product.

The manufacture of catalytic converters would also allow Delta to fit the equipment to vehicles in South Africa when required

Mr Van Rooyen said another subsidiary, Connosieur Air Conditioning, was also doing well He said the company was acquired in 1988 for R2,5 million when the company found they were not satisfied with the performance of air conditioners in passenger cars

The company was later moved to Aloes and from small beginnings Connoisseur had grown into a major player enjoying 30 percent of the aftermarket business in South Africa

Efforts to penetrate the market were rewarded late last year when the company was awarded its firt major contract by a leading manufacturer of small cars

This would raise 1992 turnover to R37 million, which represented annual compounded growth of 50 percent since 1988 He said the company was extremely bullish about its future growth aspects

Exports of aftermarket aircon systems to Europe presented a major sales and profit opportunity and the company planned to have its first samples with distributors before the start of the European summer

■ Delta Motor Corporation will complete a R250 million investment in new model tooling, plant expansions and improvements to facilities and equipment this year — all financed from profits and without borrowing

Delta's chairman and chief executive, Mr Keith Butler Wheelhouse,who was speaking at a media function to celebrate the fifth aniversary of the company, said this was the single biggest capital investment in the company's history He said R110 million would be spent on upgrading the two separate facilities in Port Elizabeth and the rest would go towards new model tooling to enable Delta to bring the South African motorist the latest automotive technology in a variety of high-quality Open passenger cars and Isuzu commercial vehicles

Last year Delta started four major expansion programmes

Delta gears up for global markets

B/Day 25/2/92 (192)

Own Correspondent

CAPE TOWN — Delta Motor Corporation is carrying out a R250m expansion and modernisation programme — without borrowing — as part of a strategic plan to become globally competitive, chairman and CE Keith Butler-Wheelhouse told a news conference yesterday

Meanwhile, with no improvement expected in the SA market in the short term, it is already exporting millions of rand worth of parts to Europe and complete cars to some neighbouring countries

A rival manufacturer in SA, Volkswagen, is using an air conditioning system developed by Delta and manufactured by a subsidiary Another local car manufacturer is showing interest, and samples are being sent to Europe in the hope of orders

Delta, bought by management from its former US parent General Motors five years ago, manufactures under licence for Isuzu, Suzuki and Opel Delicate negotiations are now in progress for licensing rights in other African countries

Butler-Wheelhouse said there had been no substantial growth in the SA vehicle market for the past 11 years and that was one of the reasons Delta was aiming at international markets

"We feel our future is (in markets) outside SA "

Subsidised

He said one of Delta's subsidiaries, Precision Exhaust Systems, was now exporting its entire annual production of 300 000 catalytic converters to motor manufacturers in Europe

But these exports were having to be subsidised at present One reason for this was that Precision Exhaust Systems was paying more for SA-produced platinum and rhodium used in the converters than rival manufacturers outside this country

"Another disadvantage we have is that import duty has to be paid on our converters going into Europe And we have shipping costs, which is not the case with European competitors."

This was one of the reasons the Delta group had to become a competitive, global player

In answer to questions, Butler-Wheelhouse said new cars would not become affordable to the man in the street in SA until there was a resurgence of the economy with lower interest rates, an inflation rate no higher than that of SA's major trading partners, an easing of credit restrictions and higher employment

But he said "We see 1993 as a better year, based on expectations of the bank rate coming down and better control of inflation "

Parent firm buys out IDC stake in LuK

By Sven Lunsche (192/(63)) STAR 26/2/92

In a major investment by a German company, clutch manufacturer LuK has bought out the Industrial Development Corporation's (IDC) minority stake in LuK Africa (formerly Repco SA) for an undisclosed sum

National Selections, one of the IDC's two listed investment trusts, held a 49 percent stake in LuK Africa

Repco SA was established in 1964 as a joint venture between the IDC and an Australian company

The majority shareholding was bought by LuK in 1987 and the remaining 49 percent acquired this week through a permanent equity investment.

LuK chairman Dr E Kohlhage says the acquisition confirms his group's commitment to expand its operations in South Africa

"We envisage a substantial export potential of the local company's products through our worldwide network," Dr Kohlhage says

LuK SA is the leading local manufacturer of passenger and light commercial vehicle clutch assemblies and operates a factory in Port Elizabeth, employing 300

Poll unlikely to rev car trade

(192) ARG 26/2/92

Argus Bureau

PORT ELIZABETH. — The Potchefstroom election result and the forthcoming referendum would not do much for the motor industry's prospects, according to the chairman and chief executive of the Delta motor corporation

Speaking at a news conference to mark the company's fifth anniversary, Mr Keith Butler-Wheelhouse said the prospects for the motor industry and the economy were linked to politics, which would take time to sort out

Painting a gloomy picture for vehicle sales in South Africa this year, he said he did not believe the market would improve

Overseas operations help Trencor to defy recession

BDay 26/2/92 (192)

LINDA ENSOR

CAPE TOWN — Overseas operations and exports enabled the diversified Trencor group to defy recessionary trends in the local economy and produce a 22,8% rise in earnings in the six months to end-December.

Trencor is involved in the manufacture and export of containers It manufactures trailers and operates in the transport and tyre sectors

An interim dividend of 42c (35c) was declared on earnings of 312c (254c) a share

An improved year-on-year performance in foreign currency terms was made by Trencor's overseas operations which, together with exports, contribute about 60% of the group's total earnings

The world container market had been stable and the export of containers buoyant, Trencor chairman Neil Jowell said yesterday

On the local market the group's broadly spread transport interests — which represent about 10% of bottom-line earnings — did better than last year, but the engineering and tyre divisions fared worse as the recession took its toll on these sectors

Turnover rose 22,8% to R479m (R390m) but as the mix of business changed in favour of the high turnover low-margin tyre business, margins slipped to 14,8% (15,6%) and operating income showed only a 16,4% rise to R71m (R61m)

A sharp cut in interest-bearing debt saw finance charges drop to R11m (R10m) Attributable income of R45m (R36m) was notched

Trencor's convertible debenture issue to raise R260m happened too late to have much effect on the interim results, but Jowell said the money raised would contribute an estimated net income of R13m to the final results

Plans were in place to spend the money raised on expanding existing businesses Opportunities were being "actively developed" but Jowell did not believe the bulk of the money would be spent by year-end About R52m of the funds were used to cut interest-bearing debt to R40m, bringing gearing down to 6% (27%)

Year-end results would show an improvement but would be lower than last year's 28,5% increase, Jowell said A slowdown in the rate of growth was forecast for the next six months

The international container market was weaker because more capacity had come on stream In the final two to three months of the financial year containers would be exported on contracts concluded on less favourable margins

Trencor's parent, Mobile Industries, which has a 48% stake in Trencor, produced interim earnings of 78,1c (63c) and declared a dividend of 10c (8,2c) Its 74%-held subsidiary, Mobile Acceptances, which is involved in financing and leasing, produced "satisfactory" profits

WEEKLY MAIL, March 13 to 19 1992

LABOUR

Numsa squares up for battle

w/Mail 13/3-19/3/92

Union demands for pay rises are likely to run up against recession-hit employers in four key industries. **DREW FORREST** *previews the ground for some tough bargaining*

NATIONAL Union of Metalworkers' demands tabled this week in four key forums — including pay rises of up to 60 percent — foreshadow another year of extremely tough bargaining and industrial strife

In a bid to level conditions across and within industries, Numsa has tabled common "core" demands in the engineering, tyre and motor industrial councils and the auto sector's national bargaining forum About 600 000 workers are affected

The demands include a R2 an hour across-the-board pay rise, or 25 percent, whichever is greater, an unconditional retrenchments moratorium; a 40-hour week, 15 days' paid child care leave a year; six months' paid maternity leave; the training and retraining of retrenchees and a month's severance pay for each year of service

Numsa will also be tabling a code aimed at eradicating discrimination in employment practices and demands for a range of worker rights, including 20 days' annual leave for shop-steward training, the right to hold membership meetings on company premises for up to 10 hours a month, picketing rights and protection from dismissal during procedural strikes, and the right to information on all matters affecting workers

In the vital metal and engineering talks, which begin next week and which cover 350 000 workers, the union's R2 proposal amounts to 42 percent on the current bottom rate of R4,70 an hour

Les Kettledas ... many workers are desperate

A senior industry source described it as "excessive in the light of depressed conditions", stressing that metal industry retrenchments, currently running at 3 000 a month, showed no sign of abating A retrenchments moratorium was "unthinkable", he said

Numsa national organiser Les Kettledas described the lot of many workers as "desperate", pointing out that food inflation was the highest for a decade and that unemployment often meant additional dependents

He said that this year, the union would push for higher rates at the bottom to secure a living wage for the lower-paid In the motor industry, for example, the minimum wage demand is R4,50 an hour — a 60 percent rise on the current bottom rate of R2,72

This is sure to hit fierce employer resistance Last year, motor employers initially demanded a pay freeze, finally awarding rises of between eight and 10 percent to the industry's 200 000 workers

Kettledas said Numsa would demand the renewal of retrenchment moratoriums secured in watershed tyre and auto agreements last year, and the removal of conditions attached to these These include the exemption of firms in the event of sale or closure, and employers' right to cancel if unprocedural industrial action prevents the attainment of production targets

Auto employers, who see no immediate improvement in a tight market, are highly likely to resist an extension of the moratorium — three assemblers are already working short time and others may follow suit

Engineering industry sources said employers "were not in the mood" to grant Numsa's long list of paid leave demands, also including three days' compassionate leave per occurrence These chimed ill with the union's professed commitment to raising productivity, they added

Sector-specific demands include the absorption of engineering firms currently governed by house agreements into the main agreement, and the earlier expiry of the motor agreement to bring all four negotiations in line

LABOUR BRIEFS (192)

w/Mail

VWSA acts on targets

13/3-19/3/92

VOLKSWAGEN SA this week may have averted a strike at its Uitenhage plant when it offered to reinstate 39 workers dismissed at the beginning of February for not meeting production targets in the company's press shop.

The company is also willing to allow the National Productivity Institute to do an independent time and motion study to investigate workers claims that they cannot meet the company's targets of 211 parts an hour.

Union organiser Gavin Hartford says the company's offer goes some way to ratifying the union position that production targets had to be negotiated with workers and could not just be unilaterally implemented.

The union is still discussing VW's offer.

SA car makers set sights on global niche markets

STAR 27/2/92

By Jane Arbous (192)

Smuggling has long paid handsomely for South Africa's underworld which spirits some 13 000 stolen cars a year into black Africa

But, with anti-apartheid sanctions withering, such rackets face new, above-board competition as car and component producers carve out markets, not only in neighbouring states, but as far afield as Britain and China

Mercedes-Benz SA's chief executive Christoph Kopke says "The seven major manufacturers are working hard at developing exports — aiming at becoming global niche market players"

The removal of trade barriers will give impetus to an export drive encouraged by government incentives, local recession, and spare manufacturing capacity

Industry spokesmen expect a 57 percent rise in the value of car and component exports this year to R1,1 billion

Manufacturers qualify until 1995 for tax rebate incentives equal to one-half of the value of their foreign sales

The first major car export deal was undertaken in mid-1991 when Samcor exported 500 Sao Penzas, modified Mazda 323s, to Britain

In February Volkswagen (VWSA) announced a R150 million deal to export 5 000 Jettas to China in "the first step in a continuing business relationship" with its parent firm's joint venture in China

Nissan SA is negotiating to sell 2 000 cars a year to Taiwan

Mercedes-Benz SA, which operates the group's only car manufacturing plant outside Germany, has been sending components to its parent since 1990

Britain's Johnson Matthey and Germany's Zeuna Starker have established local bases for exports of catalytic converters to Europe

But the focus for local car makers is Africa, where they may be prepared to cut margins to gain a foothold, analysts say

"What we expect to see soon are the parent companies or international franchisers allowing them to take over their Africa markets in distribution agreements for finished vehicles," one analyst said

Apart from the competitive advantages of shorter supply lines compared with, say, Europe, SA manufacturers can export at prices below those in the local market where new vehicles are now beyond the reach of most

"The industry faces a crisis of affordability," a spokesman for the National Association of Automobile Manufacturers of South Africa (Naamsa) says

"Eighty percent of the new car market now consists of corporate buyers"

Mr Kopke says that comparing salary buying power to vehicle expense, cars cost three times more in South Africa than in Germany

Nissan SA says its export efforts are concentrating on Africa, while VWSA is investigating new markets after being host to an all-Africa motor industry conference last October — Sapa-Reuter

STAR 27/2/92 (192).

Imphold sees earnings rise

Imperial Holdings (Imphold) lifted turnover 18,9 percent to R374,7 million, with operating profit up 16,9 percent to R32,1 million, in the six months to December

Attributable income rose 25,2 percent to R12,3 million.

As a result of a larger number of shares in issue, earnings per share rose 23,2 percent to 21,6c (17,6c) a share.

The interim dividend has been lifted 21,4 percent to 8,5c per share

Imphold took advantage of poor trading conditions and in recent months had made a series of acquisitions worth R31,8 million

Since December Imphold has made two further acquisitions — 100 percent of Quattro Carriers and the business of Van Zyl's Spring Works for R6,8 million and R6,4 million respectively

Earnings of Imperial Group were 63,7c per share, compared with the 52,2c reported at the interim stage last year

Its interim dividend has been raised to 25c (20,6c) per share.

Imperial Group is the pyramid company of Imphold Its investment in Imphold has declined from 69 percent in December to 65,1 percent because of the new shares Imphold issued to make its acquisitions — Sapa

Motor group Imphold nets a 25% increase

BDay 27/2/92

(192)

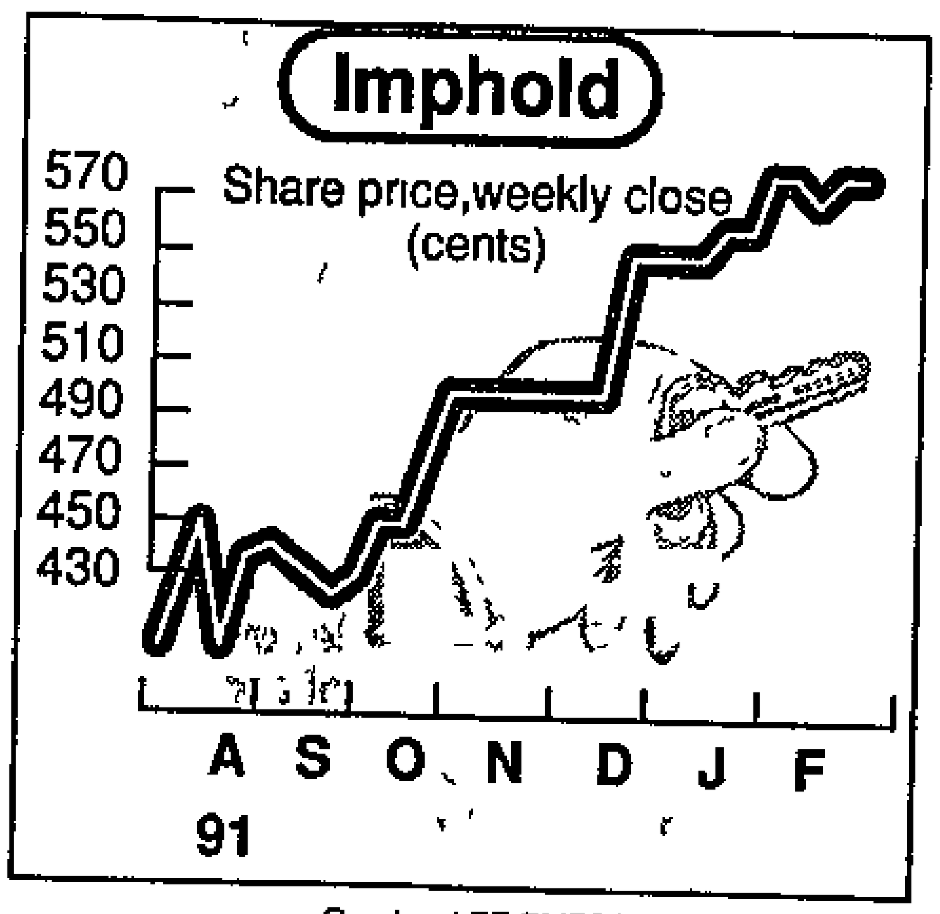
SEAN VAN ZYL

MOTOR and allied group Imphold had disclosed a 25% increase in attributable income to R12,3m for the six months ended December, maintaining its strong growth in earnings since listing five years ago, chairman Bill Lynch said

First half earnings were 21,6c a share (1990 17,5c) from which an interim dividend of 8,5c (7c), covered an unchanged 2,5 times, has been declared

Lynch said he was satisfied with the performance considering prevailing tight operating conditions during the period He added that Imphold took advantage of the recession to acquire three firms in broadly similar fields for almost R32m Payment was through the issue of 3,7-million new Imphold shares

The issue resulted in a modest dilution of earnings, also diluting parent Imperial Group's interest to 65,1% from 69%



Graphic LEE EMERTON Source I NET

The acquisitions were the entire share capital of Mercedes-Benz and Honda dealer group Mercurius Holdings for R18,6m, public transport firm Quattro Carriers for R6,8m, and automotive springs manufacturer Van Zyl's Spring Works, for R6,4m

Lynch expected the acquisitions to have a positive effect on group earnings and dividends in the short-term and to strengthen Imphold's ability to maintain its long-term growth record The group was confident of delivering "pleasing results" for the remainder of the trading year

Imphold's sales for the six months rose 19% to R374,7m (R315m) while operating profit increased 17% to R32m (R27,4m) The operating margin dropped marginally to 8,5% from the previous period's 8,6% Attributable income for the six months amounted to R12,3m (R9,8m)

Imperial Group increased its earnings to 63,7c (52,2c) a share while the dividend has been lifted to 25c (20,6c) a share

Lynch said conditions remained tight in the car rental market, although some relief was expected from increased tourism to SA Imphold's other operating divisions were also expected to weather the downturn in the economy, he said

Lynch said the group's fairly recent business venture into the short-term insurance market through Regent Insurance was also producing results He added that the insurer had maintained an adequate underwriting margin during the period while premium income had increased

FM 28/2/92 (192) FOX

METAIR INVESTMENTS (192)

More efficient

FM 28/2/92

Latest results from Metair go some way towards justifying the view that the motor components market is thriving as the national fleet ages. Turnover rose 18% in the year to end-February but the biggest boost to profitability came with the turnaround in the battery and rubber divisions

With problems largely sorted out in these divisions, operating margins widened This, and a lower tax rate, saw EPS rise 80%

MD Allan Plummer says the profit improvement was due to better efficiencies Expenses were well controlled, he says, and batch production was kept at optimal levels in all businesses The plan is to continue to give priority to cost containment, productivity and industrial relations.

Full effects of the R35m capital programme during 1990 — aimed at upgrading facilities at Metlink and Smiths Manufacturing — have yet to be felt. The expenditure does not appear to have placed any undue strain on the balance sheet Capital commitments at December 31 — including capex authorised but not contracted — reached R20m. At year-end, Metair had net interest-bearing debt, after offsetting R17m cash, of R27m, and the debt.equity ratio had fallen from the year-ago 0,26 to 0,19.

Cash flow could have been as much as R33m before changes in working capital and dividend payments With increased volumes, it seems likely that stocks had to be increased which — with the dividend payment and capex — implies debtors and creditors were squeezed to generate additional cash. Capex will probably remain fairly high, but there could be some easing this year

In May, Elizabeth Bradley succeeded Douglas Stewart as chairman Metair's income is largely SA-sourced but it hopes to increase export levels once sanctions are withdrawn, though much depends on the recession

Earnings should continue to grow but the rate of increase will slacken Meanwhile, the share, at R13, is down from the R14,75 high set when the interims were published in August The counter does not look expensive on a 4,8% historical dividend yield *Basil Barber*

FM 28/2/92 (192)

MOTOR INDUSTRY

FM 28/2/92 (192)

Showdown up ahead

Motor industry unions are likely to reject employers' efforts to end an eight-month-old moratorium on lay-offs when a new round of annual bargaining begins next week The moratorium, due to expire on July 1, took effect last year after acrimonious negotiations between vehicle manufacturers and unions

Production was brought almost to a halt by a two-week strike at nearly every major company The only one to escape was Mercedes-Benz

Employers are eager to end the moratorium and adjust staffing levels to the current circumstances With new-vehicle sales still depressed there's not enough work to go around and the industry has imposed widespread short-time working — in most cases a four-day week Hourly paid workers at one eastern Cape car plant have taken turns to stay away from work for up to six weeks at a time because there's not enough to do.

A senior industry executive estimates that more than 4 000 of the 37 000 workers in the vehicle assembly industry are not needed Others put the figure considerably higher He says. "A lot of employers believe that this moratorium should never have been allowed to creep in Now they can't adjust operations to suit circumstances "

But, having won the concession last year, the National Union of Metalworkers of SA (Numsa), the industry's biggest union, won't give it up lightly Union negotiator Les Kettledas confirms "The moratorium safeguards jobs and we want it to continue " He adds that Numsa will table its demands next week. Employers will then respond and formal negotiations should start by April. The date for a new agreement to take effect is July 1

Recognising that the union will press for a continuation of the moratorium, employers hope for a trade-off in other areas — such as lower wage rises Last year's average was about 13,5% Companies will argue that, with profitability under pressure, they can't afford overstaffing *and* high wage rises Job security must carry a price

Dave Kirby, BMW's industrial relations director and chairman of the Automobile Manufacturers Employers' Organisation, says· "If the moratorium is that important to the union, there could be a trade-off on issues such as wages and more flexibility in working hours."

Job security and wages will dominate discussions but training and education will also feature So will the disputes that continue to hamper the industry Several manufacturers have lost production recently because of labour disputes While most have been settled, Volkswagen still seeks agreement with Numsa over the sacking of 39 press shop workers for failing to meet production schedules at its Uitenhage plant near Port Elizabeth.

Numsa says production targets were increased arbitrarily by management without consultation. While the union says it is willing to consider VW's request for arbitration on the sackings issue, it insists that the company allows an independent study on whether the new schedules are realistic ■

Volkswagen strike ballot over productivity targets

(192) W/Mail 28/2-5/3/92

By FERIAL HAFFAJEE

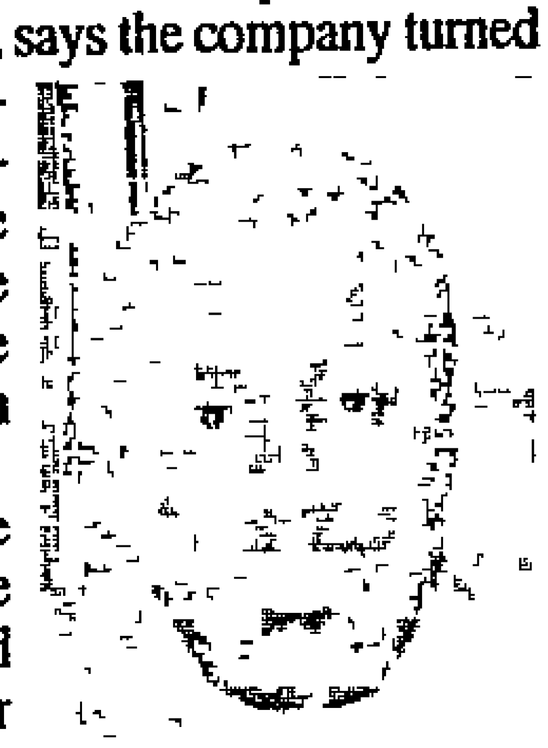
A STRIKE BALLOT at Volkswagen South Africa (VWSA) in Uitenhage is throwing the spotlight on the company's controversial production targets

Thirty-nine workers were dismissed at the beginning of February for failing to meet targets in the company's press shop Management says the workers "repeatedly failed to build the daily schedule required to fulfil export orders"

VWSA also said that the dismissals were procedurally fair

But workers feel they cannot meet the new targets The difficulty of these new targets is borne out by a work study conducted by the National Union of Metalworkers of South Africa which revealed that the machines could not work any faster. It also concluded that raising targets from 160 to 211 parts an hour was unreasonable.

John Gomomo, the Congress of South African Trade Union's president and Numsa's chief shop steward at Volkswagen, says the company turned down a recommendation that the work in the press shop be done on another line



John Gomomo

Instead the workers were dismissed soon after VWSA announced an export deal to China worth R150-million

The union and the company were in negotiations for most of this week in an attempt to iron out the dispute. A VWSA representative said the talks had been "positive and co-operative"

The union will decide whether to proceed with strike action or take the matter to arbitration.

The recession has resulted in a freeze on employment in many sectors It has also seen many companies opting for productivity deals with workers instead of conventional across the board increases

But these deals are not without their problems The National Union of Mineworkers recently abandoned the productivity-linked wage deals they concluded with the Chamber of Mines when these hit snags relating to the disclosure of information and a disillusionment among the NUM members with the deal

Motor sector to rethink rules?

(192)

CT. 28/2/92

Own Correspondent

JOHANNESBURG — Last year's historic agreement in the motor assembly sector, which linked job security to tighter controls over unprocedural action and committed the parties to "production schedules", is under threat as depressed market conditions force a rethink by management and workers

Already three of the seven major motor manufacturers — Volkswagen, Mercedes-Benz and Samcor — are working either a three-and-a-half or four-day week, while most others are preparing to "cut time, not jobs" if their market tightens further

The biggest problem for employers is the moratorium on retrenchments where their production schedules are not met

Motor sector may need new rules

Bday 28/2/92 (192)

DIRK HARTFORD

LAST year's historic agreement in the motor assembly sector, which linked job security to tighter controls over unprocedural action and committed the parties to "production schedules", is under threat as depressed market conditions force a rethink by management and workers

Already three of the seven major motor manufacturers — Volkswagen, Mercedes-Benz and Samcor — are working either a three-and-a-half- or four-day week, while most others are preparing to "cut time, not jobs" if their market tightens further

Only Toyota, which is working overtime to make up for a shortfall caused by a strike at component supplier Metlink, is confident its growing chunk of the market will enable it to manage — even, if necessary, within last year's agreement

Recent disputes at VW, Nissan and Goodyear on production schedules — where the 280 000-strong Numsa challenged management's prerogative unilaterally to set targets — point to a struggle between employers and the union to impose their own understanding of what the agreement should mean

VW's 8 000 workers are due to hold a ballot again next week on whether to strike over the production schedule VW increased the floors its press shop produces from 160 to 211 floors an hour. Numsa said workers were not able to reach the new target VW disagrees

And production at Nissan came to a standstill for more than a week this month after management cut wages for not producing according to its schedule, Numsa said The dispute declared by Goodyear over production schedules is currently on ice

The biggest problem for employers is the moratorium on retrenchments where their production schedules are not met The feeling of those surveyed yesterday was that the moratorium could not hold under present trading conditions and there was little optimism that conditions would improve this year

Employers have used shorter working time to get around the moratorium But there are other ways, according to a Nis-

□ To Page 2

Motor sector

Bday 28/2/92 (192)

□ From Page 1

san spokesman, like making workers redundant by permanently closing a whole section of the production process

At the same time employers feel the industry must be competitive internationally to survive This means agreeing on productivity and on production schedules in particular

But employers surveyed all agreed that it was "unacceptable" for the union to have a say in this "at this stage" BMW, on a four-day week for part of last year, said it consulted the union, but the final decision was its own "based on set standards"

All companies are trying to penetrate international niche markets — with some degree of success Although employers were generally tight-lipped about their penetration, components and cars are currently being produced for countries like China, Mexico, Britain and markets in Europe and Africa

But to meet the demands of these niche markets, production has to be stepped up as they are usually short runs on tight contracts A Delta representative spoke for most employers yesterday, saying "It was impossible to accept low productivity while keeping jobs secure and wages up"

He said employers and the union had to work towards a common purpose on productivity, job security, production schedules and industrial action

Numsa spokesman Les Kettledas said employers would soon be informed of its demands for this year's bargaining He would not be drawn on the debate around productivity and jobs until then, but said the union had put comprehensive proposals on these issues to employers last year "but they are always seeing spooks behind our recommendations".

However, union sources said this year's demands were likely to seek to improve workers' real wages substantially and improve job security

SUNDAY TIMES, Business Time

Audi spends R40m in bid for 25% share

S|Times (BUSS) 192

1/3/92

By DON ROBERTSON

AUDI has spent R40-million on tooling and production facilities for its new range of cars.

It hopes they will give it a 25% share of the luxury car market in SA

In an effort to improve its image, a separate marketing division will operate outside the Volkswagen ambit

Volkswagen SA managing director Peter Searle said at the launch of the radically changed models in the Eastern Transvaal this week that the previous models were "faceless" and did not have a good resale value.

The three new models in the range were expected to change this Production would be increased to between 300 and 350 a month

Mr Searle said Audi and other German makers of luxury cars saw the Japanese entry into this market as a major threat

Audi in Germany had successfully implemented a 13-point management plan

Mr Searle said: "It will ensure the long-term success of Audi in SA."

Flagship in the range is the 500SEL with a new 2,8-litre V6 engine which develops 128kW at 5 500rpm and 250Nm of torque at 3 000rpm The 500E and 500SE models retain the five-cylinder engines, although they have been enlarged

They produce 98kW at 5 500rpm and 186Nm of torque at 4 000rpm

Safety

The cars range in price from R103 000 to R140 000.

Later this year, an S4 Quattro will be introduced It uses a more powerful version of the 20-valve turbocharged, five-cylinder power plant which produces a whopping 169kW at 5 900rpm and 350Nm at a low 1 950rpm.

All models are fitted with the Procon-ten safety system (for programmed contraction and tension). In the event of frontal accident, the steering wheel and column are pulled into the dashboard, away from the head impact area, in hundredths of a second

Leather is an optional extra in all models. The SEL and SE models have climate control systems and optional cruise control.

The E models have a manual air-conditioning system Central locking and anti-theft systems are fitted to all models as are electric windows and mirrors

The body shells are galvanised and the vehicles are covered by a two-year or 70 000km guarantee.

Since the Audi launch in 1982, more than 1-million have been sold worldwide About 2 200 are sold each year in SA.

House loan lifeline

STANDARD Bank has launched an insurance policy to alleviate the effects of retrenchment on home owners

The plan provides cover if the borrower is ~~retrenched from~~ full-time employment or if his company closes.

The policy is available to those aged between 18 and 55 who have been with the same employer for a year and earn at least R2 000 a month They must also have a Standard Bank home loan S|Times (BUSS) 1/3/92

Venter to hitch up to the JSE today

192

MARCIA KLEIN

THE shares of Venter Leisure and Commercial Trailers (Ventel) will be listed on the JSE today following its R25,5m share offer at an issue price of 150c a share

Ventel, SA's major light leisure and commercial trailer manufacturer, will appear on the transportation sector of the JSE today at 11.30am, and analysts expect the shares to trade at between 150c and 170c Generally, analysts do not expect the share to trade at much of a premium, and the group itself has said the offer of 150c was fairly priced B/Day 4/3/92

Ventel's listing follows its offer of 17-million ordinary shares at an issue price of 150c a share The company said the private placement of 13-million shares was fully subscribed, and the public offer of 4-million shares was 11% oversubscribed

Ventel said some financial institutions reduced their allocations in terms of the private placing in order to allow public offer applications to be allocated in full

Chairman Pienkies du Plessis said directors were "extremely satisfied" with the reaction from institutions and the public, in spite of the tense investment climate and political uncertainty.

He said the group had met the warranted net profit before interest and tax of more than R12m for the year ending December. The results "augured well" for the company's future, and subsidiaries were trading in line with projections.

Du Plessis said Ventel had a competitive edge because of its fully integrated manufacturing process, its quality products, dominant market share, established distribution channels and strong cash flow. It would focus on expanding existing markets and developing export opportunities

Uncertainty over Volkswagen strike

B/Day, 4/3/92

WILSON ZWANE

IT WAS uncertain yesterday whether Numsa workers at the Volkswagen's Port Elizabeth and Uitenhage plants would go on strike over the dismissal of 39 workers last month

The workers were dismissed for repeatedly failing to reach revised company production schedules.

Volkswagen spokesman Matt Gennrich said a strike ballot would be unprocedural as the right to strike was limited to disputes of interest.

"Management does not believe this is a dispute of interest .. this is a dispute of rights and in terms of the recognition agreement signed by the company and Numsa," it should now be referred to arbitration."

He added that Numsa appeared to have accepted the management's view as it had not announced the results of a ballot it conducted about two weeks ago The issue was whether management had a unilateral right to set production targets

Numsa could not be reached for comment.

(192)

Metair plans to sell Metlink to Toyota

EDWARD WEST

METAIR plans to sell its vehicle component manufacturing subsidiary Metlink Manufacturing to Toyota SA, a cautionary announcement from Metair said today

Metlink Manufacturing has two factories in Durban manufacturing metal pressings, fabrications, seat frames, exhausts, chassis and rear load boxes almost exclusively for Toyota SA B/Day 5/3/92

Complications arising from maintaining a just-in-time system and coping with bouts of industrial unrest convinced management of both companies that production could be more efficient under common ownership, a statement from Metair said yesterday 192

A selling price had not yet been determined, but would be based on asset value and earnings capability, Metair said

Wesco Investments is the major shareholder in Toyota SA and Metair and the transactions would be handled at arm's length, the Metair statement said

COMPANIES

Higher Toyota dividend 'likely'

TOYOTA SA is expected to report a marginal decline in earnings for 1991 reflecting in part a depressed car market, analysts said, but they envisaged a higher dividend

They said the annual results, due on Friday, should show Toyota maintaining its leading, overall market share

"A modest decline in earnings is expected, but in the circumstances Toyota is still doing well," Anderson Wilson and Partners Inc analyst Doug Ellish said He predicted a 2% fall in net attributable income for 1991 to R110m from the year before

Analysts' forecasts ranged from a 1%-5% drop in 1991 earnings a share, after adjustment for the 10-for-one share split in the first half of 1991

They noted difficult trading conditions in the new vehicle market and a labour strike which hit Toyota's output

After adjustment for the pre-share split earnings for 1990 of 2,764c per share, Ellish predicted a decline to about 270c a share in 1991 and a 12% increase in the full year dividend to 53c a share (192)

An analyst who did not wish to be identified said she expected a 1% decline in earnings, but a rise of about 15% in the dividend Bday 5/3/92

Simpson McKie Inc's John Biccard, who expected a 5% drop in earnings, estimated Toyota had lost about 4% of total annual production because of a strike at its Durban plant However, Toyota had worked hard in the latter part of the second half to make up the loss — Reuter

Car makers rely more on local platinum

B/Day 5/3/92

TOKYO — Japan's vehicle industry will depend increasingly on SA platinum for catalytic converters due to growing concern about supplies from the former Soviet Union, car industry officials said (192)

They said demand for platinum-based catalytic converters will rise sharply over the next several years, especially in their European plants as EC emission controls come into effect, and that fears of instability in Russia will force Japanese car makers to look more and more towards SA

"We currently depend on long-term contracts with SA mining companies for nearly 60% of the platinum used for catalytic converters," said Toyota Motor Corp MD Iwao Okijima

"As SA returns to the international community, its supply stability seems to have improved," he added

A Toyota purchasing official said the firm would rely more on SA, with its dependence increasing to 80% in some years. Traditionally, Japanese car makers have had long-term SA contracts and prefer not to buy on the spot market

Finance ministry figures show that in 1991 Japan imported 70,72 tons of platinum, 28,7 tons from the former Soviet Union and 9,8 tons from SA

Japan's annual platinum demand for catalytic converters in 1991 was 385 000 troy ounces, said a Johnson Matthey report — Reuter

Quiet first day as Venter moves up 5c

B/Day 5/3/92

MARCIA KLEIN

THE first day of Venter Leisure and Commercial Trailers (Ventel) on the JSE yesterday was characterised by a reasonable amount of trade, but not much in the way of share movement

The share opened in the morning at 150c, in line with the issue price, and closed just 5c higher at 155c

Soon after opening Ventel went up to 155c and stayed at this level, although some stags tried to get 157c, with no takers

Analysts said yesterday that the day's trade was in line with expectations, and the listing had not created much excitement in the market (192)

The last trade of the day was a bear sale at 155c, which suggests that some investors think the share will go down

Yesterday's listing follows a R25,5m share offer of 17-million ordinary shares The private placement of 13-million shares was fully subscribed, and the public offer of 4-million shares 11% oversubscribed

Bosal Afrika set for major exports drive

AHQ 5/3/92

(192)

ROY COKAYNE

PRETORIA — Bosal Afrika, the Pretoria-based international exhaust manufacturing giant, is set to make major inroads into the export market

This coincides with Bosal Afrika this week opening a new R5 million exhaust system plant in Pretoria and a R10 million catalytic converter plant in Uitenhage — and the company's 40th anniversary

The new Pretoria plant is for the manufacture of a wide range of exhaust systems for the truck, bus and industrial market and the manufacture of stainless steel long-life exhaust systems while Catalytic Converter Industries (Pty) Ltd (CCI), a new 100 percent owned subsidiary of Bosal in Uitenhage, will manufacture catalytic converters with all the product manufactured initially for the export market

Company founder and group chairman Mr Karel Bos added that by April the company would be exporting normal exhaust systems again

Mr Bos described the export opportunities for the company in a sanctions-free environment as "fantastic" although he admitted the company had to become more efficient

Exports currently represent 15 percent of Bosal's turnover but all the product manufactured by the catalytic converter plant will be exported, increasing exports to about 30 percent of turnover, he said

Bosal last exported exhaust systems freely about five years ago although some exports still take place, such as substantial exports of VW Beetle exhaust systems, Mr Bos added

He said only the first phase of the catalytic converter plant had been built and he had no doubt they will have finalised preparations for a second phase by the end of this year

He hoped the second phase, involving a sizeable investment, would start by the second half of next year

Mr Bos said the initiative for the local manufacture of the catalytic converters resulted from the Phase VI local content programme

But, he said, Bosal did not believe it would always have to rely on subsidies to be able to export, providing it received some relief to bridge the distance between its major markets, which for the time being would be Europe and the European Community countries in particular

Labour unrest hits Toyota

(192)

From SEAN VAN ZYL CT 6/3/92

JOHANNESBURG — SA's leading vehicle manufacturer Toyota SA, plagued by labour problems and tough trading conditions, has disclosed a modest 7,6% rise in attributable profit to R120,8m for the year ended December

While operations had been running to budget in the first half of 1991, chairman Bert Wessels said Toyota's production in the past six months had been adversely affected by work stoppages as market trading conditions detoriorated noticeably

This resulted in component stock levels, recorded under current assets, increasing by 28% in value to R839,6m while the company's market share based on sales dipped to 28,8% from 28,9%.

Toyota's gross sales rose by 11,2% to R3,4bn (1990 R3,1bn) on the back of sales of 88 796 units against 1990's 96 627 units

Earnings for the year amounted to 297,3c (276,4c) a share from which a final dividend of 28,5c a share has been declared, making an unchanged 47,5c for the year The dividend cover has been lifted to 6,3 times from the previous year's 5,8 times.

Wessels expected operating conditions to improve in the second half of this year

He also expected that Toyota's stock levels would be brought back into balance by May this year.

FM 6/3/92

RIDING THE RECESSION

Six months to	Dec 25 '90	Jun 25 '91	Dec 25 '91
Turnover (Rm)	315	282	375
Pre-int profit (Rm)	27	29	32
Pre-tax profit (Rm)	23	28	28
Attributable (Rm)	10	12	12
Earnings (c)	17,6	20,8	21,6
Dividends (c)	7	8	8,5

(192)

IMPHOLD (192)

FM 6/3/92

Recession benefits

Diversified motor vehicle group Imphold continues to benefit from the spread of its operations The recession has hurt the market for new and used motor cars and trucks but it has encouraged growth at Imphold's car rental and leasing operations, its truck systems business and sales of vehicle parts and accessories

Operating profit for the six months to December 25 climbed nearly 17% to R32m on turnover which rose by around 19% to R375m Attributable earnings, bolstered by a fall in finance charges and the reduction in the company tax rate, improved by an impressive 25%

Imphold and its pyramid Imperial look set to maintain the good earnings record built up during the past few years

Executive chairman Bill Lynch says the contra-cyclical nature of some of the operations and the high level of vertical integration have enabled the group to deal with the recession

Though wholly owned Toyota distributor Imperial Motors is expected to show little growth this year, 60%-owned Imperial Car Rental and 75%-owned Imperial Truck Systems are performing well The recently formed insurance and services division, which includes motor vehicle insurer Regent Insurance and several panelbeating outlets, is on budget and expected to deliver good results for the year, says Lynch

Imphold has taken advantage of the depressed economy to take over some competitors Mercedes Benz and Honda distributor in the East Rand Mercurius Holdings was bought for R18,6m (settled by the issue of 3,7m Imphold shares), effective from September Since the December half-year, the group acquired Quattro Carriers and the business of Van Zyl's Spring Works for R6,8m and R6,4m respectively Both purchases were settled by the issue of Imphold shares

Short-term effects of these acquisitions on earnings and dividends are expected to be positive, if slight, but the increase in issued shares will curb EPS growth EPS gains of 23% in the first half were two percentage points behind attributable earnings improvement Nevertheless, Lynch is confident this dilution will do little to inhibit the good EPS increase expected for the full year

Lynch says Imphold's balance sheet remains healthy — though gearing climbed from 36% at year-end to 42% at the interim — and margins have been maintained despite strong competition in most of its markets Margins at year-end are expected to weaken slightly from last year's 9,5% as a result of the integration of the three acquisitions

Lynch says that though Imphold's current mix of products and services in the motor vehicle market has enabled it to perform well, the group would benefit considerably from an upturn in the economy Not only would there be a recovery in sales of new and used vehicles, which now account for about 17% of pre-tax profit, but there would be substantial benefits for the group's other transport services Greater foreign tourism will fuel the car rental business

Investors appear to have recognised Imphold's strengths The share has climbed from around 250c to 650c in the past year, giving an earnings multiple of 15,4 Potential investors who have been looking to buy the share have probably missed the boat for the time being At this level, the counter is beginning to look expensive

Simon Cashmore

Boost for W Cape motor industry

(192)

6/3/92

AUDREY D'ANGELO
Business Editor

INDUSTRY in the Western Cape has been given a major boost by the increased local content requirement for motor vehicles made in SA

And at least two firms in greater Cape Town are also exporting automotive parts to Europe.

Toyota (SA) announced yesterday that it was doubling the amount of money it spent on sourcing automotive parts in the Cape Town area

"In 1992 the new business will be worth an estimated R8m to Cape Town — nearly R700 000 a month", Toyota general purchasing manager Alan Warren said

"These calculations exclude the considerable amount of money Toyota spends on Atlantis Diesel Engines"

Bellville-based Sintered Metal Components, in the Dorbyl group, is one of the firms Warren named

Toyota is initially ordering R500 000 worth of crankshaft gears from this company A spokesman for Toyota said this business could expand dramatically because "sintered metal technology is in the future planning of the international motor industry"

Sintered Metal Components GM Hans Itter said his company was already supplying R1m worth of automotive parts a year to Volkswagen and was exporting about 5% of total production to Germany, England and the Channel Islands

"We shall soon be exporting to Italy and are in the process of appointing an agent in Holland

"We aim to increase our direct exports to 50% of production

"In addition to this we export indirectly because our biggest customer is Gabriel, which is exporting shock absorbers from its Cape Town factory

"Our second biggest customer is Armstrong, which also makes shock absorbers, in Port Elizabeth I believe Armstrong is also exporting"

Itter said his company was developing another product for Toyota This process would take about a year

Toyota also mentioned GUD Filters and Safety Transport Inter among Cape Town firms to which it has given orders

COMPANIES

Putting the brakes on CFC emissions

BDay 6/3/92

(192)

Business Day Reporter

TOYOTA SA has installed chlorofluorocarbon (CFC) recycling equipment at 25 of its franchised dealers handling vehicle air conditioner repairs

The move follows a worldwide campaign initiated by Toyota Japan to help reduce CFC emissions while a search for alternatives is being conducted, according to a Toyota SA statement

Normally CFCs are vented into the atmosphere when an air conditioner needs to be repaired

However, 25 of Toyota's repair stations would now connect a recovery device to the vehicle's airconditioning system and bleed off the remaining CFCs for recycling, the statement said

SA automotive aircon supplier Dunair has also developed a local CFC recovery unit Toyota national service manager Colin Chick said CFC emissions from Toyota would cease in 1992

Toyota's results show effect of labour woes

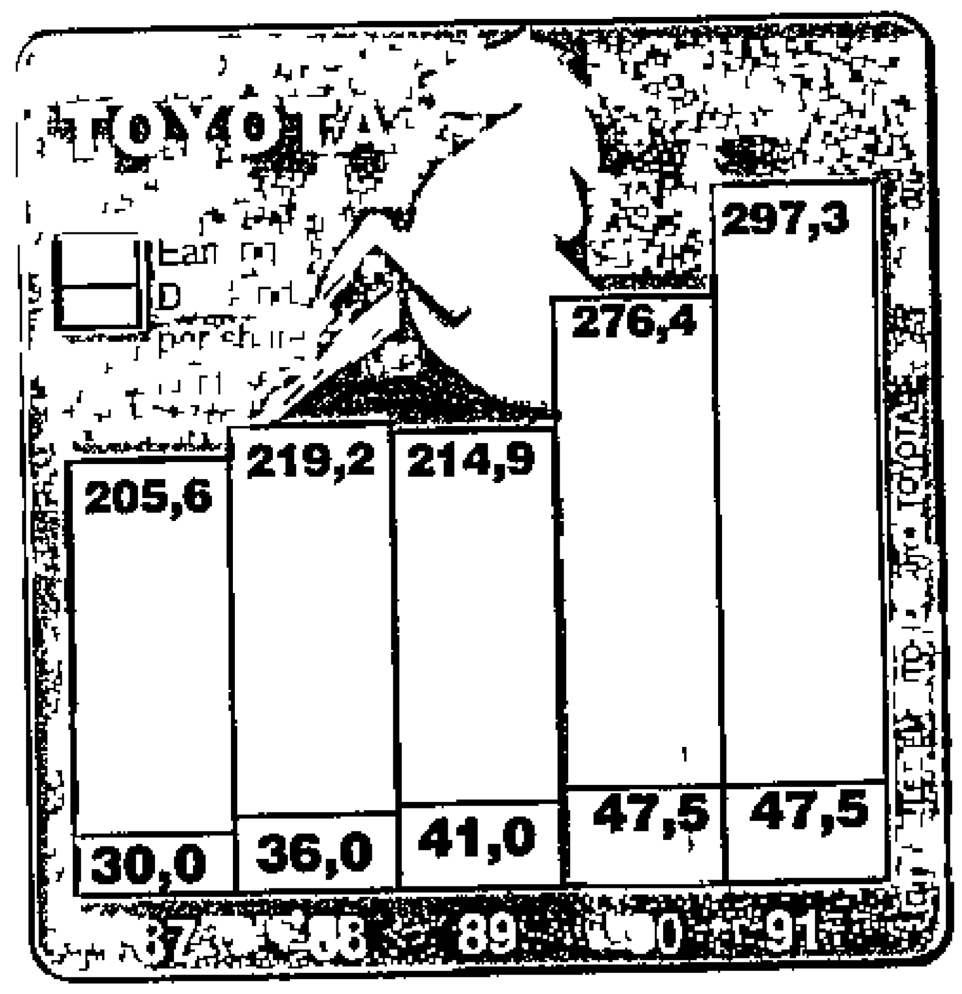
BDay 6/3/92 (192)

SEAN VAN ZYL

SA's leading vehicle manufacturer Toyota SA, plagued by labour problems and tough trading conditions, has disclosed a modest 7,6% rise in attributable profit to R120,8m for the year ended December

While operations had been running to budget in the first half of 1991, chairman Bert Wessels said Toyota's production in the past six months had been adversely affected by work stoppages as market trading conditions detoriorated noticeably

This resulted in component stock levels, recorded under current assets, increasing by 28% in value to R839,6m while the company's market share based on sales dipped to 28,8% from 28,9%



Toyota's gross sales rose by 11,2% to R3,4bn (1990 R3,1bn) on the back of sales of 88 796 units against 1990's 96 627 units

Earnings for the year amounted to 297,3c (276,4c) a share from which a final dividend of 28,5c a share has been declared, making an unchanged 47,5c for the year The dividend cover has been lifted to 6,3 times from the previous year's 5,8 times

Wessels expected operating conditions to improve in the second half of this year

He also expected that Toyota's stock levels would be brought back into balance by May this year

Toyota has projected a 4,3% growth in vehicle sales in 1992 compared with last year's 8,1% decline in industry sales

Wessels said he was concerned with the affordability of vehicles and "during the coming year there will be a tremendous focus on containing vehicle price escalations" As a result, price increases in 1992 were expected to "relate fairly closely to the consumer price index"

Wessels noted that vehicle manufacturers were faced with fluctuations in the rand exchange rate "Inflationary pressures, the declining value of the rand against the yen and labour problems all imposed their own restrictions on growth" Although the value of sales increased by slightly more than 10%, Toyota's operating income for the year rose by only 4% to R262,3m (R252,3m) while the operating margin dropped to 7,5% from 8%. A slightly lower tax bill helped boost the company's net profit, resulting in a 7,6% rise in attributable income to R120,8m (R112,3m)

Motor trade sees little hope in lower HP plea

MARC HASENFUSS
Business staff

(192) ARGT 7/3/92

APPEALS by the motor industry for government to review current hire purchase (HP) requirements will not rev up flagging vehicle sales, motor industry analysts say

The National Association of Automobile Manufacturers of South Africa (Naamsa) recently asked government to investigate minimum HP requirements with a view to extending the maximum payment period of 42 months (and 15 percent deposit) to 48 or even 60 months.

A senior Wesbank official said that although such a move would be welcomed by the banks it was doubtful whether government would be persuaded

According to Wesbank's estimates, payments on a R40 200 car of R1 468 for 42 months would fall to R1 356 a month over 48 months

However, the total amount paid after adding interest totalled more than R65 000 for 48 months, compared with about R62 000 over 42 months

Industry analysts believe that only a direct and significant reduction in vehicle prices will succeed in pulling the private buyer back into the depressed new car market

But Toyota marketing managing director Mr Brand Pretorius said the motor industry's hands were tied when it came to direct reductions in the cost of new vehicles

He said "The prevailing HP measures were introduced at a time when the country was effectively under a balance of payments siege They were not taken to directly inhibit inflation, but rather as a necessary step to limit exposure to the usage of foreign exchange"

He said the pressure had come off with the introduction of the local content programme and a merked improvement in the country's balance of payments

Mr Pretorius said the extended payment periods would bring down the affordability threshold on new and used cars

These longer repayment periods would not be out of line with the current trend toward extended periods of ownership amongst vehicle buyers, he said market in parts and rebuilds is just not up to expectations By now, less than eight years to the end of the century vehicle manufacturers, finance companies and other industries allied to trucks expected to be reaping some benefits from the informal sectors of the economy and social tapestry

But it hasn't happened yet This is mainly due to the business sector's lack of confidence in the future economic and social order that is unfolding

Aspirant black entrepreneurs hankering for a shot at the freight or passenger transport business still have not learned, or been taught, that, in addition to meeting the needs of standard banking requirements regarding credit transactions, a viable transport contract plus the availability of a suitable truck to do the work are the first steps in becoming a successful operator

Academy

The new transport academy, established by Nafto, will make an inroad into the urgently needed basic skills the banking industry demands before agreeing to fund newcomers

However, all of this will take time and is unlikely to be a factor this year

Short-term or daily truck rental companies are more likely to be sellers of excess fleet capacity than buyers of new or additional vehicles Utilisation of these fleets has been at an unacceptable level for most of the past two years A quicker economic pace is essential to a recovery in this segment of the market

Those who pinned their hopes on the midi-bus (approximately 25 to 30 seats)

(192)

S/T, F, 8/3/92 (TRUCK TIMES)

By PATRICK O'LEARY

SOUNDS of optimism are being heard in the trucking industry as manufacturers shed the gloom of last year's disastrous new vehicle sales record

Adolf Moosbauer, Mercedes-Benz management board member responsible for commercial vehicles, says he is optimistic that the over five-ton GVM commercial vehicle category will show an 8% to 10% increase for the total industry during 1992.

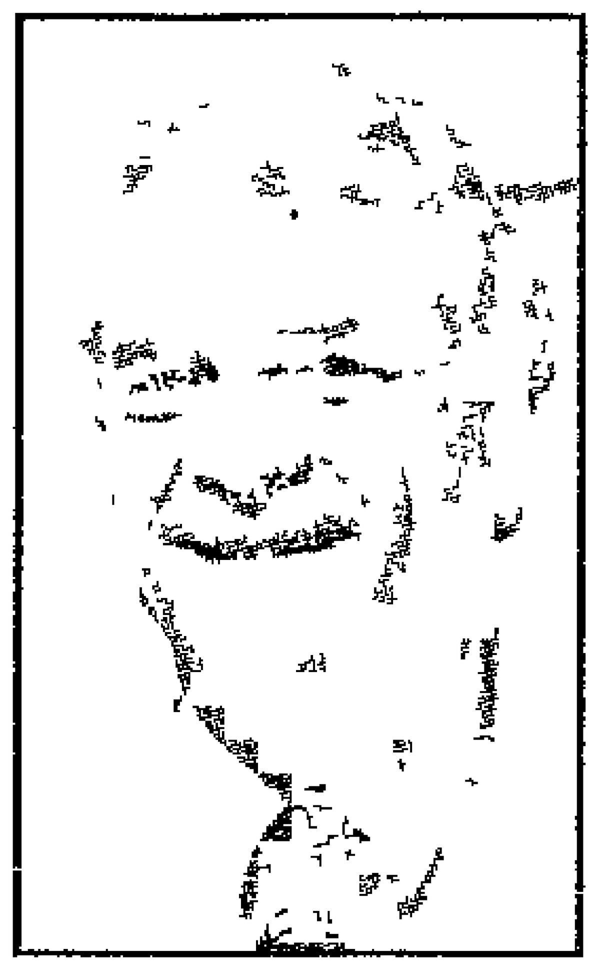
"This slight improvement in the commercial vehicle market will be the result of operators finding it necessary to replace vehicles as they have stretched the economic lives of their fleets to the absolute limit," he says

He cautions, however, that sales during this year will not reflect the complete upturn in the commercial vehicle market as was previously hoped for With regard to prices, he anticipates that increases will be below that of the inflation rate, putting them at approximately 12%

"That is if no unforeseen occurrences, such as a negative trend in the exchange rate, take place," he says

MBSA's cautious optimism is in line with the view of Des Gush, director of Toyota Trucks, who expects matters to improve with added impetus after the second quarter

"Our forecast is that the heavy vehicle market has the potential to absorb 6 100 units in 1992, an improvement of around six percent on sales for 1991"



TOYOTA'S DES GUSH

Mr Gush says sales in the medium commercial market have been underpinned by a demand for local delivery vehicles

"In 1992 we expect an improvement in sales in the order of seven percent for a forecast of 4 600 medium commercials This gives us a total truck market forecast to 10 700 units for 1992"

Growth

Delta Motor Corporation is also moving into top gear in anticipation of renewed growth in the truck market

Isuzu marketing manager Alan Henderson says a new, dedicated Isuzu marketing team is in place at Delta's Johannesburg offices

"We have also moved our truck manufacturing operations to a dedicated new R7-million plant at Aloes, about 10km outside of Port Elizabeth"

AS THE Government moves towards further implementation of its new transport and traffic legislation package on-going modifications, amendments and deletions can be expected

Annual amendments will be a necessary feature for at least the next few years

One of the more important and interesting changes likely to be introduced and/or implemented in 1992 and early 1993 is the opening of registers for licenced operators

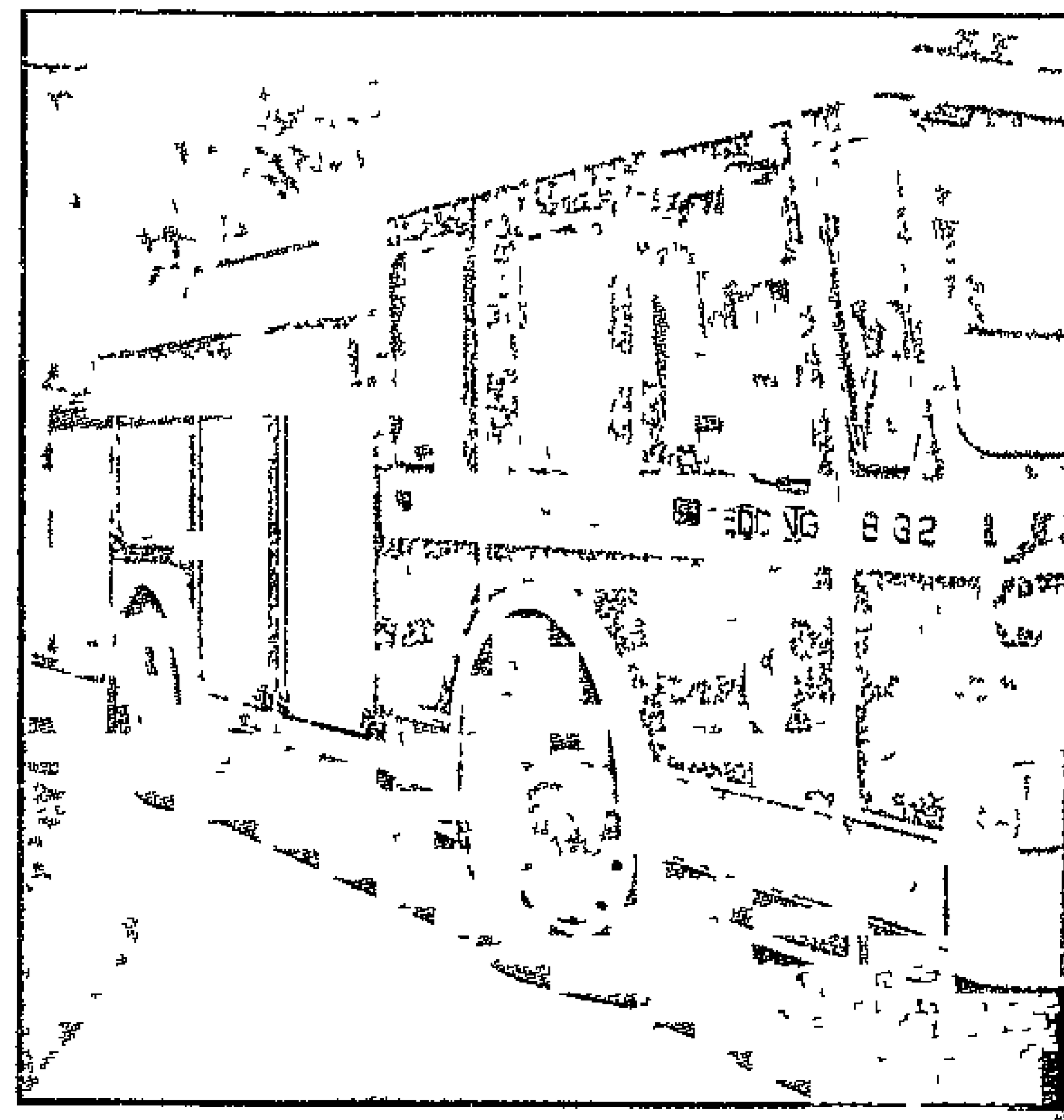
This is an important prerequisite to deregulation of freight transport in South Africa and the removal of the existing permit system

Phasing in for freight transport begins on July 1 this year and is set to be completed by June 1993 Passenger transport phasing-in commences on July 1 1993 and

should be co

In the likel test stations annual certif cially for pr must comply port Quality that the exis quirement w that must q next phase o

The comp censes is like this year an originally c testing cent



AN ERF Super Trailblazer chassis has been suc emergency fire vehicle that, according to the cli car" The vehicle, supplied to the Algoa Region lightweight aluminium body giving it a GVM of n

With its 213kW (at 2 100rpm) ADE 447HT turboc shortened wheelbase of 4,3m, the unit is both ma top speed of 125km/h. The unit was designed a Apparatus at its Boksburg plant and contains a hi

"The cab and body is locally made in aluminiu four-door cab manufactured for a major fire engine Bill Lawrence He adds that its local content makes tive in price in relation to an imported unit of si

INTERNATIONAL TRUCK MARKETS

S/Times 8/3/92 (TRUCK TIMES)

By MAX BRAUN

THE plight of truck builders is not peculiar to South African manufacturers Other than Germany, where order books are full, truck manufacturers worldwide are in the red

Unlike Germany, where MAN and Mercedes-Benz have capitalised on the huge demand for trucks after reunification, other West European truck builders are in deep trouble

The UK truck market is down 50% in just two years DAF/Leyland, who look to the UK for one-third of its turnover, has accumulated huge losses, cut their labour force by 12% and reduced production to stop a massive inventory build-up Industry watchers even suggest DAF may be up for grabs

The whisper is that Mitsubishi are interested to get more than a toehold in Europe ERF in the UK is also losing money

(192)

INVESTMENT

After digesting its takeover of Enasa in Spain, Iveco have suffered a dramatic drop in profits — they're down to about 10% of their 1989 profit performance

By comparison, MAN of Germany, a medium-size producer, increased its sales by 33,5% and made record profits Production increased by 11% to 38 200 units and an additional 4 467 people were employed MAN now has eight percent of the West European markets

MBAG also increased its sales dramatically in 1991

Worldwide, truck manufacturers are suffering from a lack of sales volumes In the 80s, manufacturers rarely made enough to justify the huge investment needed to produce competitive state-of the-art trucks So far in the 90s, most manufacturers can't make enough to absorb the cost of low volumes while developing the technology to meet new environmental laws

Some say there are too many manufacturers They made, on average, 190 000 heavy trucks a year for most of the past decade, but sold only 120 000 According to industry sources, utilisation of production capacity in 1991 was only 55%

After contracting from 12 to six manufacturers during the past 12 to 15 years, European truck builders continue to dominate the heavy truck market Their dominance is demonstrated by holding 61% of worldwide production

US manufacturers slipped to 17% from 34% over the same period, allowing the Europeans to control 40% of the North American market

While this was happening, the Japanese grew to 22% from 15% while at the same time dominating the worldwide light truck market

RS

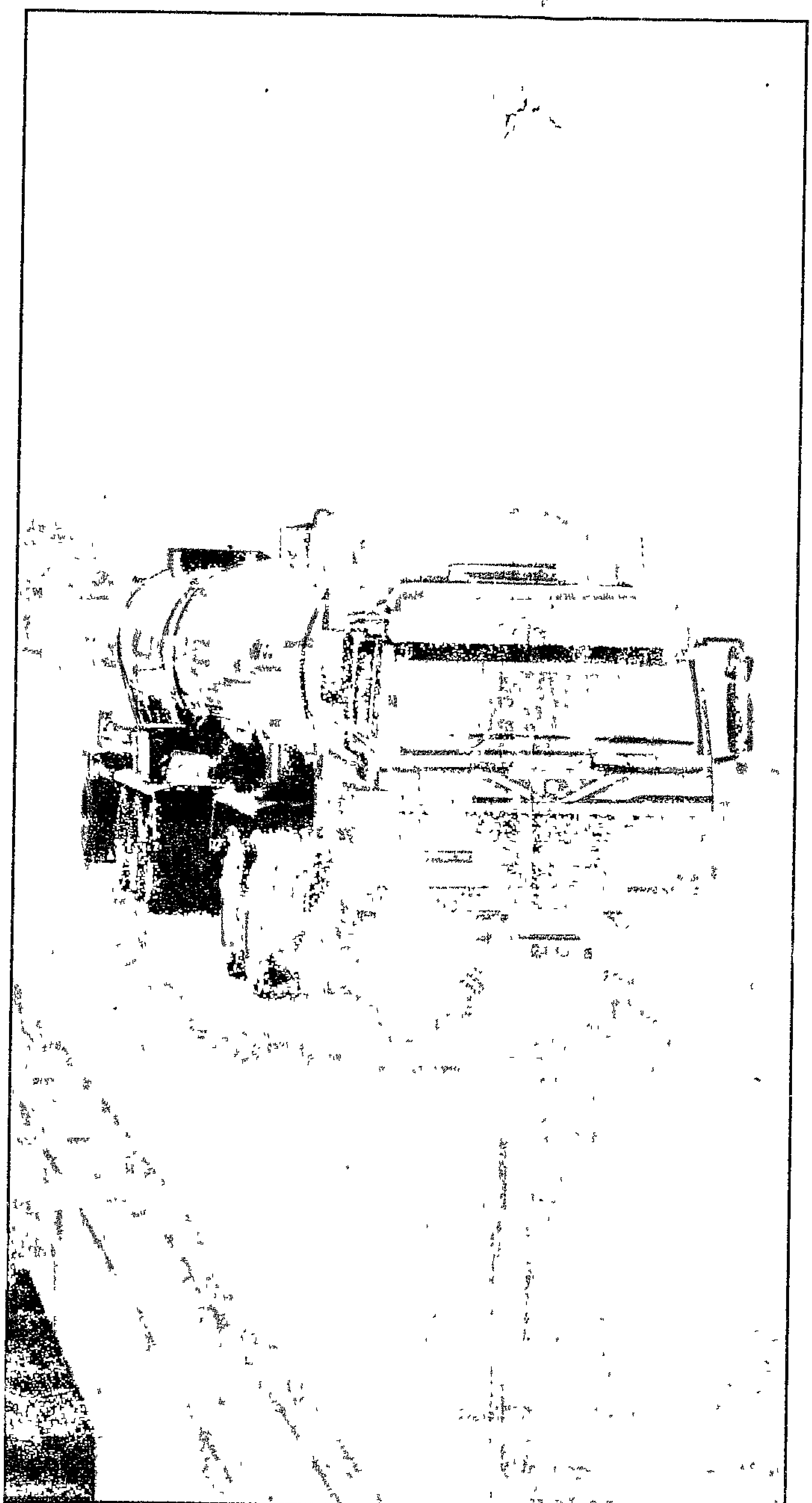
wn-transport
for producti-
ments could
te advantage
operating
y making in-
additional
other equip-
ce back-haul
and to seek
dditional con-

ers, more so
dealers, will
hold on to
rket shares
evident in
for custom-
of luck and a
ort on the
rs and finan-
vers may be
creative fi-
cepts that
more afford-

ter

can be com-
sy to imple-
improve the
of vehicles
w ones) and
se suppliers
bigger slice

g will the
s the multi-
lestion
the batter-
African eco-
n, the speed
of change
change not
better — it
ible to as-
unless the
f Codesa, or
jor political
be a better
sales
uch better



THE NEW . will 1992 sales be better than 1991?

UPDATE ON LEGISLATION

By MAX BRAUN

AS THE Government moves towards further implementation of its new transport and traffic legislation package, on-going modifications, amendments and deletions can be expected

Annual amendments will be a necessary feature for at least the next few years

One of the more important and interesting changes likely to be introduced and/or implemented in 1992 and early 1993 is the opening of registers for licenced operators

This is an important prerequisite to deregulation of freight transport in South Africa and the removal of the existing permit system

Phasing in for freight transport begins on July 1 this year and is set to be completed by June 1993 Passenger transport phasing-in commences on July 1 1993 and should be completed by June 1994

In the likely event of sufficient approved test stations being ready to undertake the annual certificate of roadworthiness, especially for privately owned vehicles that must comply with the RTQS (Road Transport Quality System), it can be anticipated that the existing Certificate of Fitness requirement will be extended to all vehicles that must qualify until such time as the next phase of the RTQS is up to speed

The compulsory carrying of driver's licenses is likely to be implemented in July this year and not on January 1 1993, as originally contemplated Driver's licence testing centres are to be controlled by registration and compliance with certain laid-down standards The proposed date of implementation is January 1 1993

The insertion of Section 21A of the Road Traffic Act (RTA), number 29 of 1989, empowers the administrator to suspend or cancel the registration of any testing centre that does not comply with the standards

New traffic signs and a new manual setting out the changes in significance of certain signs and the introduction of new signs is scheduled for implementation in July this year The implementation date may be extended for a short period if the manual is not ready on time

Regulations for a single, national system of uniform vehicle registration and licencing are to be released in June 1992 Phasing in should commence in January 1993 and be completed in nine months (September 1993)

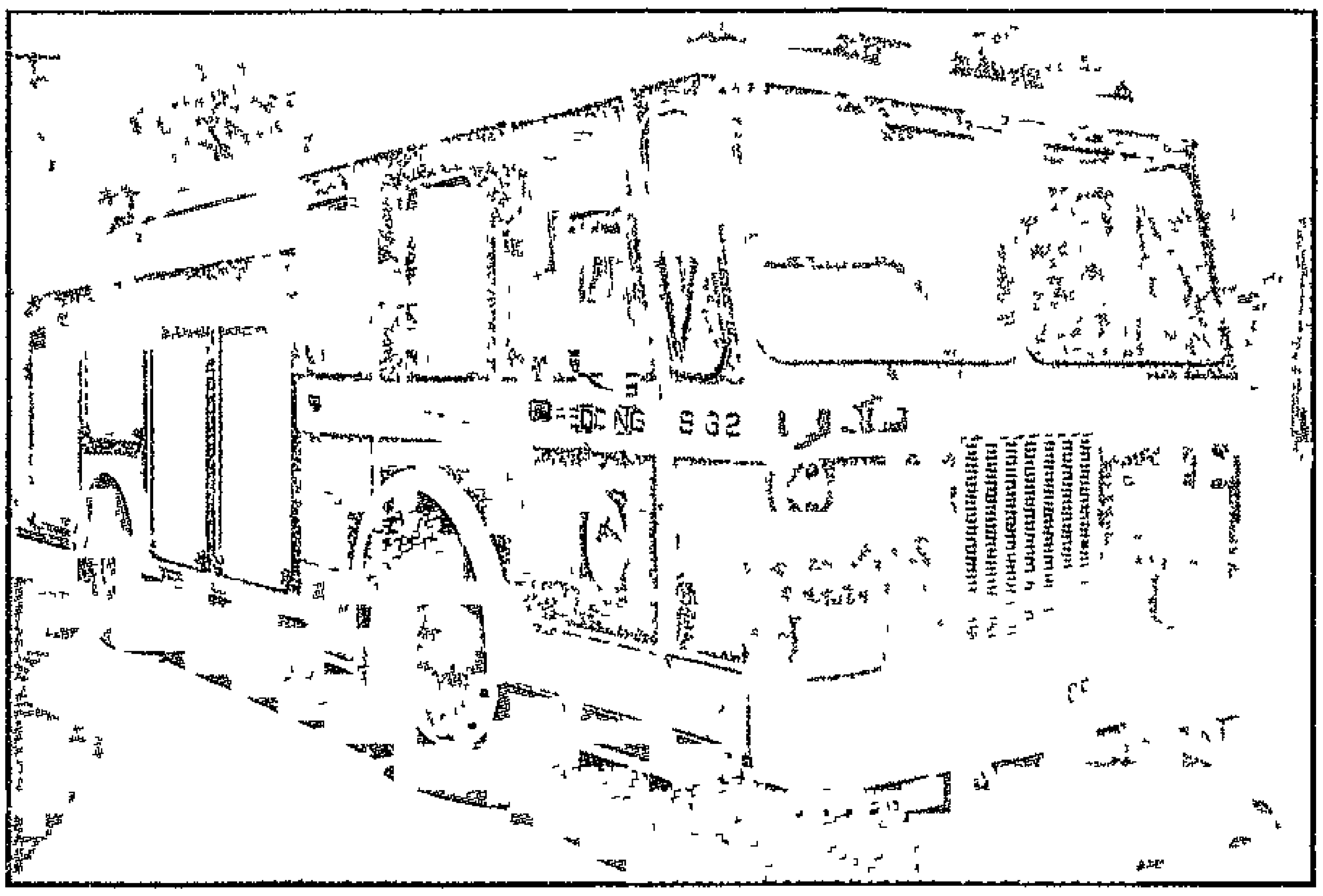
Introduction of the new professional driving permits (PrDP) — which replace the current public driving permit (PDP), a requirement for all vehicles that fall within RTQS rules — commences July 1993 To accommodate the large number of drivers, phasing in will be over two years Once the new licence cards are issued, drivers will be obliged to notify the authorities within 14 days of any change of address

Legislation relating to driving hours and how they should be recorded is not due before January 1994 However, regulations will be published in July next year

Operators found guilty of overloading vehicles or committing an offence in terms of the RTA will face heavy fines (up to R36 000) and longer jail sentences (up to nine years) Such proven offence opens the way to vehicle seizure and even forfeit to the state Under certain circumstances the new laws permits the forfeiture of the load as well

Working groups are currently considering recommendations on a number of limitations as defined in the RTA These include

- An increase in the maximum permissible axle loads,
- The maximum permissible mass of vehicles and vehicle combinations as determined by the bridge formula,
- The possibility of lowering the maximum speed in the interest of safety



AN ERF Super Trailblazer chassis has been successfully converted into an emergency fire vehicle that, according to the client, "performs like a sports car" The vehicle, supplied to the Algoa Regional Services Council, has a lightweight aluminium body giving it a GVM of no more than 10 000kg

With its 213kW (at 2 100rpm) ADE 447HT turbocharged engine and specially shortened wheelbase of 4,3m, the unit is both manoeuvrable and capable of a top speed of 125km/h The unit was designed and built by Emergency Fire Apparatus at its Boksburg plant and contains a high degree of local content.

"The cab and body is locally made in aluminium and is the first all welded four-door cab manufactured for a major fire engine in South Africa," says EFA's Bill Lawrence He adds that its local content makes the vehicle highly competitive in price in relation to an imported unit of similar capability

...CK MARKETS

...ed MAN now has ... of the West Europ-

... increased its sales ... in 1991

... truck manufactur- ...ring from a lack of ...s In the 80s, manu- ...ely made enough to ...ge investment need- ... competitive state-of ...s So far in the 90s, ...cturers can't make ...sorb the cost of low ...ile developing the ... meet new environ-

...there are too many ...rs They made, on ...000 heavy trucks a ...t of the past decade, but sold only 120 000 According to industry sources, utilisation of production capacity in 1991 was only 55%

After contracting from 12 to six manufacturers during the past 12 to 15 years, European truck builders continue to dominate the heavy truck market Their dominance is demonstrated by holding 61% of worldwide production

US manufacturers slipped to 17% from 34% over the same period, allowing the Europeans to control 40% of the North American market

While this was happening, the Japanese grew to 22% from 15% while at the same time dominating the worldwide light truck market

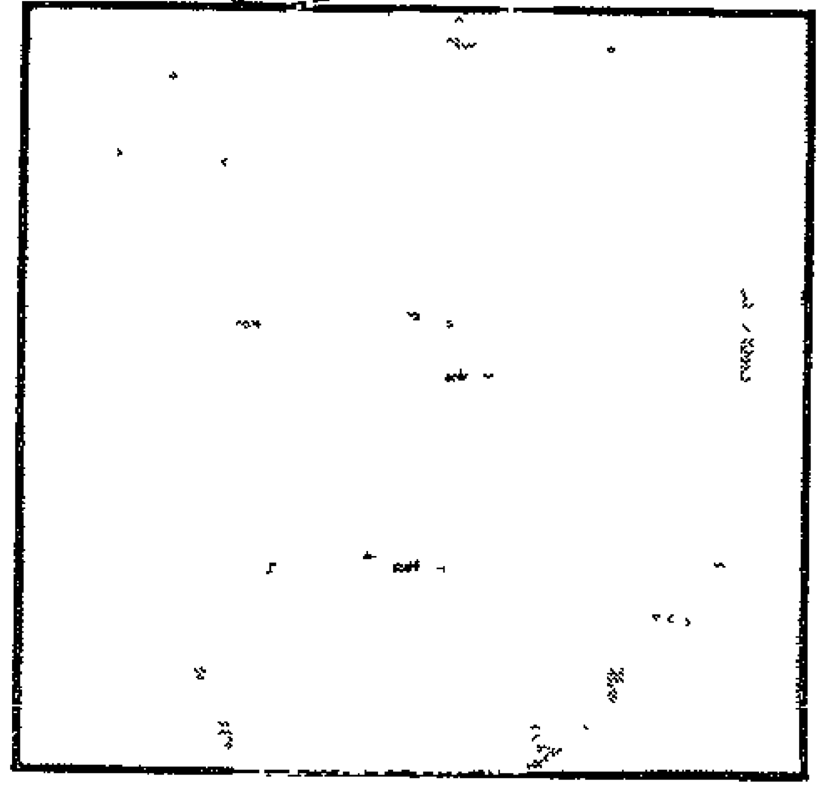
RFA'S MERRICK GODDARD – A TRUCK TIMES PROFILE

Hauliers in search of a strategy for survival

S/Times 8/3/92 (Truck Times)

(332)

Truckers in South Africa have not been spared the ravages of the long-running economic downturn Even large, successful carriers say operating conditions are extremely tough and have never been worse, especially when seen against a background of business closures and firms up for sale Road and rail transport is in the doldrums There seems little on the horizon to bring a bit of cheer to the hearts and minds of the carrier industry. To gain a first-hand reaction of the successes or tribulations currently being experienced by the road transport industry, *TRUCK TIMES* asked Road Freight Association (RFA) chairman MERRICK GODDARD for his views



MERRICK GODDARD

TRUCK TIMES How do you see the outlook for trucking in 1992?

MERRICK GODDARD
There must be some improvement in the economy before road transport recovers from its depressed state Unused and under-used capacity is still with us This is the reason why rates are too low and insufficient for carriers to make a decent return on their investment

In the present business environment it is not easy to find enough work or more profitable traffic However, there is scope for carriers to seek out a niche where it is possible to share the benefits of improved productivity with the shipper

A good example of this is the multi-cube concept Carriers that took the initiative to investigate the merits of increased volume loads and made the investment were able to motivate significant improvements in operations Some even gained new business

The real message for carriers is that they must seek out opportunities to improve their services and present them to clients or prospective clients

TRUCK TIMES: What is your stance on increased axle loads, especially as a contribution to improved transport productivity?

GODDARD: We tend to favour changes to the bridge formula as a means to achieve bigger payloads If increased axle loads cause more damage to the roads it could raise a host of problems regarding who bears the burden of increased road maintenance

TRUCK TIMES The average age of big rigs (plus 20 000kg GCM) is now almost 10 years Do you think carriers will start replacing vehicles this year?

GODDARD: Not necessarily As long as the rate per ton hauled remains as low as it is, carriers with new, or near new, trucks will find it difficult, if not impossible, to recover the depreciation

As an industry, there is growing awareness among carriers that many of us are consuming our own assets If this goes on for too long into the future, some carriers will not have the financial ability to replace their vehicles

The replacement of trucks is also influenced by the demand for used vehicles At the moment, this market is also dead

TRUCK TIMES: If the RFA is representative of the road freight business how does its executive see the future for its members and the industry as a whole?

GODDARD: We are concerned The RFA is presently in the process of establishing a framework that will lead to the formulation of a strategic plan for the future This development will also identify our priorities in regard to research projects that should be undertaken Toll road policy and the bridge formula are examples of such projects

TRUCK TIMES: Industry gossip suggests a palace revolution at the RFA, especially in regard to the benefits members derive for recently increased membership fees How do you react to this suggestion?

GODDARD: Some members are disgruntled because the levies have been increased We made a mistake in not increasing levies annually in line with inflation The policy of re-years or so was not successful In future it will be reviewed annually

In recent times the RFA took steps to increase its membership base Today, you will find a number of large companies, especially major suppliers to our industry, are members Spoornet and Portnet are also paid up members

Regarding the value for money aspect of membership to RFA, this rather depends on how much use members make of the various services the association offers These include vehicle operating costs for a large number of operations, competent technical and operational advice from the activities of the association's technical manager, Hugh Sutherland, and all aspects of industrial relations

The RFA liaises closely and constantly with the Department of Transport, the Minister of Transport and other associations and organisations important to the road transport industry

We believe the value of membership is what you make of it

TRUCK TIMES: Do you see a possibility for some form of federation with other organisations in the future? This could be relevant in the future, now that so many new associations, particularly those representing black interests, are emerging

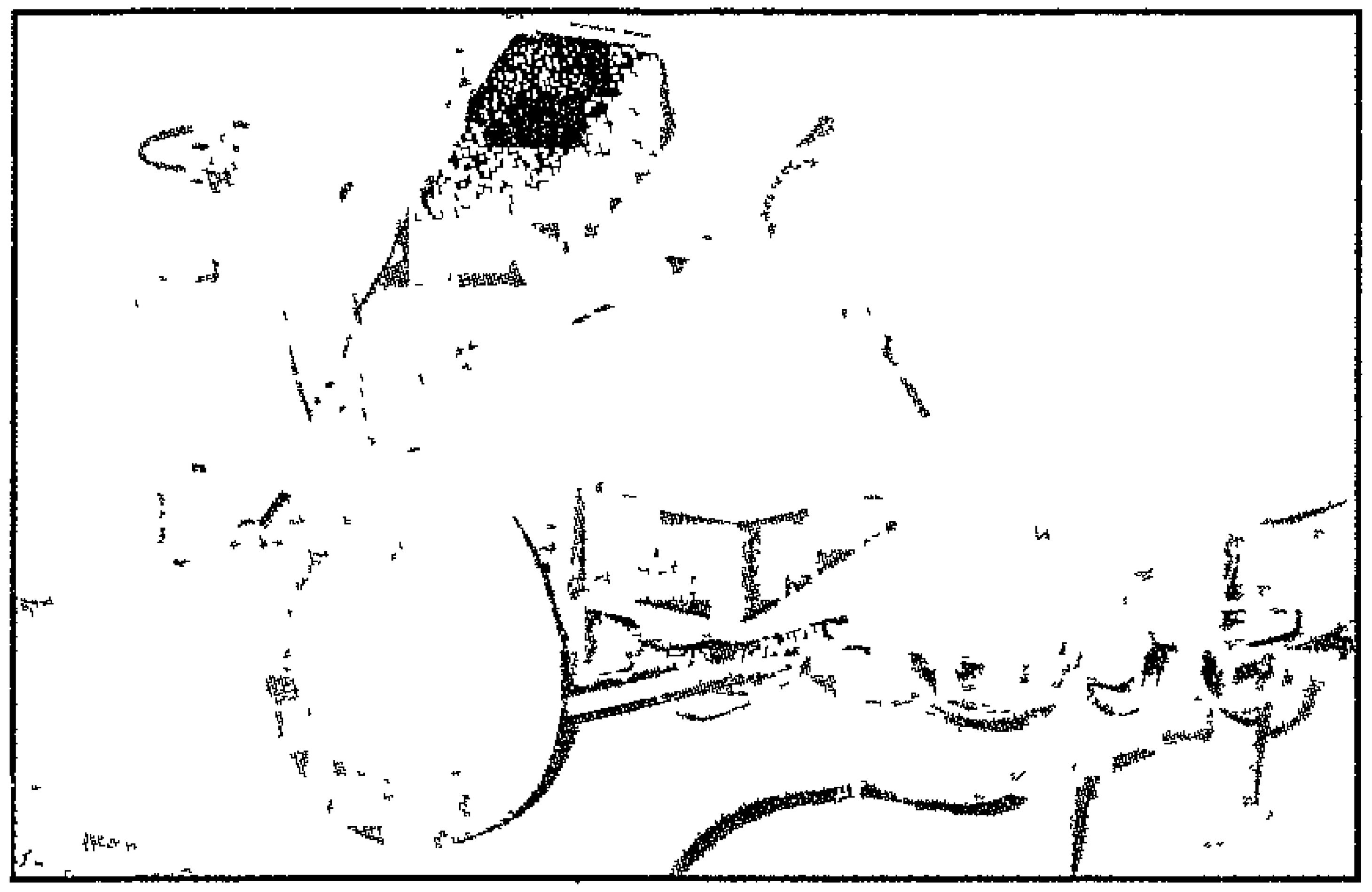
GODDARD Speaking for myself, I would like to see some form of federation It was most disappointing when the chance to federate, or amalgamate, with Napto (National Association for Private Transport Operators) was unsuccessful I think it would have been mutually beneficial to both for-reward and own-goods carriers

Regarding the new, mainly black, associations and organisations that have or will still emerge, I can confirm that all carriers, whether large or small, regardless of colour or creed, are welcome at the RFA The RFA has a lot to offer

It seems senseless to me, and very expensive, to duplicate situations that set out to represent the best interests of road transport

The RFA is aware that it could have done a better job of creating greater awareness of its existence and mission, or communicating with the industry as a whole, especially in regard to the range of services it offers

This will soon be rectified with the publication and distribution of a com-



QUIET RIDE . MAN's chassis-mounted closed capsule

Listen . . . it's the silent MAN

By MAX BRAUN

MEETING legislated environmental standards in the 90s is a daunting challenge for truck builders worldwide

Other than Mercedes-Benz AG and MAN Nutzfahrzeuge (both of Germany), European and US truck builders are not making profits

Apart from a slump in new truck sales that has persisted for two years, research and development costs to meet existing and coming environmental laws is keeping the huge truck building industry in a sea of red ink

For MAN Nutzfahrzeuge (MAN), 1991 was a most successful and profitable year The company boosted production to some 38 000 units, employed an additional 4 400 people to achieve a profit improvement of 24% after taxes

MAN, a pioneer and industry leader in acoustic research and environmental technology, are soon to introduce their "silent" truck

Study

After years of persistence, research and development, MAN has succeeded in reducing noise almost as much a current technology permits

Back in 1975, MAN decided it would offer quiet vehicles By 1977, an engine-mounted and chassis-mounted closed capsule had been developed for further study purposes At that time a truck accelerating through a drive-past was measured at 82dB(A)

The capsuling of the late 70s was not suitable for use in series production Noise emission from trucks at this time probably averaged around 84 or 86dBs, depending on the configuration, driving style and application

By 1984, with the assistance of the West German Environmental Office, MAN achieved a further reduction in noise to 81dB(A)

Adapting the technology of the day to an under-floor engine truck for the German Postal Services, a noise level of [illegible]

Test regulations stipulate that the vehicle must accelerate through the drive-past in each gear The highest noise level measured is then entered into the vehicle's permanent record

Dr Karl Feitzelmayer, senior engineer responsible for managing testing at MAN, says

Challenge

"The new noise limit values represents a major technical challenge to vehicle manufacturers because the maximum permissible noise emission had to be reduced by some 10dB(A) in a period of just 10 years

"This corresponds to a drop in the sound energy emitted by the vehicle of about 90% A reduction of 3dB corresponds to an a[illegible]

same period it was possible to cut the mean fuel consumption of a 38-ton gross combination mass rig by about 30% (46,4*l* to 32,7*l*/100km)

"An enormous reduction in environmental pollution was achieved through a cut in exhaust emissions alone"

The values applied to measuring noise-limit values in Europe include engine brake noise (Mrs Williams of Town Hill, near Maritzburg, will be pleased to hear this!) and the noise from the compressed air brake valves and pressure regulators when the brakes are applied

There are still many aspects of noise reduction to be tackled and overcome These include the change in noise emission when clients request different driveline components, tyre noise and engine cooling components

MAN, and other vehicle [illegible] tion with component manufacturers and sub-contractors to meet the environmental laws of the future

MAN, now ready to introduce its latest version of the "Silent" truck as a series production model, plans to show some of these vehicles at the Hanover Truck Show (formerly the Frankfort Motor Show) in May this year

Preview

South African truck owners attending the Outlook for Trucks conference at the Sandton Holiday Inn on April 2 and 3 this year will get a preview of these state-of-the-art vehicles

Since 1989, all models made by MAN have complied with 84/424/EEC standards

"These vehicles," say MAN, "are considerably quieter under real operat-[illegible]

TROUBLED TIMES FOR SA's TRUCKERS

(192) SI Times 8/3/92 (Truck Times)

TRUCK manufacturers are mildly optimistic that new truck sales this year will be about 12% better than in 1991

Coming off the low base of last year's depressingly low totals — especially for the big rigs above 20 000kg GCM — their expectations appear reasonable But is it achievable?

Plus factors supporting improved sales include a consensus among truck builders that the economy will do a bit better this year If this proves to be so, an upturn in freight tons hauled could take up some of the under utilised fleet capacity truckers have been living with for the past two years

If the Department of Transport motivates and implements a few new significant commuter and passenger transport service contracts, some private sector bus companies will feel confident enough to commence replacing some of their near archaic large-bus fleets

Some transport and distribution intensive industries, including food, beverages chemicals and plastics, can be relied upon to maintain their established vehicle replacement cycles

By MAX BRAUN

More and more, the better managed companies in these segments are turning to full maintenance leasing as an affordable route to updating and adding vehicles

Those looking just a little further down the road are taking appropriate steps to ensure compliance with the new Road Traffic Act's road transport quality requirements

The start up of large capital projects in neighbouring countries fires interest in cross-border transport The Lesotho Highlands project and a major road building programme in Namibia are examples Importantly, permits are no longer required for the conveyance of goods in or out of SA

All major truck manufacturers currently supplying for-reward carriers and ancillary user superfleets are confident that at least some vehicle replacement can no longer be deferred

More than 30% of the large truck-tractor national fleet are approaching an average age of nearly 10 years and are no longer represented by a supplier in this country

According to business consultant Ian Byers the average age of all trucks (over 7 500kg GVM) is nine years 'However, 50% of these are more than 10 years old' says Mr Byers

Some operators may decide to take advantage of attractively priced less popular makes or models where large discounts or acceptable trade-in values are still possible

On the less positive side hampering new truck sales is the reluctance of financial institutions to fund a deal other than those offering triple-A credit worthiness

Regardless of the state of the market there seems not much more than token gestures on the part of truck manufacturers and their dealers to stabilise list prices

Ironically, it seems the discounts offered on new trucks rise in line with the latest price hike Manufacturers could ask this question 'Would my dealers survive if it were not for 'old priced' inventories?"

The tough economic climate has dismayed franchise dealers Most shy away from used trucks because they can't fund holding costs or risk the sizeable losses that flow from over-traded situations and insolvent buyers

The retail used truck business has, for some time, been abandoned to independent dealers — also known as "the trade" Unfortunately, many used trucks leave the country for foreign destinations

Benefits

This robs the country, as a whole, of vehicles that could be used by the informal sector who are keen and impatient to enter the transport industry It also reduces the potential replacement parts business of specific manufacturers and their agencies

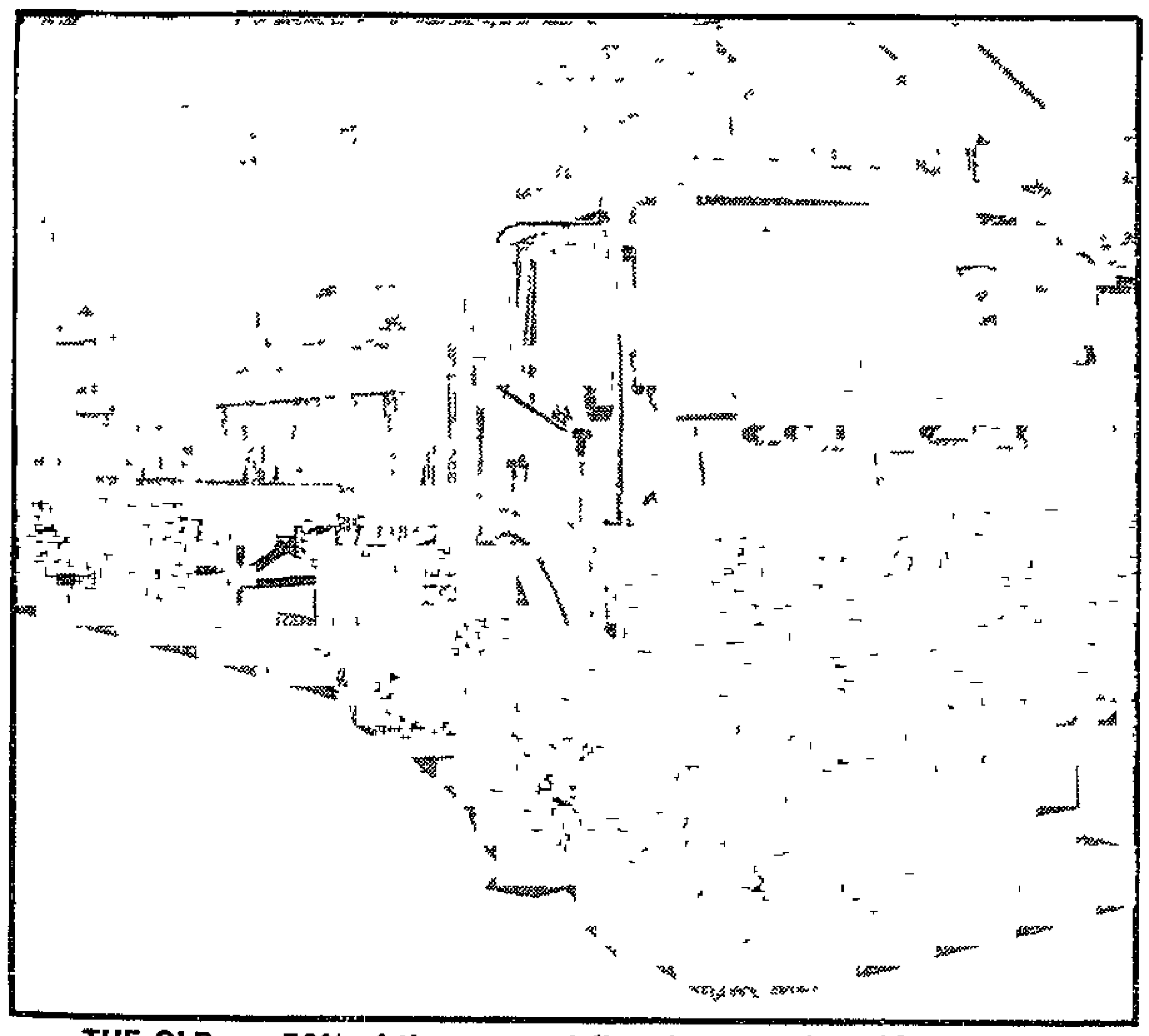
Any franchise dealer will confirm that the after market in parts and rebuilds is just not up to expectations By now, less than eight years to the end of the century, vehicle manufacturers, finance companies and other industries allied to trucks expected to be reaping some benefits from the informal sectors of the economy and social tapestry

But it hasn't happened yet This is mainly due to the business sector's lack of confidence in the future economic and social order that is unfolding

Aspirant black entrepreneurs hankering for a shot at the freight or passenger transport business still have not learned, or been taught, that, in addition to meeting the needs of standard banking requirements regarding credit transactions, a viable transport contract plus the availability of a suitable truck to do the work are the first steps in becoming a successful operator

Academy

The new transport academy, established by Nafto, will make an inroad into the urgently needed basic skills the banking industry demands before agreeing to fund newcomers



THE OLD ... 50% of the national fleet is more than 10 years old

making a triumphant entrance into the commuter or long distance arena are likely to be disappointed in 1992 The midi concept has been successful in a number of countries with a variety of transport needs

Midis won't fly in South Africa, or certainly not for some time, because they are too expensive to acquire and operate Their introduction on any scale at all would create an even worse glut of kombi taxis, causing a rapid increase in taxi wars and other unpleasant and dangerous situations

Larger buses tend to reduce frequencies, thereby diminishing the flexibility of the taxi concept Other than some long-distance taxis and special situations like Durban, and possibly Sea Point in Cape Town, midi-buses are still a way off in the future

Problems

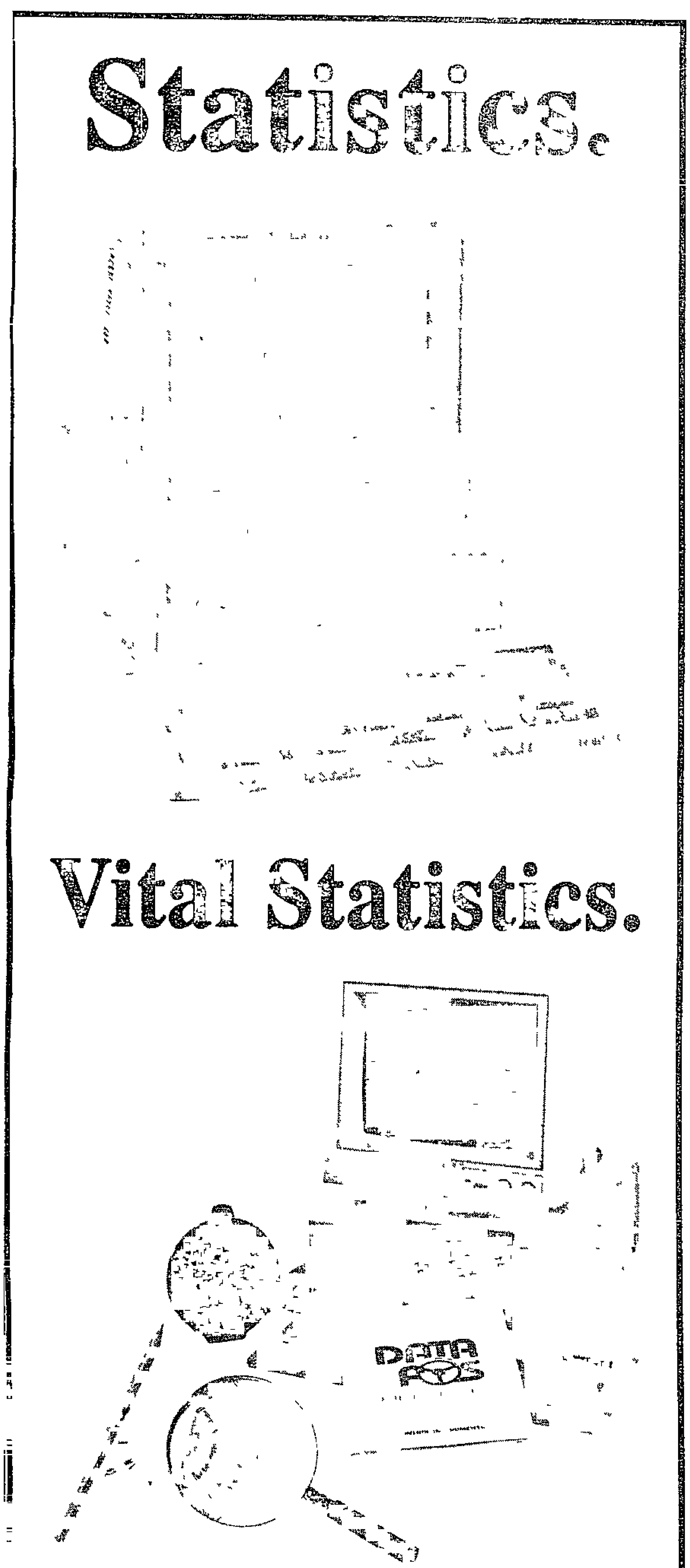
It seems unfair that in such difficult and unpredictable times the major problems confronting suppliers and buyers of trucks are beyond their control Buyers don't want to make further investments in uncertainty

Unscrupulous, unauthorised carriers with irresponsibly overloaded trucks are not successfully controlled This aggravates further the under-used capacities and undermines viable transport tariffs

Suppliers don't sell enough to get their fixed costs down and the rand continues on its downward path against the DMark and Yen

What, then, might truck suppliers and their allies expect in 1992?

When the need for permits ends in July this year, better organised for-re-



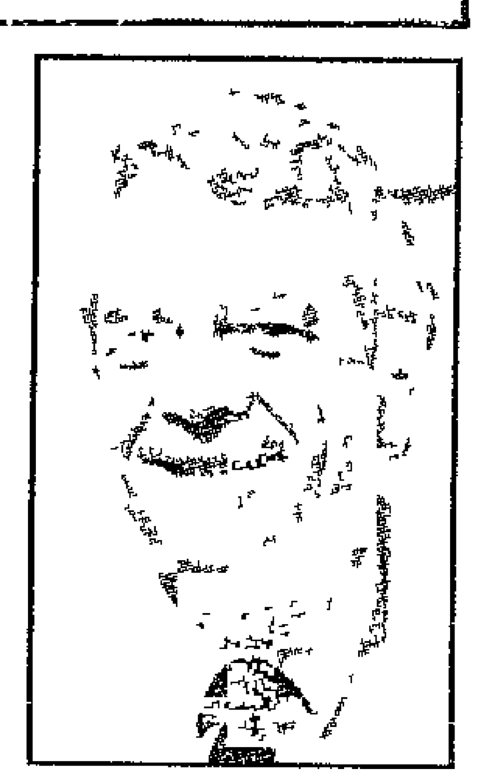
By PATRICK O'LEARY

SOUNDS of optimism are being heard in the trucking industry as manufacturers shed the gloom of last year's disastrous new vehicle sales record

Adolf Moosbauer, Mercedes-Benz management board member responsible for commercial vehicles, says he is optimistic that the over five-ton GVM commercial vehicle category will show an 8% to 10% increase for the total industry during 1992

"This slight improvement in the commercial vehicle market will be the result of operators finding it necessary to replace vehicles as they have stretched the economic lives of their fleets to the absolute limit," he says

He cautions, however, that sales during this year will not reflect the complete upturn in the commercial vehicle market as was previously hoped for With regard to prices, he anticipates that increases will be below that of the inflation



TOYOTA'S DES GUSH

Mr Gush says sales in the medium commercial market have been underpinned by a demand for local delivery vehicles

"In 1992 we expect an improvement in sales in the order of seven percent for a forecast of 4 600 medium commercials This gives us a total truck market forecast to 10 700 units for 1992 "

Growth

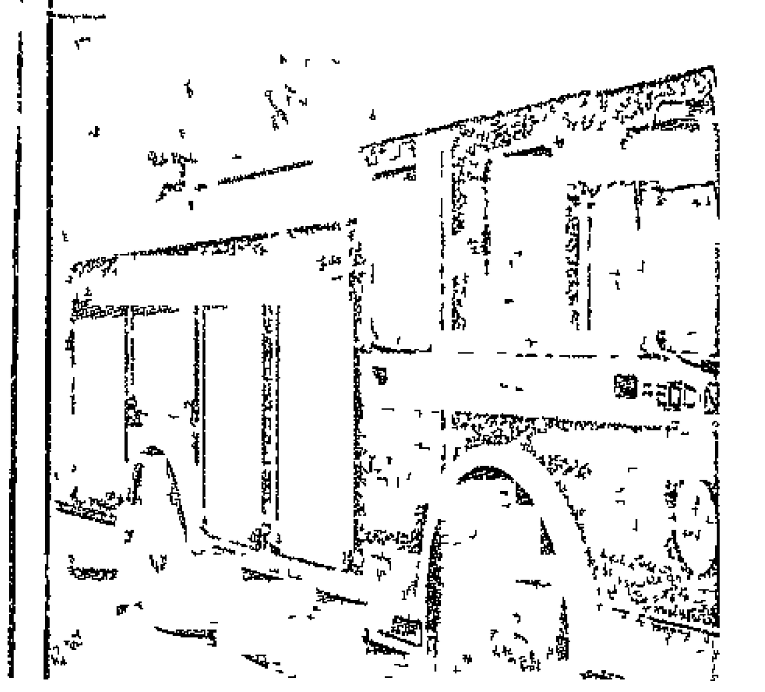
AS THE Government moves towards further implementation of its new transport and traffic legislation package, on-going modifications, amendments and deletions can be expected

Annual amendments will be a necessary feature for at least the next few years

One of the more important and interesting changes likely to be introduced and/or implemented in 1992 and early 1993 is the opening of registers for licenced operators

This is an important prerequisite to deregulation of freight transport in South Africa and the removal of the existing permit system

Phasing in for freight transport begins on July 1 this year and is set to be completed by June 1993 Passenger transport phasing-in commences on July 1 1993 and



Truck Times
A QUARTERLY PUBLICATION
MARCH 8 1992

DROUGHT WILL HIT COMMERCIAL SALES

(192) S1 Times 8/3/92 [Truck Times]

By PATRICK O'LEARY

SALES of commercial vehicles to the agricultural sector are expected to plummet this year as a result of the devastating draught affecting most of the grain producing areas of South Africa.

"It's a very serious situation," says Adolf Moosbauer, board member for commercial vehicles of Mercedes-Benz of South Africa. "Farmers have been hard hit by the drought and they will be pulling out of the market as potential buyers"

He says that farmers, along with the food industry network that emanates from agricultural activities, have traditionally contributed in the region of 15% of sales in the over 7 500 GVM vehicle category

"I predict their contribution to the truck market will be almost nil this year"

Brand Pretorius, managing director of Toyota Marketing Company, agrees that the drought will adversely affect sales and particularly so in the bakkie sector

DECISION

"Farmers have always played a very important role in the diesel 1-ton segment of the market. Our past owner profiles show that more than 45% of diesel pick-ups were sold to farmers This has decreased lately, but it is still in the region of 35% — so sales in this sector will definitely be adversely affected," he says

Toyota has taken the decision to cut back on the production of diesel pick-ups by 5% "However, this decision was taken in the light of all influencing factors, of which the drought was one," says Mr Pretorius

"Not all South Africa's farmers are in trouble. There are still those out of the drought regions who are doing well and who will be buying this year"

As regards the impact on Toyota's medium and heavy commercial vehicle sales, he does not see this to be substantial

"We sell between 25% to 30% of our heavy vehicles to the government and the majority of the balance to fleet owners The contribution of farmers to medium vehicles sales is more significant, but even here they do not constitute a major portion of our sales," he says

Of concern to Mr Pretorius, however, is the ripple effect the drought will have on other components of the economy This concern was echoed by a number of other industry players, including Nico Vermeulen, director of the National Association of Automobile Manufacturers of South Africa (Naamsa)

"The effect of the drought is expected to reduce the increase in gross domestic product in South Africa by 0,5% Inflation is also expected to rise by at least 0,5% as a direct result of the drought," he says

"Vehicle sales and GDP have traditionally had a close correlation, so instead of, say, a 5% rise in unit sales for the year ahead, this will only be in the order of 3,5%," says Mr Vermeulen

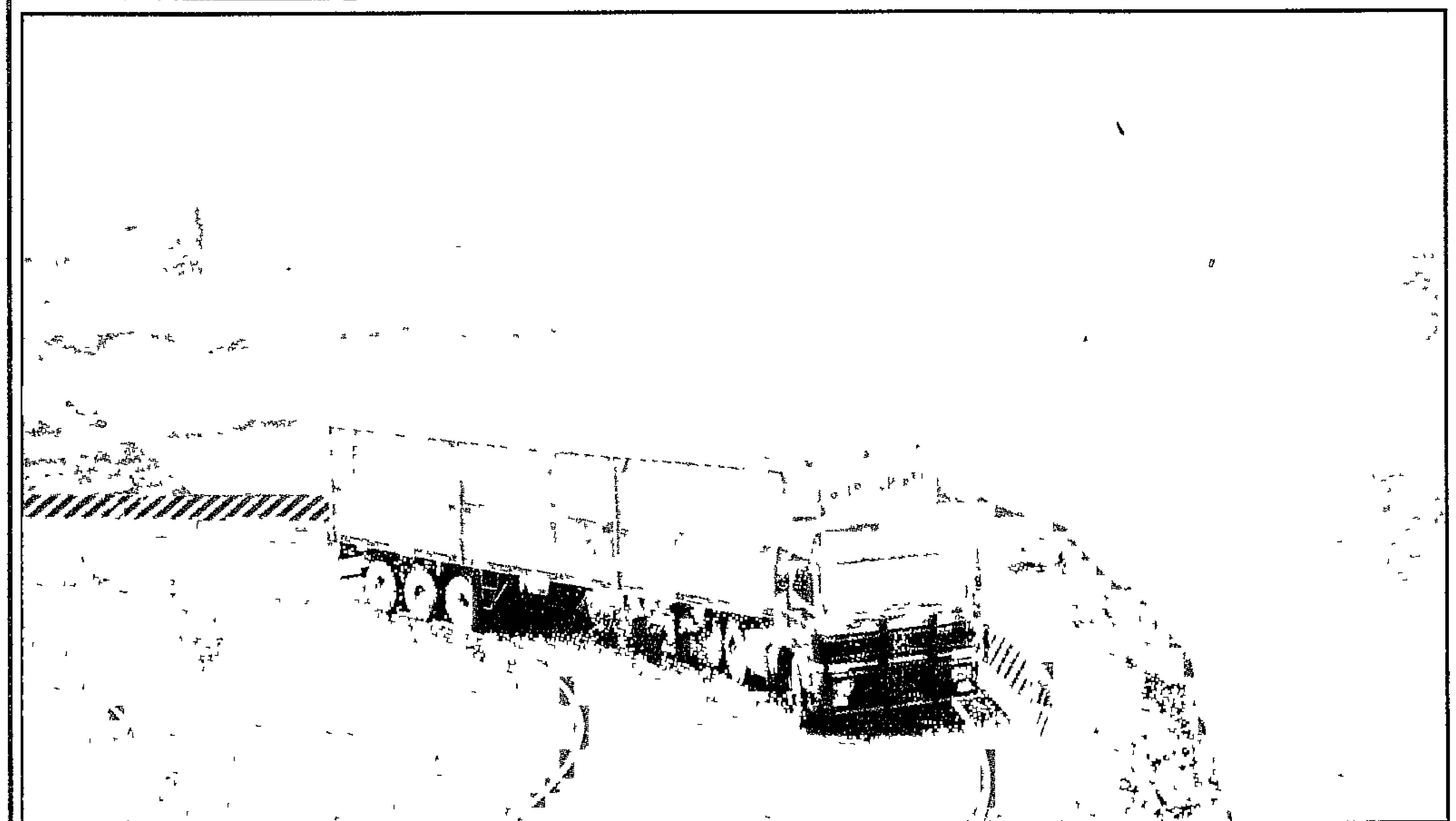
It has been estimated that some R2,5-billion will be spent on importing maize, which will be reflected in the surplus on the current account of the balance of payments

The concern here is that all this will delay any reduction in interests rates, which is seen as a key input leading towards an improvement in vehicle sales

SLOW

"Even without the effects of the drought, any recovery in the current depressed conditions will be a slow process and a modest improvement in the various sectors is only likely to occur once interest rates start their long-awaited decline and domestic economic activity levels record some improvement," says Mr Vermeulen

Another effect of the drought on the commercial vehicle market is that cash-strapped farmers are expected to sell off their existing vehicles



EASY RIDE . . . now that the access roads to the Katse dam site, part of the Lesotho Highland Water scheme, have been built, contractors such as J&G Transport have switched to vehicles which offer a smooth ride with maximum payload. This is one of J&G's new Mercedes-Benz 2444S/30 Powerliners on its way to the dam construction site

— See Back Page

New transport academy will improve black management

By MAX BRAUN

A NEW transport academy aimed primarily at training blacks for management and entrepreneurial opportunities in transport has been established in Newtown, Johannesburg The National African Federated Transport Academy (Nafta) opened its doors this month at the National African Federated Transport Organisation (Nafto) College in Newtown. S1 Times 8/3/92 [Truck Times]

The academy, which will be run on a non-profit basis, offers Nafto members and the community at large a variety of multi-modal transport training programmes, both full-time and part-time.

Permanent employees are catered for with after-hours classes and there are semi-correspondence courses for those requiring limited tuition.

Taped audio and audio-visual courses will be available for students with a low level of literacy. These will be in English initially, with other languages following.

The courses cover four main areas at varying entry levels of advancement:

- Fundamental business processes and tasks,
- Business skills,
- Management development; and
- Strategic management.

SKILLS

The courses are designed effectively to counter the lack of formal education among adult employees, entrepreneurs and prospective entrepreneurs, and are geared to provide a high level of usable, transferable knowledge and skills in the short-term

Among the specific courses offered are:

- Diploma in Road Transport Management — three one-year courses designed for effective road transport management;
- Owner-driver course — a self-paced course at four levels providing the necessary skills to start a business or improve skills of employees;
- Passenger transport management — a short correspondence course to equip businessmen with business skills to operate a small-scale passenger transport industry
- Personal development course — a four-level course for personal development in management skills and behaviour; and
- Road transport technical management — a two-year course to provide for effective management of technical functions in transport

Other programmes and courses deal with security management and basic economic principles

Full details can be obtained from Nafto (011) 492 1304, or the Research Unit for Transport Economy at RAU (011) 482 1877

Nafta's acting principal, Natise Matlhoko, gives an example "Prospective entrepreneurs can be equipped with basic business processes and tasks (level one), and then be provided with business skills (level two) in order to start their businesses."

Professor Wynand Pretorius, of the Research Unit for Transport Economy and Physical Distribution at RAU, has been appointed project manager of the academy. He has been involved in developing and managing road transport management training for the past 12 years.

The establishment of Nafta is seen as an important step in providing facilities and effective training for Nafto members and anyone already employed in, or interested to start, a career or business in the transport industry

M&R drives further into motor industry

(1992) EDWARD WEST

MURRAY & Roberts (M & R) has bought tyre producer Firestone SA, spark plug and component manufacturer Trichamp Components and shock absorber company Gabriel SA from Federale Volksbeleggings for R210m. Bday 3/4/92

M & R said in an announcement published today that the acquisitions would strengthen and diversify its specialised engineering interests, broaden their range to include strong brand names and substantially increase market share

The purchase consideration would be settled by the issue of M & R renounceable shares, it said

M & R could also elect to take over additional liabilities of the interests being acquired, in which event the purchase consideration would be adjusted accordingly

If the acquisitions had been effective on July 1 1991, they would have increased M & R's half-year earnings to December 1991 by 6% to 3 086c from 2 912c a share Net asset value would have increased by 10,6% from 2 127c a share to 2 353c.

The sale of Federale Volksbeleggings' automotive interests is in line with its previously stated strategy to concentrate on leisure market segments ahead of its listing in the beverages, hotels and leisure sector of the JSE later this year

M & R has an exposure to the motor industry through subsidiaries dealing in, among others, components, spares, and brake and power transmission systems.

T&N HOLDINGS FM 3/4/92

Leaner shape

(192)

Activities: *Developing, manufacturing and trading in chemicals and plastics, automotive components, and industrial products*
Control: *T & N Plc 51%*
Chairman: *C F N Hope, CE W W Cooper*
Capital structure: *23,1m ords Market capitalisation R84m*
Share market: *Price 365c Yields 6,6% on dividend, 19,2% on earnings, p e ratio, 5,2, cover, 2,9 12-month high, 400c, low, 150c Trading volume last quarter, 118 000 shares*

Year to Dec 31	'88	'89	'90	'91
ST debt (Rm)	30,4	60,7	73,3	48,6
LT debt (Rm)	16,0	35,0	31,5	46,4
Debt equity ratio	0,38	0,76	0,60	0,34
Shareholders interest	0,53	0,40	0,39	0,40
Int & leasing cover	4,5	2,5	1,6	1,9
Return on cap (%)	13,9	15,3	11,2	12,3
Turnover (Rm)	235	392	413	426
Pre-int profit (Rm)	26,2	39,5	32,7	39,6
Pre-int margin (%)	11,2	10,1	7,9	9,3
Earnings (c)	87,7	69,3	35	70
Dividends (c)	44	31	13,8	24
Net worth (c)	433	389	408	492

The acquisition of the minority shareholdings in the automotive components company Associated Engineering (Asseng) at the end of last year, and the termination of that company's listing on the JSE, coincided with a sharp improvement in Asseng's operating profit

With T&N Holdings' accounts drawn up on the basis that the company was a wholly owned subsidiary at year-end, Asseng's profit was equivalent to the total amount generated by the trading divisions (see table)

FM 3/4/92 (192)

Trading margins in the automotive division widened from 8,4% to 10,2%, but in the industrial and mining division the margin buckled from 15,2% to 11,5%, while the loss in the chemicals and plastics division mounted to R5,2m.

In addition to the income from these divisions, there was dividend income of R3,2m (1990. nil) from associates, and R4,8m (1990 R4,5m), credited as an abnormal item, because of a pension holiday resulting from a surplus on revaluation Included in dividend income was R2,2m received from the property owning associate company Distro Dee (Pty), which was sold after receipt of the dividend

Three-quarters of group sales last year were from the automotive components activities Of the remainder, 8,5% was from industrial and mining and 16% from chemicals and plastics

Export sales have continued to grow from the small base of R3,4m set in 1987 Last year saw an increase from R29,1m to R42,7m, about a tenth of group sales

Chairman Colin Hope contends an opportunity has been created for the company by T&N Plc's decision to reorganise into worldwide product groupings He reckons T&N Holdings will benefit from participation in the group's global technology and marketing network and says local divisions are seeing evidence of successful implementation of the policy

PROFIT SOURCES

	Turnover 1990 (Rm)	Turnover 1991 (Rm)	Operating profit 1990 (Rm)	Operating profit 1991 (Rm)
Automotive components	306	322	25,7	32,7
Industrial & mining	38	36	5,7	4,2
Chemicals & plastics	70	68	(0,2)	(5,2)
Total	414	426	31,2	31,7

Even so, more difficult conditions have been encountered in local and export sectors In AE Bearings, for example, the downturn in export demand from group after-market companies in Europe — due to the deep recession in their markets and the consequent stock adjustment — led to a reduction in the ordering levels in the second half of 1991 This resulted in an "unavoidable programme of retrenchment and cost elimination "

Attention was paid in general to asset management and efficiencies in the group The payroll has been cut by 285, bringing total employees down to 3 683 from the 1989 peak of 4 117 About R19,2m was generated through a reduction in working capital and a greater proportion of borrowings were moved into long-term loans

Hope notes that two long-term facility agreements concluded late in 1991 will reduce finance costs in future years After being excessively geared in the previous two years, T&N ended last year with a much leaner balance sheet Short-term deposits, bank balances and cash rose to R51,5m (R36,8m), bringing the net debt equity ratio down to 0,34

Interest and leasing cover was still thin at 1,9 times, but this evidently does not fully reflect the year-end debt position If present trends are maintained, the net finance charge should continue to fall

It is not clear when a turnaround will be achieved in the loss-making chemicals and plastics division, which is suffering from weaker demand, tight competition, low-cost imports and labour problems

The tax charge was minimal at R594 000 This will presumably rise over the next few years, though it will probably remain low due to exports and tax losses estimated at R12,4m (R16,2m)

Earnings have doubled and Hope expects benefits from the drive to remain competitive in local and export markets and from T&N Plc's policy on worldwide product groupings Based on present yields, the share looks worth following But EPS, which have been erratic over recent years, are still below the 1988 level — and Hope warns that trading in 1992 is expected to remain difficult

Andrew McNulty

FM 3/4/92

MOTOR INDUSTRY

Taking a tough line

(192)

Hourly paid motor-industry workers are seeking a minimum 25% pay rise from July 1 In the first shots of what is likely to be a drawn-out negotiating battle, unions at vehicle assembly plants are also proposing a hardening of the year-old moratorium on lay-offs

Unions and employers are to meet in Port Elizabeth on Monday and Tuesday under the umbrella of the industry's National Bargaining Forum It will be the first formal meeting in the new round of annual talks on pay and conditions

In its initial demands to employers, the National Union of Metalworkers of SA (Numsa), which represents most of the industry's hourly paid employees, is understood to have proposed across-the-board increases of 25% or R2 an hour, whichever is greater Workers receiving the current industry minimum of R6,60 an hour would be favoured by the R2, a rise of 30% However, the industry average of R9,26 an hour would be better served by the 25%, which would bring an extra R2,31

Employers will strongly resist such increases Declining sales, reduced margins and economic uncertainty have hit companies' profitability and they will protest that Numsa's demands are unrealistic

They will also blame overstaffing for the industry's woes — and it is here that the most potential exists for conflict at the talks Not only is Numsa demanding that the retrenchment moratorium should continue, but it also wants the strings removed When the moratorium was imposed last year, it was on condition that workers met agreed production schedules In other words, if they wanted job security, they had to work for it

This time round, though, Numsa wants all conditions removed It is also understood to want jobs guaranteed even if companies are forced to sell or close part or all of their operations Vehicle assemblers have already made it clear that they dislike the moratorium By some estimates, it has led to 15% industrywide overstaffing With vehicle sales still depressed, short-time working is rife The moratorium agreement on production schedules at least offered employers some surety Without it, they will argue the moratorium is unworkable

Perhaps recognising that it won't get its way on this issue, Numsa also wants guaranteed severance pay of one month's wages for every year of employment

Employers, for their part, hope that in return for continued job security, Numsa will accept lower pay increases On past performance, no-one is betting on it

David Furlonger

Toyota gloomy on price of new cars

S[Times [Buss] 5/4/92 (192)

THE price of some new cars is expected to rise by more than the inflation rate this year

By DON ROBERTSON

Toyota, market leader in sales and in pricing, says it will be "very difficult" to hold prices below the forecast 16% inflation rate

Toyota believes price rises will exceed last year's 18%

Toyota Marketing managing director Brand Pretorius says "While every effort will be made to contain costs, we believe that over the year, prices will rise at a rate marginally above inflation"

Shut

Mr Pretorius says movements in the rand exchange rate, the possibility that the cost of components from Japan will rise, threats of labour stayaways and high local content programmes could affect car prices

But Peter Cleary, management board member for cars at Mercedes-Benz, says "It is our intention to keep prices below the inflation rate in 1992"

Other motor manufacturers also hope to keep price increases below inflation

Private buyers have been almost shut out of the new-car market because of high prices They are in an even worse position after the second round of price increases this year

About 85% of new cars are bought by companies

Price increases announced this week range between 1% and 4%

Only 197 736 new cars were sold last year, the second-lowest level in 14 years Sales in 1992 were initially forecast to grow by only 2,5% to about 202 500

In the first two months, however, sales of new cars have been about 6% below the corresponding 1991 figure, suggesting that volumes for the full year could be below 1991's

Several manufacturers are working short time Samcor will close its plant for two weeks and then continue on short time

Two weeks ago, the authorities cut the hire-purchase deposit requirement to 10% from 15% and increased the repayment period from 42 to 54 months

Prime overdraft rate has been cut by a percentage point and it is forecast that there will be 1% growth in the economy this year

Nico Vermeulen, director of the National Association of Automobile Manufacturers of SA (Naamsa), says this should boost the used-car market. It will allow new-car dealers to trade more aggressively

The National Automobile Dealers Association (Nada) and Naamsa are to ask the Government to reduce duties on raw materials, such as plastic resins and polymers and carbon black, and for a cut in the price of steel They say SA steel is about 65% more expensive than international steel The cost of aluminium in SA is also well above world prices

Delta raised its prices by between 3% and 3,5% this week and Volkswagen by between 1% and 3% after the 2,6% rise in January

Mercedes-Benz raised prices by 2,8% on the W124 range, 1,5% on the W126 and by 2,5% on Honda models Prices of some models are unchanged

Venture

BMW will charge 3% more for its 5-Series and 7-Series models The price of the recently launched 3-Series will be held until the next quarter

Toyota has lifted prices by 4% across the board, but is holding the cost of the Venture

When the car was launched last November, Toyota said it would hold prices until April 1 But because of the backlog in supply, the price will not change until May 1 Additional production is expected after Easter

The price of Nissan models will increase by an average 3,2% Samcor, manufacturer of Mazda, Mitsubishi and Ford, has increased prices by 3,5%

COMPANIES

Booming T&N Holdings braces for tough year

BDay 27/3/92 (192)

MICK ELLINGHAM

TRADING conditions in 1992 will remain tough for industrial holding company T & N Holdings, forecasts chairman Colin Hope in the 1991 annual report

T & N Holdings doubled its 1991 earnings to 70c a share (1990 35c) and its bottom line profit to R16,2m (R8,1m) These results were achieved on the back of a slightly increased turnover of R425,7m (R413,4m)

Hope said these results were achieved by management focus on improved factory throughput and tight expense control

The staff complement was reduced by 285 during the year to 3 683 at year end

T & N plc has decided to reorganise into worldwide product groupings and Hope expects T & N Holdings to benefit from participation in the group's global technology base and marketing network

Asseng became a wholly-owned subsidiary of T & N on 27 January 1992. However, the consolidated balance sheet of T & N Holdings as at 31 December 1991 was prepared on the basis that Asseng had been a wholly-owned subsidiary at that date

The company disposed of its investment in property owning associate company Distro Dee during the course of 1991, receiving a dividend of R2,2m prior to disposal

In the automotive components section, the directors expected a moderate recovery in exports of AE Bearings for 1992, with some orders already received But directors said there is little evidence of a market recovery for AE Engine Parts in the coming year

AE Liners should improve its performance significantly this year, said the directors, even at the expected low levels of offtake

The AE Pistons division operated significantly better in the second half of 1991 than it did in 1990 This was as a result of cost benefits derived from reduced staffing and costs, as well as refurbishment of major items of plant, said the directors

Growth was forecast for the AE Pistons and AE Valves divisions in the coming year as a result of exploitation of export potential

Notwithstanding difficult trading conditions in the motor industry, Ferodo — manufacturer and distributor of friction products — continued to improve market share in 1990

FHE, manufacturer of aluminium brazed and mechanically-assembled radiators and heater cores, had a successful year The company started a major product diversification and will be producing heater and blower assemblies later in 1992

Directors said indications are FHE will maintain its strong growth of the recent past

Payen Components, SA's largest manufacturer of automotive gaskets, recorded improved results in 1991 and export sales are being actively pursued

A marginal increase in turnover over 1990 was recorded by Silverton Engineering — manufacturer of copper-brass truck, bus and car radiators as well as industrial and mining heat exchangers

The fabricated products division was rationalised because of the depressed local truck market, which is not expected to improve in the short term

Vektra set back by fierce competition

BDay 27/3/92. (192)

EDWARD WEST

VEHICLE parts distributor Vektra's earnings in 1990 fell for the second year in succession because of tough competition in the new and used vehicle markets and the maintenance of market share — often at the expense of profit margins

Vektra plc is a 74,9% held subsidiary of W & A

Trading in SA, but incorporated in Britain, its primary listing is on the LSE

Vektra's results for the financial year to December 1991 show sales increased by 4% to R493,5m from R475,5m in 1990, but operating profits fell 9% to R25,5m from R28,1m, reflecting shrunk gross profit margins

Finance charges increased to R12,7m from R11,4m in 1990.

Attributable profits fell 11% to R8,3m from R9,3m

Finance charges increased mainly because of excess capital utilisation at its Williams Hunt subsidiary until the second half of last year, the directors reported in the annual results published today.

In spite of a reduction in vehicle inventory — Williams Hunt distributes vehicles from the Delta Motor Corporation — and development of its franchise spares wholesaling activities, depressed trading conditions saw the company incurring substantial losses, the director said

Financial director Mike Steele said Williams Hunt had entered into vehicle repurchase agreements and was obliged to take excess stock in 1991 This resulted in some vehicles having to be sold at a loss Although vehicle inventory has since been reduced, the company's eventual profitability would depend on an overall improvement in the economy and the marketing ability of the company

The directors decribed the contributions to profits of Femo and V & R Engine Spares as satisfactory Computer-based inventory management and the containment of overhead costs contributed to this performance, they added

Budgeted

Goodwill had been accounted for in 1991 in accordance with UK standards and, as a result, reserves at December 1990 were restated to reflect a decrease of R16,9m Goodwill of R1,3m in 1991 was also written-off the reserves

The directors reported that all businesses in the group had budgeted for improved profits in 1992, given stable trading conditions Earnings a share fell to 37,6c from 46,3c a share In 1989 earnings were 108,5c a share

A final dividend of 7c a share was declared, bringing total dividends to 13c a share — 3c lower than the previous year's 16c a share

Brandtner slams industrial policy

BDay 27/3/92 (192)

EDWARD WEST

LOCAL vehicle component manufacturers have delivered a scathing attack on SA's industrial policy

"Irresponsible government protective and fiscal measures" had prevented the manufacturers from keeping a lid on prices, National Association of Automobile Component and Allied Manufacturers president John Brandtner said in a statement yesterday

As an example, Brandtner said, while the worldwide steel market was in a slump and international steel prices had plummeted, Iscor remained the only steel producer in the world enjoying profits This was because the 3-million tons of steel it exported at "rock bottom" prices was subsidised by the other 3-million tons sold to local industry at a 65% premium over global prices

The local steel user had no option but to buy at local premium prices, as imported steel required the payment of import duties and fiscal surcharges Such cost differentials could not be absorbed by component manufacturers and the man in the street paid for this level of protection, said Brandtner

The same disparities applied in other raw material input sectors such as aluminium, sold locally at a 96% premium over world prices, certain plastic polymers and resins and carbon black for the tyre industry

Furthermore, plant and machinery required for the manufacture of automotive parts had to be imported because local machine tool availability was too limited for most complex manufacturing processes

"Here again the government is not shy, but takes a 25% duty and surcharge for itself without granting the manufacturer favourable tax concessions," he said

Locally manufactured automotive components under Phase VI enjoyed at best a 30% protection level whereas the raw material industry enjoyed protection ranging from 55% to 96% The finnished vehicle enjoyed protection versus built-up import of 110%

The Board of Trade and Industry had dabbled, under various lobby pressures, into one element of the supply chain — the local component manufacturing link But at the same time the board had ignored the input cost side and thus unwittingly left the door open to abuse of the Phase VI local content at the expense of vehicle prices

Brandtner also lashed out against perceptions by vehicle assemblers that local content and high import costs were the cause of unaffordable vehicle prices

While retail prices were out of the hands of component manufacturers, Brandtner said it was difficult to understand how vehicle prices could rise by just under 20% on average in 1991 with some model price increases exceeding 24% He said the average local automotive component prices rose by 12% over 1990 and the landed rand cost of imported component purchases increased by only 10% due to a relatively stable yen and Deutschmark

Furthermore, the manufacturers' association's members lowered prices in 1991 with the implementation of VAT, but this did not fliter through to the consumer, he said

The component industry stood to lose about 30 000 jobs and R1,8bn of annual turnover with the launch of new vehicles comprising mainly imported components this year, said Brandtner

Other manufacturers may follow

Samcor plant to cut back on working time

192

BDay 27/3/92

DIRK HARTFORD

SAMCOR's huge plant at Rosslyn will close for two weeks next month and work a seven-hour day until end-June — sometimes on a four-day week, a Samcor spokesman says

This effectively means that in the next three months Samcor's 5 200 employees will have their income cut by more than a third

The 480 normal working hours will be cut back to about 310

It is also understood that Samcor, like most other motor manufacturers, regards itself as seriously overmanned Between 300 and 1 000 potential redundancies have been bandied about

Volkswagen and Mercedes-Benz have also knocked between eight and 12 hours off the normal 40-hour week.

Last year the seven major motor manufacturers agreed to a moratorium on retrenchments in exchange for a halt to unprocedural industrial action The agreement was for the year to end-June

Locked into the agreement, and reeling under depressed trading conditions, employers like Samcor, VW and Mercedes have cut back radically on working time while maintaining jobs Other motor manufacturers have said they will use this option if necessary.

This year the motor workers' union Numsa again demanded a moratorium on retrenchments but did not link it to unprocedural action

Employers and the union say they are committed to protecting jobs Some employers would like Numsa to agree to voluntary retirement and retrenchment, but Numsa argues this will undercut its drive to defend jobs Although employers have the latitude to offer this option directly to workers, most are reluctant to do so without the union's consent

But when the agreement was struck last year, few imagined the recession would exact such a toll on the industry Short time was never part of the longer-term scenario for employers or the union

A source says that in 1986 Toyota workers on short time went out on strike against short time and accepted redundancy packages instead

This year's negotiations, which begin in two weeks' time, are set to be the toughest to date

Unions and employers must try to strike a balance between demands for job security and above-inflation wage increases, and the viability of the industry under current economic conditions

Numsa has demanded a R2 an hour across-the-board increase.

Motor manufacturers are the highest paying industry in the country The lowest minimum monthly wage is Delta's R1 153 and the highest is VW's R1 499

New passenger vehicle sales dropped 2,1% in January to 14 766 units compared with the previous year.

Although this was slightly up on December's figure, the National Association of Automobile Manufacturers of SA said trading conditions would remain tight for the foreseeable future

Samcor sold 2 849 units in January — the third highest — which accounted for 16,8% of the market

Autocat plant exploits Phase VI incentives

B/Day 27/3/92 (192)

MATTHEW CURTIN

JOHNSON Matthey's decision to invest more than R40m in its new Germiston auto exhaust catalyst manufacturing plant represented a significant commitment by a British company to industrial development in SA, British ambassador Sir Anthony Reeve said yesterday

After he had officially opened the plant, Reeve said the investment would prove to be "a sensible business decision" There were good business opportunities in SA, and while there was hesitancy to invest because of uncertainty in the country's future, the "events of the last two weeks" boded well for the future.

Johnson Matthey PLC chairman David Davies said his firm's decision was prompted by incentives aimed at encouraging the local production and export of high-technology industrial components Specifically, it was taking advantage of the Phase VI incentives available to local motor companies that exported components

At the Germiston plant, imported platinum group chemicals are sprayed onto imported ceramic substrates The coated substrates are sold to local exhaust manufacturers who clad them in comparatively cheap local stainless steel The finished product is then sold, as an SA product, to local motor manufacturers They, in turn, export them and are credited with the full export value in terms of the Phase VI local content requirements

Davies said he expected cars with converters would be available in SA in the next three to four years as unleaded petrol became available

Johnson Matthey MD Peter Emmel said of the R300 to R800 cost of the units produced in Germiston, 50% was made up of the platinum metals, 25% the remaining raw materials and 25% the value added in the production process

Samcor stalls in bid to stay in gear

From DICK HARTFORD

JOHANNESBURG — Samcor's giant plant at Rosslyn will close for two weeks next month and work a seven hour day until end June — sometimes on a four day week, according to a spokesman for Samcor

This effectively means that over the next three months Samcor's 5 200 employees will have their income cut by over a third The normal 480 working hours will be cut back to around 310

Its also understood that Samcor, like most other motor manufacturers, regards itself as seriously overmanned Figures of between 300 and 1 000 potentially redundant jobs have been bandied about (192)

Last year the seven major motor manufacturers agreed to a moratorium on retrenchments in exchange for a halt to unprocedural industrial action The agreement was for the year to end in June CT 27/3/92

Locked into the agreement, and reeling under depressed trading conditions, employers like Samcor, VW and Mercedes Benz have cut back radically on working time while maintaining jobs

This year's negotiations, which begin in two weeks time, are set to be the toughest ever Motor workers' union Numsa has demanded a R2 an hour across the board increase

Motor manufacturers are the highest paying industry in the country The lowest starting monthly wage is Delta's R1 153 and the highest VW's R1 499

New passenger vehicle sales dropped 2,1% in January to 14 766 units compared with the previous year

Samcor sold 2 849 units in January — the third highest — which accounted for 16,8% of the market

Cut tariffs would damage industry

ST Times [BUSS] 29/3/92

(192)

BY MAX BRAUN

SOUTH Africa could be flooded with imported commercial vehicles if the government's decision to reduce protection on trucks, buses, bakkies and kombies is implemented on January 1 1993.

In a bid to comply with the objectives of GATT (General Agreement on Trade and Tariffs) the Department of Trade and Industries has committed the SA motor industry to reducing import tariffs from 100% to 30%.

The commitment, which has been accepted by the other GATT parties, is to be phased in over a period of five years from the beginning of next year.

Ironical as it might seem, until the beginning of this month only a few people in the broader motor industry and even at the Board of Trade and Industries (BTI), appeared to have any knowledge of the government's submission to GATT.

Discussing

At the time of going to press the National Association of Automobile Manufacturers of SA (Naamsa) was not available for comment, as it is discussing the matter.

Passenger cars are not affected by the proposed change.

Although unlikely, implementation of the government's submissions to GATT in its present form would have serious implications for the motor industry and component manufacturers.

In recent months there have been attempts to circumvent the present high duties to import manufactured trucks from the Eastern bloc, refurbished petrol-driven American school buses and antiquated Japanese light trucks built in south-east Asia.

An open "sesame" in South Africa could encourage a variety of more serious players such as Scania, Volvo, Louisville, Mack, Navistar, Kenworth and DAF/Leyland to re-enter the market.

Worldwide, new trucks sales have been in the doldrums for more than two years. Any opportunity to dump old inventories would not be missed.

Such a development would damage the established manufacturing capability now in place, with a concomitant loss of jobs.

With protection at a level of 30%, maybe even as high as 40%, it would not make sense for local truck suppliers to manufacture in South Africa. This would threaten the existence of local diesel-engine producer ADE and gearbox and axle producer Astas.

Substitute

The change may encourage motorists to substitute their cars with bakkies or small buses. This would further reduce the need for locally made components and locally built cars and trucks.

The motor industry will probably try to persuade the government to revise its commitment to GATT.

According to industry sources, the compromise with the best chance of gaining acceptance is a reduction in duties, for all vehicles including cars, to 60%, phased in over five or preferably eight years. But even this would be a daunting prospect for ADE, Astas and other component manufacturers.

If vehicle manufacturers revert to sourcing from parent companies or international jobbers, it will become more difficult to export parts and components to global markets.

Prudent

The component-manufacturing industry in South Africa employs more than 70 000 people. Another 50 000 jobs depend on the fortunes of this industry.

Naacam (National Association of Automotive and Allied Component Manufacturers) believes it would be prudent for the government to reduce tariffs on primary materials (local manufacturers pay 30% more for steel than they need to because of protection) before reducing it on secondary items or finished goods.

A disadvantage of the scheme is that some imported built-up vehicles will be cheaper to buy but a lot more expensive to maintain and operate.

Locally made vehicles are more costly to build because of low production runs. However, they may be cheaper to own because they are engineered for local conditions, and parts support is competitive.

A turning point for Japan's motor industry

B/Day 30/3/92

192

TOKYO — Nissan's newly named president said on Friday the Japanese car industry was at a "structural turning point", and he would have to reduce working hours, spending and trade friction all at once

Yoshifumi Tsuji, a 64-year-old former production engineer, will take over in June from Yutaka Kume, who moves to the chairmanship, replacing the retiring Takashi Ishihara

Kume, 70, who also rose from the production side, helped rejuvenate Nissan's product line during his seven-year tenure But he leaves at a time when the number two car maker could face its first operating loss since 1987 in the second half of fiscal 1992

Tsuji, like Kume a graduate of Tokyo University's engineering department, "is an important choice for the next steps at Nissan", said Steve Usher, an industry analyst for Kleinwort Benson Securities

Nissan is considered one of the least efficient of Japan's car makers in terms of labour costs. Nissan's costs were the highest of Japan's "Big Five" car companies as a percentage of sales, he said

Adding to Tsuji's headaches are a recession that has dampened global demand, and trade pressures to cut working hours and exports, and to hold steady in market share in the US, the company's largest foreign market.

In the past, Japan's top car makers often exported their way out of a downturn, today, because of frictions with Washington and Detroit and weak overseas demand, that may not be an option

In part because of this, Japanese car makers are raising prices and lengthening model cycles Nissan has already announced it will extend the time between new models for its main lines from four to five years

"Most people feel this is a structural turning point in the auto industry," Tsuji said at a news conference

At the same time, the company is in the middle of paying for its aggressive expansion into the US and Europe beginning in the 1980s, when it built local production plants

"Despite efforts to cut back on capital spending in a bad environment, the company is still committed to a fairly high level of spending," said Andrew Blair-Smith, an analyst with UBS Phillips and Drew

Despite the troubles he leaves Tsuji with in moving to the largely ceremonial post of chairman, Kume is credited with turning Nissan's product line around with such hit models as the Cima and Sylvia cars

"He put Nissan into the forefront of car design," said Ben Moyer, an analyst for Merrill Lynch Research in Tokyo — Sapa-AP

Too much 'luxury' pushing up car prices

By Des Parker

STAR 2/4/92

192

DURBAN — Vehicle component manufacturers have taken strong exception to the opinion voiced by a leading motor assembler that car prices would fall 12 or 13 percent if the Government toned down its local content programme.

Toyota SA chairman Bert Wessels said last week the percentage was the price South Africa paid for the foreign exchange saving and job-creation achieved by making assembly companies comply with strict local content policy.

However, component makers, under the umbrella of the National Association of Automotive Component and Allied Manufacturers (Naacam), put much of the blame for high prices on import surcharges and duties, inflated domestic steel prices, VAT-profiteering and the excessive opulence of locally-assembled cars.

Naacam president John Brandtner says it is hard to understand how vehicle prices jumped by an average of just under 20 percent — with some models exceeding 24 percent — between 1990 and last year when component prices went up about 12 percent and the rand cost of imported parts about 10 percent in the same period.

Component companies, he says, passed on VAT savings to their customers, a compliment not repeated by vehicle manufacturers.

Mr Brandtner also takes a swing at Pretoria's import tariff protection, which enables Iscor to subsidise losses on the export market with domestic prices 65 percent above international levels.

"The local steel user has no option but to buy at local premium prices, or if he chooses to import, pay horrendous import duties and fiscal surcharges," he says

"Such cost differentials obviously cannot be absorbed by the component manufacturer. The one who pays for this level of protection is the man in the street."

McCarthy moves into UK market

(112) STAR 6/4/92

By David Canning

DURBAN — McCarthy's move into the UK market announced last week is just one of several strategies designed to keep SA's largest car retailer on the growth track

In one of its most significant moves in years, McCarthy announced the acquisition of four Toyota dealerships in England — at Sidcup, Belvedere, Maidstone and West Malling

Its position as SA's largest vehicle retailer limits its growth potential to a degree, whereas in the much larger UK market there is huge potential for expansion

Owing to Japan's voluntary constraints on exports to the UK Toyota's share of the UK market is only around two percent

However, the building of a new Toyota manufacturing plant at Derby will soon result in production of 200 000 cars a year — more than that for the entire South African market last year

McCarthy predicts that Toyota will significantly increase its market share in the UK

An additional bit of fortune dropped into its lap with the announcement in the UK budget that the tax on cars would be cut by half

This, together with an expected improvement in the economy, will boost sales prospects in the UK, where car sales have fallen dramatically as a result of the recession

The new British subsidiaries have been selling about 1 000 new cars a year, but these volumes are expected to rise

The investment is expected to have a neutral impact on earnings this year

But with UK management staying in place and now supported by McCarthy expertise, profit prospects are described as "encouraging"

The overall impact of the group must be expected to be relatively small in the early years

Theo Swart, who has moved from Pretoria to Durban as MD, says greater focus is being placed on parts and service, which are areas yielding better gross margins than car sales

The average life of the car park is now 10,5 years and expected to increase to 12,5 years by 1995 — ensuring increased demand for parts

He says another thrust will be to maintain a growing stake in the full maintenance leasing area Overall, Mr Swart sees local market conditions continuing to be tough this year

Mr Swart says McCarthy's presence in the heavy truck market — it has about 14 percent of the national cake — also looks as if it would yield significantly better returns once spending on capital investments recovers

Strategically McCarthy is placing greater emphasis on the black consumer, whose buying power is increasing

A recent innovation is to develop joint ventures to trade more effectively in the black community

Overall, he says McCarthy's second-half earnings to June should prove a little better than the first half when net earnings were 11 percent down at R20,96 million on a turnover increase of 17 percent to R1,59 billion

Metair rides a smoother road

Diagonal Street

STAR 6/4/92 (192)

LYNNE PEACH

The recent sharp gains in Metair's share price reflects the view that the group has regained its footing and will continue to march forward

In the annual report, chairman Elisabeth Bradley says the past year's earnings a share growth of 80 percent, although off a low base, marks a return to the good performance and solid growth of the years before 1990

Prospects are heightened by the fact that Metair, a motor component manufacture, operates in an industry that has been squeezed to the bone and has limited further downside potential

Also growth, when it comes, is likely to be signficant because of the low base and pent up demand

Ms Bradley expects a modest increase in demand for original and replacement parts and projects that the results of most group companies will show improvement

She says companies with good labour relations should be able to improve productivity and exploit new opportunities

Metair also stands to benefit from the manufacture of new high-volume components, the development costs of which have already been absorbed, and from the easing of trade restrictions

She says exports are focused on small niche markets and will be increasing from a low level

In the year to December, group turnover grew 18 percent from R330,3 million to R389,7 million, while operating profit shot up 45 percent from R24,3 million to R35,3 million

After interest expense rose 63 percent from R5,1 million to R8,2 million, pre-tax profit advanced 41 percent from R19,3 million to R27,1 million

A reduction in the effective tax rate from 55,2 percent to 47,3 percent pushed taxed profit to R14,3 million — 65 percent higher than the previous R8,6 million

With an improvement in the contribution from associated companies, attributable income grew 80 percent to R15,6 million

Earnings a share rose from 153c to 275c and, after an increase in cover, the dividend rose 17 percent from 63c to 74c

The balance sheet discloses a healthier cash balance, but higher interest-bearing debt of R43,3 million (R27,8 million a year ago)

Ms Bradley attributes the increase in borrowings to new projects and investments and says a decline this year is on the cards

Tightly held Metair, priced at R16, is trading on a P/E ratio of 5,8 and provides a dividend yield of 4,6 percent

These yields are attractive in view of expected real earnings growth and the potential for more exciting performance in the longer term

COMMENT: Metair's share price entered a bull trend about a month ago and recently broke through the important R15 resistance level

As long as the price remains above this barrier, further price increases can be expected

Battle in luxury car market gets tougher

BDay 8/4/92.

(192)

EDWARD WEST

THE battle for market share in the luxury car market looks set to become even tougher this year with new entries from SA's Japanese-sourced manufacturers

The sector was previously dominated by European vehicles — Audi, BMW and Mercedes-Benz

Motor industry sources said at the weekend Nissan SA planned to launch two new ranges to its Maxima model towards the end of 1992, while Toyota SA is believed to be planning the launch this year of the Camry, a vehicle similar in looks to the Maxima and which would probably be priced in the same range

Although Toyota SA would not confirm the launch of the Camry, executive chairman Bert Wessels said Japanese vehicle manufacturers had encroached on most luxury car markets, with Toyota's Lexus outselling European manufacturers in the US a case in point

Top of Toyota's local range is its 3-litre Cressida, which Wessels says is seen as "touching the luxury market segment"

Toyota SA has also sold about 12 of its Lexus models in SA and consideration would be given to importing more into the country in limited volumes, said Wessels

The first Japanese-sourced manufacturer to launch a car at the high volume luxury market recently was Nissan, who launched its V6 3l Maxima in November last year Nissan spokesman Illana Sallant said, on average, 76 a month had been sold

The Maxima, priced at around R105 000 and sporting all the trimmings of most European-sourced luxury vehicles in SA, promptly won the 1991 SA Car of the Year competition

The latest European entrants to SA's luxury market have been BMW's relaunch of the 3-series in March, ranging in price from R66 000 to R116 000, and VW's launch of three new models in the Audi 500 line-up at the end of February These range in price from R103 000 to R140 000 Volkswagen plans to import probably fewer than 100 SL Audi Quattros, which will retail for about R195 000 this year, says its public affairs spokesman Johan Wagner

BMW spent R250m on tooling and production facilities for the new 3-series, while Audi, which is aiming at a 25% share of the luxury car market, spent only R40m on their new range

BMW public affairs spokesman Johan Kleynhans said while the market for cars priced at more than R60 000 shrank to 23% from 34% of total car sales last year, BMW's share of this market increased to 34% in 1991 from 20% in 1985 While total new car sales were not expected to grow substantially this year — if at all — the luxury car market was expected to grow by up to 2,5% compared with last year

Last year, BMW sold 15 431 units, Mercedes-Benz SA (including Honda sales) 15 756 and Audi 2 117, statistics from the National Association of Automobile Manufacturers of SA (Naamsa) show

SA's total car market in 1991 was dominated by vehicles of European origin Naamsa's statistics of new car sales in 1991 show that vehicles originally sourced from Germany, including Opel and some of the Ford range, held a 49,9% share of the total market of 197 736 units

Egg price increase can be expected, says board

BDay 8/4/92

MEREDITH JENSEN

THE Egg Board has warned that an increase in prices can be expected as the industry continues to experience the effects of the drought.

The board's March report said the increased cost of having to import maize had put upward pressure on prices making egg production more costly

The board's GM Jan van Zyl sees the rising cost of maize as a serious problem for producers

"Seventy percent of the production costs of eggs are in feed for the chickens, of which 60% consists of maize," he said at the weekend.

"If the maize price goes up, then the production cost goes up and it is passed on to consumers"

Currently, a dozen large eggs retail for R3,06

Egg surpluses for January and February amounted to 6,6% of consumption, according to the report.

'This was an extremely high figure we had to absorb," he said

Van Zyl emphasised the board was trying to encourage egg producers to operate in a "more market orientated fashion" and to pay attention to consumer demand

Egg producers are operating with 2% to 2,5% more hens than they were this time last year, though the demand outlook is much weaker

This has posed a serious problem as the industry cannot afford to subsidise a prolonged surplus.

"Producers may have to get rid of their hen surplus by sending them off to be culled," he said

The surplus eggs bought by the board are converted into egg products for export to Japan, Korea and other Pacific Rim countries.

The Board imposes a levy on producers of 7c per dozen eggs

"It is like an insurance policy," said Van Zyl, adding that the money was not only used to buy surplus eggs, but also went towards advertising and market information systems, as well as product development.

Van Zyl reserved some optimism, however

"The drought has irritated a bad situation, yet the economy is expected to grow Then, consumption grows as well"

Sowetan

Talks still open in car trade

9/4/92

THE moratorium on retrenchments still remains a key issue in the car industry, SABC ~~radio~~ news ~~has~~ reported (192

The National Automobile Manufacturers Association of South Africa, the National Union of Metalworkers, and the Iron and Steel Workers Union held the second round of talks in Port Elizabeth.

In a statement released by Numsa collective bargaining secretary Mr Les Kettledas on Tuesday, the union stated that the employers were still not in a position to place an un-conditional moratorium on retrenchments after an extensive debate during Tuesday's negotiations.

No offer was made on wage demands.

According to the statement, Naamsa requested more time to consider the code of practice to end so-called unfair discrimination as tabled by Numsa.

The negotiations will continue on May 8 in Port Elizabeth - *Sapa*

LABOUR

Motor industry talks stall

W/Mail 10/4-15/4/92

NEGOTIATIONS around a retrenchment moratorium occupied centre stage in annual negotiations in the automobile industry which kicked off this week.

National Union of Metalworkers of South Africa representative Les Kettledas said employers would not make a wage offer or respond to the union's other demands until consensus was reached on the moratorium question.

Naamsa executive director Nico Vermeulen said they could not agree to an unconditional moratorium on retrenchments.

Negotiations in the tyre industry also started yesterday.

Gloom as new car sales slide again

(192)

CT 10/4/92

From EDWARD WEST

JOHANNESBURG — The market for new passenger cars has shrunk by a third over a decade, according to the March figures released yesterday.

[illegible] passenger vehicles were sold in the first quarter of 1992 [illegible] 47 [illegible] the first three months of the year, [illegible] new cars sold in the first quarter of 1991.

The figure has forced another downward revision of the annual vehicle sales forecast [illegible] for the year [illegible] expected to be well below 1991 levels, the National Association of Automobile Manufacturers of SA [illegible].

[illegible] of [illegible] sales and [illegible] rental [illegible] well [illegible] the April 1992 [illegible] cre [illegible].

Sales of light commercial vehicles [illegible] LCVs for the first quarter of 1992 were down [illegible] and heavy commercial vehicles [illegible] HCVs declined 16 [illegible] compared with 1991 [illegible] first three months.

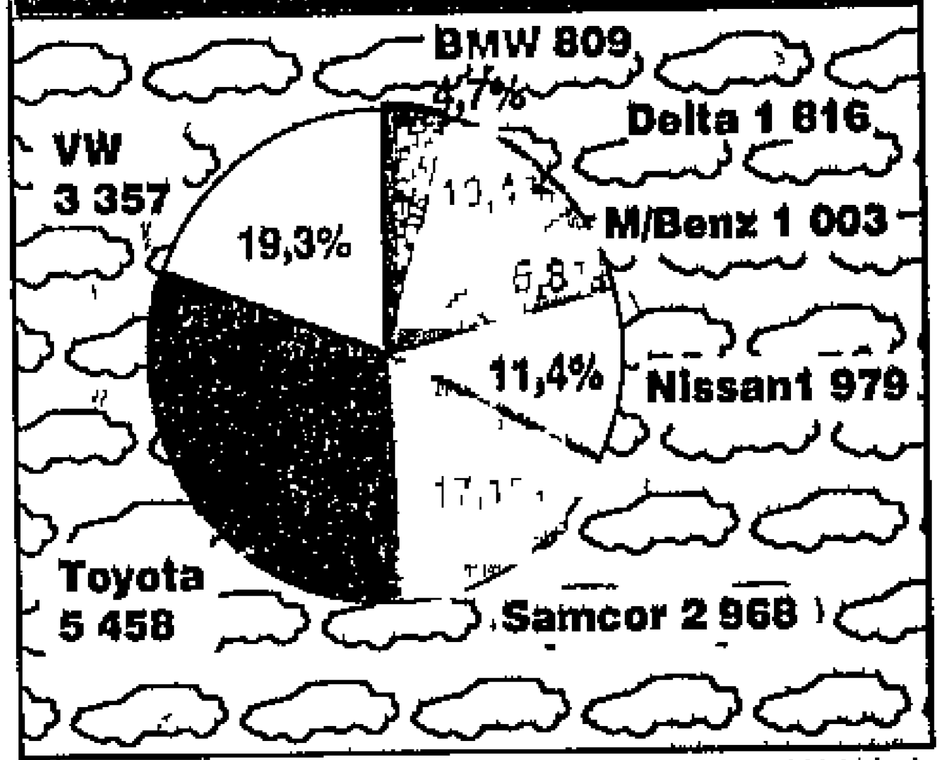
[illegible] March [illegible] 1 746 units to 17 [illegible] units compared with the 15 842 units sold in February. However when compared with the same month last year sales declined by 2 987 units or 14,6%.

March sales of LCVs, bakkies and minibuses improved by 11,3% to 9 026 from 8 109 units sold in February 1991. Relative to a year ago, LCV sales fell by 9,4% or 940 units. Sales of MCVs and HCVs improved marginally over February, but compared with last year sales were down 10% to 4 127 units and 13,8% down to 5 807 units respectively.

In the light of poor first quarter sales, Naamsa has revised its sales projections. It now forecasts sales of 190 000 cars, 95 000 LCVs, 4 000 MCVs and 5 600 HCVs in 1992. At the beginning of the year Naamsa forecast sales of 202 500 cars, 104 500 LCVs, 4 400 MCVs and 5 600 HCVs.

Toyota SA continued to break new ground in terms of market share. In March, one in three vehicles sold was a Toyota. It has also [illegible] increased its passenger car market penetration to 31,4% in March from 27,5% of sales in January and 30,1% in February.

Toyota SA also broke a 10-year industry record for a single model when its Corolla logged 4 398 sales in March.



Graphic: LEE EMERTON Source: NAAMSA

New car market shrinks by a third

B Day 10/4/92 EDWARD WEST (192)

THE market for new passenger cars has shrunk by a third over a decade, according to the March figures released yesterday.

Ten years ago, 74 704 passenger vehicles were sold in the first quarter of 1982. This has dropped to 47 995 for the first three months of this year, which is a 9,2% drop on the 52 873 new cars sold in the first quarter of 1991.

The figures have forced another downward revision of the annual vehicle sales forecasts. Overall sales for the year were now expected to be well below 1991 levels, the National Association of Automobile Manufacturers of SA (Naamsa) said.

Naamsa said industry expectations of a contribution from government sales and car rental companies, as well as pre-emptive buying to avoid the April 1992 round of price increases, failed to improve sales markedly.

Sales of light commercial vehicles (LCV) for the first quarter of 1992 were down 8,7%, while sales of medium and heavy commercial vehicles (MCV, HCV) declined 16,4% and 9,5% compared with the first three months of 1991.

Car sales in March increased 9,8% or 1 548 units to 17 390 units compared with the 15 842 units sold in February. However, when compared with the same month last year, sales declined by 2 987 units or 14,6%.

March sales of LCVs, bakkies and minibuses improved by 11,3% to 9 026 from 8 109 units sold in February 1991. Relative to a year ago, LCV sales fell by 9,4% or 940 units. Sales of MCVs and HCVs improved

☐ To Page 2

Cars

B Day 10/4/92 (192) ☐ From Page 1

marginally over February, but compared with last year, sales were down 10% to 4 127 units and 13,8% down to 5 807 units respectively

Naamsa believed some relief would be provided by the recent relaxation of hire purchase provisions, the one percentage point reduction in the prime rate, the expected modest economic recovery in the second half of 1992 and a spate of new model introductions

Nissan SA CE John Newbury said a positive balance of payments, increased investment from overseas and efforts to keep the inflation rate in check boded well for the beginnings of economic recovery

However, in the light of poor first quarter sales, Naamsa has revised its sales projections It now forecasts sales of 190 000 cars, 95 000 LCVs, 4 000 MCVs and 5 600 HCVs in 1992 At the beginning of the year, Naamsa forecast sales of 202 500 cars, 104 500 LCVs, 4 400 MCVs and 5 600 HCVs In the third quarter of 1991, its forecast was 210 000 new cars In 1991, 197 736 cars, 100 405 LCVs, 4 127 MCVs and 5 807 HCVs were sold

Toyota SA continued to break new ground in terms of market share In March, one in three vehicles sold was a Toyota It has also steadily increased its passenger car market penetration to 31,4% in March from 27,5% of sales in January and 30,1% in February

Toyota SA also broke a 10-year industry record for a single model when its Corolla logged 4 398 sales in March

New car sales continue to slip

STAR 10/4/92 (192)

The National Association of Automobile Manufacturers (Naamsa) has expressed concern about the steady deterioration in new vehicle sales

The sales of all classes of vehicles were down considerably on those for comparable 1991 periods, although there were slight improvements in the March figures when compared with February

Sales of new cars for the first three months of 1992 were 9,2 percent down on the first quarter of 1991, light commercial vehicle sales were down 8,7 percent, while sales of medium and heavy commercial vehicles were down 16,4 percent and 9,5 percent respectively Similarly, March 1992 sales were down on March 1991

In the light of the sales performance this year to date, Naamsa has revised its projected sales for the year to cars 190 000, light commercial vehicles 95 000, medium commercials 4 000, heavy commercials 5 600

Naamsa had expected that sales to Government, car rental firms as well buying to avoid the April round of price reviews, would result in higher figures for March.

The industry forecast is that trading conditions will remain extremely difficult for the remainder of 1992, although the recent relaxation in hire purchase deposits and the one percent reduction in the bank rate might contribute to a modest recovery.

New models

Nevertheless, manufacturers are expected to release a spate of new models during 1992 to hopefully generate additional sales.

The March sales figures were (1991 in brackets) new cars 17 390 units (20 368), light commercials 9 026 (9 966), medium commercials 327 (364), heavy commercials 482 (559)

The top selling car in March was the Toyota Corolla at 4 398 units, followed by the Volkswagen Golf I at 1 429 units, the Mazda 323 at 1 082 units and the Toyota Cressida at 1 026 units

Toyota was also top seller of light and medium commercial vehicles, with 3 269 and 147 units respectively Mercedes-Benz was top seller in the heavy commercial vehicle category with 131 units, closely followed by Toyota with 129 units — Sapa

COMPANIES

Management reshuffle at the McCarthy Group

Bday 14/4/92

EDWARD WEST

(192)

THE McCarthy Group had made several management changes following the retirement of joint MD Dudley Saville at the end of March, chairman Brian McCarthy said yesterday.

Theo Swart has moved to Durban to take over as group MD — a position previously held with Saville.

Errol Richardson now has responsibility for the group's BMW, MMI, Ford, Rolls Royce and Toyota franchises and independent franchise Car Bar.

Richardson also assumes responsibility for the group's four UK-based Toyota dealerships acquired in March. These followed closely the announcement of the acquisition of two Volkswagen dealerships, in Durban and Middleburg.

Head of the group's Mercedes franchise, Graham Damp, becomes chairman of McCarthy Finance — while McCarthy Nissan MD Ray Nethercott takes on responsibility for the group's vehicle auction subsidiary, Burchmore's.

Executive director Roy Parkhurst assumes chairmanship of Yamaha Distributors, but retains his board responsibility for manpower and property. John Robertson becomes the new MD of Yamaha following the retirement of Alf Price.

Tony Alison, former financial director of the 36%-held Midas group, returns to McCarthys as GM, finance and administration. Terry Sorour, currently MD of Atkinson's Toyota in the Cape, replaces Richardson as MD of McCarthy Toyota.

Commenting on the group's operations in the first quarter of 1992, McCarthy said sales volumes were lower than anticipated and profit margins were tight. On the other hand, the relaxation of HP requirements had improved used car sales while service and parts operations had performed above budget

Motor industry local content programme is sharply criticised

BI 16/4/92

FORCED policies on import replacement and promotion of local industry through penalties always cause debate and no more so than in the automotive industry

Phase VI of the local content programme for locally produced motor vehicles, which came into effect on June 1 1989, has come under much criticism, with many questioning its success

National Association of Automobile Manufacturers of SA (Naamsa) director Nico Vermeulen says the aim of the programme is to establish a better balance between the industry's propensity to import and its ability to export

From this perspective the programme has been successful, leading to a significant increase in exports of local automotive products and materials and built-up vehicles

"But it has been achieved at considerable cost to the consumer"

National Association of Automotive Components and Allied Manufacturers (Naacam) president John Brandtner says Phase VI is "anything but a local content programme" and has not achieved a real decrease in imports

Reduced

"Imports decreased because the sharp rise in car prices led to vastly reduced sales"

"The industry sold only 200 000 cars in 1991, 25% less than in 1984 Car prices rose about 20% during the past year, even though component costs increased by only 11%

Exports from Phase VI increased by R401m in the first year, to R649m in year two and are estimated to reach R1,2bn in 1991

Brandtner says the increase in exports has not been commensurate with the industry's loss in sales "The components industry is getting progressively worse off"

Various taxes are imposed on manufacturers which do not comply with the programme's parameters In terms of Phase VI a 37,5% excise duty is levied on vehicle manufacturers which do not comply with the programme's parameters which call for a minimum local content, excluding exports, of 50% of the wholesale value of the vehicle

This excise duty is progressively rebated as the manufacturer's average reaches a ceiling of 75%, including exports

Brandtner says three factors about the parameters are disturbing to the automotive components manufacturing industry

Firstly, the 50% minimum local content requirement is not purely local component purchases but includes the original equipment manufacturer's (OEM) other local costs, including overheads and profits

Naacam has already seen a shift between the ratio of pure component content towards the non-component element

Secondly, components manufacturers must cede their exports through an OEM and negotiate a sharing of the vehicle manufacturer s export incentive

The components industry does not have access to the general export incentive scheme (GEIS), thus any export incentive it can obtain is controlled by the vehicle manufacturers

This does not allow for clear long-term export development as the components manufacturer could be cut out of export incentives when it no longer suits the OEM, says Brandtner

Ceiling

192

This takes place as soon as the OEM has achieved the 75% ceiling, at which level all excise duties are fully rebated and no further funds for export incentives are available

Thirdly, to set a ceiling of 75% beyond which no export incentives are available to either the OEM or the components industry undermines the automotive industry's ability to support any long term export-driven economic upswing, and frustrates any meaningful investment decisions

For SA to be an export-led economy the motor industry will have to increase capacity But with the penalties imposed through duties and surcharges on the importation of capital equipment for the required expansion, that investment is at least 25% more expensive than for manufacturers elsewhere in the world

Vermeulen says expected far reaching changes to SA's tariff protection policy, based on recommendations by the Industrial Development Corporation, and impending tariff reductions on a broad range of tariff items, as part of SA's obligations to GATT, have further complicated the industry's current dilemmas

Job cuts bid by car industry

DIRK HARTFORD 6/92

MOTOR car industry employers have told the National Union of Metalworkers (Numsa) that before making any offer on wages this year, they want to resolve their difficulties with the moratorium on retrenchments agreed in last year's talks

Employers say they are unable to maintain an unconditional moratorium on retrenchments.

Representatives of motor, metal and tyre and rubber industry employers — who are separately involved in talks with Numsa — met for the first time this week to share ideas on how to deal with the 270 000-member union's demands

Numsa is demanding a R2-an-hour, across-the-board increase. It also wants to extend the moratorium on retrenchments to the metal and tyre and rubber industries — without this being linked to a ban on "unprocedural industrial action" as is the case in the auto agreement

In the opening round of car assembly negotiations this week, National Association of Automobile Manufacturers (Naamsa) director Nico Vermeulen presented an overview of the key issues facing the industry this decade BDay 9/4/92

The detailed presentation highlighted current problems such as falling sales and a shrinking industry

Samcor will cut working time and wages by over a third over the next three months in order to keep to the moratorium. Toyota, meanwhile, is doing so well that it has been working overtime.

dents since last Wednesday | political, cultural, tourism and trade ties.

Car hire industry cuts down on new vehicles

B/Day 16/4/92

(172)

EDWARD WEST

THE big three companies dominating SA's car hire industry will buy between 10 000 and 13 000 new vehicles this year, about 30% less than last year, Budget MD Tony Langley said yesterday

Describing trading conditions as tough this year, he said the number of rental days sold by the industry in February at an average 72% capacity utilisation amounted to 2,6-million, 17,5% lower than the 3-million days recorded in the same month last year, which in turn was 12.5% lower than the 3,5-million days in February 1990

Imperial Car Hire MD Carol Scott said Imperial would buy about 6 500 new cars this year, 300 of which would be from BMW's new 3-Series range These would be used mainly for businessmen and foreign tourists — of which there had been an upsurge since October last year, she said

Scott said the company planned to keep a lid on rates following the 1% decline in interest rates earlier this year Trading conditions in February and March had been boosted 16% over the same two months in the previous year by rentals from foreign tourists

Avis will also take advantage of the models launched this year and has spent more than R7m on 80 new BMW 3-Series and more than R4m on 50 Audi 500 SELs, a company statement said Avis planned to buy about 5 000 vehicles this year

Budget's Langley said car hire companies were involved to some extent in the launch of new vehicles Businessmen hired new models to test them, either for individual or company fleet purchases

Avis and Imperial said business in the industry — which traditionally led an upturn in the economy — had improved rapidly in the first months of this year Rental volumes dropped 20% in 1991 compared to the previous year Last year the companies forecast a total fleet of 15 000 vehicles for 1992

More power for Soweto

B/Day 16/4/92

WILSON ZWANE and ADRIAN HADLAND

ESKOM has begun a multi-million-rand project to upgrade Soweto's electricity supply network

Eskom CE Ian McRae said in a statement yesterday the project was launched after it took over electricity supply to the township from the Soweto City Council last month

Eskom was committed to bringing the level of service in the township to the same level as that of "other domestic customers in SA"

"We have started addressing the most pressing issues, such as the replacement of broken meters and updating the customer database," he said

Eskom had agreed to implement the tariffs negotiated by parties to the Soweto Accord, a spokesman said

"A new tariff based on actual costs will be introduced after negotiations have taken place," McRae said

The Soweto Civic Association recently called for a rent boycott but said the R33,80 tariff for electricity, now controlled by Eskom, should be paid

Final sequestration order against Du Plessis

DESPERATE attempts by the children of former Cabinet Minister Pietie du Plessis to save him from bankruptcy failed yesterday when a final sequestration order was granted against him in the Pretoria Supreme Court

The order, by Judge H J Preiss, concluded months of litigation, during which Du Plessis stalled his final liquidation on several occasions

Investec Merchant Bank Ltd obtained provisional sequestration orders last month against Du Plessis and his son Johan, who owed the bank nearly R1.4m after signing surety for the debts of an investment company they formed to develop the platteland town of Steelpoort

The venture failed, and Steelpoort was sold at a loss of more than R1m — Sapa

Elitestar cancels 24 Easter flights

5. Verder word u hierby versoek om binne **60 dae** van die datum van hierdie kennisgewing af aan my die titelbewys(e) van die onteiende grond te lewer of te laat lewer of indien dit nie in u besit of onder u beheer is nie, skriftelike besonderhede van die naam en adres van die persoon in wie se besit of onder wie se beheer dit is, te lewer of te laat lewer

6. Die eiendom wat hierby onteien word word deur die Republiek van Suid-Afrika in besit geneem **60 (sestig) dae** na die publikasie datum van hierdie kennisgewing

7. Die adres vir doeleindes van hierdie onteienings is Hoofdirektoraat Werke (Transvaalse Provinsiale Administrasie), Privaatsak X228, Pretoria, of Kamer C222, Blok C, Provinsiale Gebou, Kerkstraat, Pretoria

Gedateer te Pretoria op 3 April 1992

M. MASSYN,

Assistentdirekteur Voorsieningsadministrasie

Vir en namens die Uitvoerende Komitee van die Provinsie Transvaal.

(16 April 1992)

5. You are hereby further requested to deliver or cause to be delivered to me within **60 days** from the date of this notice your title deed(s) to the said land or if it is not in your possession or under your control, written particulars of the name and address of the person in whose possession or under whose control it is

6. The properties hereby expropriated shall be taken into possession by the Republic of South Africa **60 (sixty) days** after the date of publication of this notice

7. The address for the purposes of this expropriation is Chief Director of Works (Transvaal Provincial Administration), Private Bag X228, Pretoria, or Room C222, C Block, Provincial Building, Church Street, Pretoria

Dated at Pretoria on 3 April 1992

M. MASSYN,

Assistant Director· Provisioning Administration

For and on behalf of the Executive comittee of the Province of Transvaal.

(16 April 1992)

KENNISGEWING 341 VAN 1992

DEPARTEMENT VAN MANNEKRAG

WET OP ARBEIDSVERHOUDINGE, 1956

AANSOEK OM VERANDERING VAN DIE REGISTRASIEBESTEK VAN 'N VAKVERENIGING

Ek, Gerhardus Coenraad Papenfus, Assistent-nywerheidsregistrateur, maak ingevolge artikel 4 (2) soos toegepas by artikel 7 (5) van die Wet op Arbeidsverhoudinge, 1956, hierby bekend dat 'n aansoek om die verandering van sy registrasiebestek ontvang is van die United African Motor and Allied Workers' Union of South Africa Besonderhede van die aansoek word in onderstaande tabel verstrek

Enige geregistreerde vakvereniging wat teen die aansoek beswaar maak, word versoek om binne een maand na die datum van publikasie van hierdie kennisgewing sy beswaar skriftelik by my in te dien, p/a die Departement van Mannekrag, Mannekraggebou 123A, Schoemanstraat 215, Pretoria (posadres Privaat Sak X117, Pretoria, 0001)

TABEL

Naam van vakvereniging United African Motor and Allied Workers' Union of South Africa

Datum waarop aansoek ingedien is 21 November 1991

Belange en gebied ten opsigte waarvan aansoek gedoen word Persone in diens in die Motornywerheid en die Outomobielnywerheid in die landdrosdistrikte Pinetown en Ixopo

"**Motornywerheid**" beteken (behoudens die bepalings van enige afbakeningsvasstelling gemaak kragtens artikel 76 van die Wet op Arbeidsverhoudinge, 1956) die nywerheid betrokke by—

(a) montering, oprigting, toetsing, hervervaardiging, herstelwerk, verstelwerk, opknapping, bedrading, stoffering, bespuiting, verfwerk en/of vernuwing uitgevoer in verband met—

(i) onderstelle en/of bakke van motorvoertuie,

NOTICE 341 OF 1992

DEPARTMENT OF MANPOWER

LABOUR RELATIONS ACT, 1956

192

APPLICATION FOR VARIATION OF SCOPE OF REGISTRATION OF A TRADE UNION

I, Gerhardus Coenraad Papenfus, Assistant Industrial Registrar, do hereby, in terms of section 4 (2) as applied by section 7 (5) of the Labour Relations Act, 1956, give notice that an application for the variation of its scope of registration has been received from the United African Motor and Allied Workers' Union of South Africa Particulars of the application are reflected in the subjoined table

Any registered trade union which objects to the application is invited to lodge its objection in writing with me, c/o the Department of Manpower, 123A Manpower Building, 215 Schoeman Street, Pretoria (postal address Private Bag X117, Pretoria, 0001), within one month of the date of publication of this notice

TABLE

Name of trade union United African Motor and Allied Workers' Union of South Africa

Date on which application was lodged 21 November 1991

Interests and area in respect of which application is made Persons employed in the Motor Industry and the Automobile Manufacturing Industry in the Magisterial Districts of Pinetown and Ixopo

"**Motor Industry**" means (subject to the provisions of any demarcation determination made in terms of section 76 of the Labour Relations Act, 1956) the industry concerned with—

(a) assembling, erecting, testing, remanufacturing, repairing, adjusting, overhauling, wiring, upholstering, spraying, painting and/or reconditioning carried on in connection with—

(i) chassis and/or bodies of motor vehicles,

(ii) binnebrandenjins en transmissiekomponente van motorvoertuie,

(iii) elektriese uitrusting in verband met motorvoertuie, met inbegrip van radio's,

(b) motoringenieurswerk;

(c) die herstel, vulkanisering en/of versoling van buitebande,

(d) die herstel, versiening en vernuwing van batterye vir motorvoertuie;

(e) die besigheid gedryf deur ondernemings vir die parkering en/of stalling van motorvoertuie;

(f) die besigheid gedryf deur vul- en/of diensstasies;

(g) die besigheid wat hoofsaaklik of uitsluitlik gedryf word vir die verkoop van motorvoertuigonderdele en/of -reserwedele en/of -bybehore (hetsy nuut of gebruik), ongeag of sodanige verkoop geskied vanuit 'n perseel wat verbind is aan 'n gedeelte van 'n bedryfsinrigting waarin die montering of herstel van motorvoertuie uitgevoer word,

(h) die besigheid gedryf deur motorslopingsondernemings,

(i) die besigheid gedryf deur vervaardigingsbedryfsinrigtings waarin motorvoertuigonderdele en/of -reserwedele en/of -bybehore en/of komponente daarvan vervaardig word;

(j) voertuigbakbou;

(k) die verkoop van trekkers en landbou- en besproeiingsuitrusting (nie gekoppel aan die vervaardiging daarvan nie)

Vir die doeleindes van hierdie omskrywing beteken—

"motoringenieurswerk" die vernuwing van binnebrandenjins of onderdele daarvan vir gebruik in motorvoertuie in bedryfsinrigtings waarin hoofsaaklik of uitsluitlik sodanige werk verrig word, hetsy daar in sodanige bedryfsinrigting motorvoertuie uitmekaargehaal en herstel word al dan nie,

"motorvoertuig" enige wielvoertuig wat deur elektriese of meganiese krag (uitgesonderd stoom) aangedryf word en wat ontwerp is vir trekvervoer en/of vir die vervoer van persone en/of goedere en/of vragte, en omvat dit 'n sleepwa en 'n woonwa, maar nie ook uitrusting wat ontwerp is om op vaste spore te loop, 'n sleepwa wat ontwerp is om vragte van 20 ton of meer te vervoer of 'n vliegtuig nie,

"voertuigbakbou" enige van of al ondervermelde werksaamhede wat in 'n voertuigbakboubedryfsinrigting verrig word

(a) Die bou, herstel of vernuwing van kajuite en/of bakke en/of enige bobou vir enige tipe voertuig,

(b) die vervaardiging of herstel van samestellende dele vir kajuite en/of bakke en/of enige bobou en die montering, regstelling en installering van onderdele in kajuite of aan bakke of op die bobou van voertuie;

(c) die vassit van kajuite en/of bakke en/of enige bobou aan die onderstel van enige tipe voertuig,

(d) die bestryking en/of versiering van kajuite en/of bakke en/of enige bobou met 'n preserveermiddel of versierstof,

(e) die uitrus, stoffeer en afwerk van die binnekant van kajuite en/of bakke en/of enige bobou,

(ii) internal combustion engines and transmission components of motor vehicles;

(iii) electrical equipment connected with motor vehicles, including radios,

(b) automotive engineering, 192

(c) repairing, vulcanising and/or retreading tyres,

(d) repairing, servicing and reconditioning batteries for motor vehicles,

(e) the business of parking and/or storing motor vehicles;

(f) the business conducted by filling and/or service stations;

(g) the business carried on mainly or exclusively for the sale of motor vehicle parts and/or spares and/or accessories (whether new or used), whether or not such sale is conducted from premises which are attached to a part of an establishment in which the assembly or repair of motor vehicles is carried out,

(h) the business conducted by motor graveyards;

(i) the business conducted by manufacturing establishments in which motor vehicle parts and/or spares and/or accessories and/or their components are fabricated;

(j) vehicle body building;

(k) the sale of tractors and agricultural and irrigation equipment (not connected with the manufacture thereof).

For the purposes of this definition—

"automotive engineering" means the reconditioning of internal combustion engines or parts thereof for use in motor vehicles in establishments mainly or exclusively so engaged, whether such establishments dismantle and repair motor vehicles or not,

"motor vehicle" means any wheeled conveyance that is propelled by electrical or mechanical power (other than steam) and that is designed for haulage and/or for the transportation of persons and/or goods and/or loads, and includes a trailer and a caravan, but does not include any equipment designed to run on fixed tracks, a trailer designed to transport loads of 20 tons or over, or an aircraft,

"vehicle body building" means any or all of the following activities carried on in a vehicle body building establishment

(a) The construction, repair or renovation of cabs and/or bodies and/or any superstructure for any type of vehicle,

(b) the manufacture or repair of component parts for cabs and/or bodies and/or any superstructure, and the assembly, adjustment and installation of parts in cabs or on bodies or on the superstructure of vehicles,

(c) fixing cabs and/or bodies and/or superstructure to the chassis of any type of vehicle,

(d) coating and/or decorating cabs and/or bodies and/or any superstructure with any preservative or decorative substance,

(e) equipping, furnishing and finishing off the interior of cabs and/or bodies and/or any superstructure,

(f) die bou van sleepwaens, maar uitgesonderd die vervaardiging van wiele of asse daarvoor; en

(g) alle bedrywighede wat gepaard gaan met of voortspruit uit die werksaamhede bedoel in paragrawe (a), (b), (c), (d), (e) en (f);

en vir die doeleindes van hierdie omskrywing omvat "voertuig" nie 'n vliegtuig nie,

"Motornywerheid", soos hierbo omskryf, omvat nie die volgende nie·

(i) Die vervaardiging van motorvoertuigonderdele en/of -bybehore en/of -reserwedele en/of -komponente in bedryfsinrigtings wat aangelê is vir en gewoonlik betrokke is by die produksie van metaal- en/of plastiekgoedere van 'n ander aard op aansienlike skaal,

(ii) die montering, bou, toetsing, herstel, regstelling, opknapping, bedrading, bespuiting, verf en/of vernuwing van landboutrekkers, behalwe waar dit uitgevoer word in bedryfsinrigtings wat soortgelyke dienste lewer ten opsigte van motorkarre, vragmotors of motorvragwaens;

(iii) die vervaardiging en/of onderhoud en/of herstel van—

(aa) uitrusting vir siviele en werktuigkundige ingenieurswerk, en/of onderdele daarvan, hetsy dit op wiele gemonteer is al dan nie,

(ab) landbou-uitrusting of onderdele daarvan;

(ac) uitrusting bedoel vir gebruik in fabrieke en/of werkwinkels,

(ad) motorvoertuig- of ander voertuigbakke en/of -boboue en/of onderdele of komponente daarvan gemaak van staalplaat 3,175 mm dik of dikker, wanneer dit uitgevoer word in bedryfsinrigtings wat aangelê is vir en gewoonlik betrokke is by die vervaardiging en/of onderhoud en/of herstel op aansienlike skaal, van uitrusting vir siviele en/of werktuigkundige ingenieurswerk·

Met dien verstande dat, vir die doeleindes van (aa), (ab) en (ac) hierbo, "uitrusting" nie geag word motorkarre, vragmotors en/of motorvragwaens te beteken nie,

(iv) monteerbedryfsinrigtings, d w.s bedryfsinrigtings waarin motorvoertuie uit nuwe komponente op 'n monteerbaan gemonteer word wat die vervaardiging en/of fabrisering van enige motorvoertuigonderdele of -komponente omvat wanneer dit in sodanige bedryfsinrigtings uitgevoer word, maar wat nie voertuigbakbou omvat nie behalwe in sover dit gepaardgaande met die montering van motorvoertuie, uitgesonderd woonwaens en sleepwaens, uitgevoer word

"Outomobielnywerheid" beteken die nywerheid waarin werkgewers en hul werknemers met mekaar geassosieer is vir die montering van motorvoertuie uit nuwe komponente op 'n monteerbaan, en dit omvat die vervaardiging of fabrisering of montering van enige motorvoertuigonderdele of -komponente of kombinasies daarvan wanneer dit deur sodanige werkgewers uitgevoer word, hetsy dit op 'n monteerbaan of elders gedoen word, asook alle werksaamhede wat daarmee gepaard gaan of daaruit voortspruit, ongeag die perseel waar die werk verrig word

Posadres van applikant Posbus 10850, Johannesburg, 2000

(f) building trailers, but excluding manufacture of wheels or axles for them, and 192

(g) all operations incidental to or consequent on the activities referred to in paragraphs (a), (b), (c), (d), (e) and (f),

and for the purposes of this definition, "vehicle" does not include an aircraft,

"Motor Industry" as defined above does not include the following

(i) The manufacture of motor vehicle parts and/or accessories and/or spares and/or components in establishments laid out for and normally engaged in the production of metal and/or plastic goods of a different character on a substantial scale,

(ii) the assembling, erecting, testing, repairing, adjusting, overhauling, wiring, spraying, painting and/or reconditioning of agricultural tractors, except where carried on in establishments rendering similar services in respect of motor cars, motor lorries or motor trucks,

(iii) the manufacture and/or maintenance and/or repair of—

(aa) civil and mechanical engineering equipment, and/or parts thereof, whether or not mounted on wheels;

(ab) agricultural equipment or parts thereof,

(ac) equipment designed for use in factories and/or workshops,

(ad) motor vehicle or other vehicle bodies and/or superstructures and/or parts or components for them made of steel plate of 3,175 mm thickness or thicker, when carried on in establishments laid out for and normally engaged in the manufacture and/or maintenance and/or repair of civil and/or mechanical engineering equipment on a substantial scale,

Provided that, for the purposes of (aa), (ab) and (ac) above, "equipment" shall not be taken to mean motor cars, motor lorries and/or motor trucks,

(iv) assembly establishments, i e establishments in which motor vehicles are assembled from new components on an assembly line, which includes the manufacture and/or fabrication of any motor vehicle parts or components when carried on in such establishments but which does not include vehicle body building except in so far as it is carried on incidental to the assembly of motor vehicles other than caravans and trailers

"Automobile Manufacturing Industry" means the industry in which employers and their employees are associated for the assembly of motor vehicles from new components on an assembly line, and includes the manufacture or fabrication or assembly of any motor vehicle parts or components or combinations of them when carried on by such employers, whether performed on an assembly line or elsewhere, and operations incidental thereto or consequent thereon, irrespective of the premises where the work is performed

Postal address of applicant P O Box 10850, Johannesburg, 2000

Kantooradres van applikant Lekton House 415, Wanderersstraat, Johannesburg.

Die aandag word gevestig op onderstaande vereistes van artikels 4 en 7 van die Wet

(a) Die mate waarin 'n beswaarmakende vakvereniging verteenwoordigend is, word ingevolge artikel 4 (4), soos toegepas by artikel 7 (5), bepaal volgens die feite soos hulle bestaan het op die datum waarop die aansoek ingedien is, en wat die lidmaatskap betref, word alleen lede wat ingevolge artikel 1 (2) van die Wet op voormelde datum volwaardige lede was, in aanmerking geneem

(b) Die prosedure voorgeskryf by artikel 4 (2) moet gevolg word in verband met 'n beswaar wat ingedien word.

G. C. PAPENFUS,

Assistent-nywerheidsregistrateur.

(16 April 1992)

Office address of applicant 415 Lekton House, Wanderers Street, Johannesburg (192)

Attention is drawn to the following requirements of sections 4 and 7 of the Act:

(a) The representativeness of any trade union which objects to the application shall in terms of section 4 (4) as applied by section 7 (5) be determined on the facts as they existed at the date on which the application was lodged and, as far as membership is concerned, only members who were in good standing in terms of section 1 (2) of the Act as at the aforesaid date shall be taken into consideration

(b) The procedure laid down in section 4 (2) must be followed in connection with any objection lodged

G. C. PAPENFUS,

Assistant Industrial Registrar

(16 April 1992)

KENNISGEWING 342 VAN 1992

KANTOOR VAN DIE STAATSPRESIDENT

AANSTELLING VAN MINISTERIËLE VERTEENWOORDIGERS VIR DIE MINISTERSRAAD VAN DIE RAAD VAN VERTEENWOORDIGERS

Hierby word vir algemene inligting bekendgemaak dat die Staatspresident kragtens artikel 28 (1) van die Grondwet van die Republiek van Suid-Afrika, 1983 (Wet No 110 van 1983), die volgende persone met ingang van 1 April 1992 as ministeriele verteenwoordigers vir die Ministersraad van die Raad van Verteenwoordigers aangestel het.

Mnr. Leslie Joseph Jenneke: (Noord-Kaap en Oranje-Vrystaat)

Mnr. William Martin Ross: (Oos- en Wes-Kaap)

(16 April 1992)

NOTICE 342 OF 1992

STATE PRESIDENT'S OFFICE

APPOINTMENT OF MINISTERIAL REPRESENTATIVES FOR THE MINISTERS' COUNCIL OF THE HOUSE OF REPRESENTATIVES

It is hereby notified for general information that the State President has in accordance with section 28 (1) of the Republic of South Africa Constitution Act, 1983 (Act No 110 of 1983), appointed the following ministerial representatives for the Ministers' Council of the House of Representatives with effect from 1 April 1992

Mr Leslie Joseph Jenneke: (Northern Cape and Orange Free State).

Mr William Martin Ross: (East and West Cape)

(16 April 1992)

KENNISGEWING 343 VAN 1992

DEPARTEMENT VAN VERVOER

KOMITEE VAN ONDERSOEK NA DIE DAARSTELLING VAN 'N EFFEKTIEWE NASIONALE MARITIEME BELEID VIR DIE RSA

Hierby word vir algemene inligting bekendgemaak dat dr P J Welgemoed, Minister van Vervoer en van Pos- en Telekommunikasiewese besluit het om mnre B C Floor (Voorsitter), W Kempen, H E Kramer asook adv D J Shaw en kapt R H Harm as lede van bogenoemde Komitee aan te stel

Die opdrag van die Komitee is om ondersoek in te stel na en verslag te doen oor 'n effektiewe nasionale maritieme beleid vir die RSA

Enigeen wat skriftelike vertoe aan die Komitee wil rig kan skryf aan die Voorsitter, Komitee van Ondersoek na 'n Maritieme Beleid, Posbus 340, Stellenbosch, 7600

(16 April 1992)

NOTICE 343 OF 1992

DEPARTMENT OF TRANSPORT

APPOINTMENT OF A COMMITTEE OF INQUIRY INTO THE FORMULATION OF AN EFFECTIVE NATIONAL MARITIME POLICY FOR THE RSA

It is hereby notified for general information that Dr P J. Welgemoed, Minister of Transport and of Posts and Telecommunications has decided to appoint Messrs B C Floor (Chairman), W Kempen, H E Kramer, as well as Adv D J Shaw and Capt R H Harm as members of the above-mentioned Committee

The Committee's terms of reference are to inquire into and report on an effective national maritime policy for the RSA

Anyone wanting to submit written representations to the Committee may write to the Chairman, Committee of Inquiry into a Maritime Policy, P O Box 340, Stellenbosch, 7600

(16 April 1992)

T&N HOLDINGS

FM 17/4/92

Our article on April 3 said that the acquisition of minority shareholdings in automotive components company Associated Engineering (Asseng) at the end of last year coincided with a sharp improvement in Asseng's operating profit. T&N financial director Chris Good says this is incorrect, though the profit of the automotive components division as a whole improved, that of Asseng weakened.

Also, the article states that the accounts were drawn up on the basis that Asseng was wholly-owned at year-end. Asseng was consolidated only in the balance sheet.

192

METAIR FM 17/4/92 (192)

Getting it right again

Corrective action taken after losses incurred in 1990 by certain interests proved effective and 1991 saw Metair again firing on all cylinders. EPS of 275c topped the previous peak of 245c in 1989, though the 12% gain over a two-year period nevertheless represents a fairly substantial decline in real terms, reflecting increasingly depressed conditions in the markets Metair serves.

The report does not detail results of individual activities but 1990's two main loss-makers, wholly owned Motorubber and associate First National Battery, are both said to have made positive contributions. The turnaround at Motorubber was probably a significant factor in the R5,9m additional earnings from consolidated subsidiaries

But the improvement at First National Battery was undermined by a drop in attributable income from Hella SA, which had to replace almost its entire work force as a result of labour disputes and consequent production disruptions So associates' combined contribution rose by only R1,1m to R1,5m (including dividends). As this is only 9,3% of their carrying value, MD Alan Plummer continues to view these results as disappointing.

Since the close of the financial year, it has been decided to sell Metlink Manufacturing to Toyota, the only customer of any consequence. The price has not yet been decided but it is noted that it will be arm's length, based on net worth and earnings potential.

Assuming the deal is cash-based, income from the sale could be useful to Metair in the development of other interests, particularly as export markets are expected to open up as a result of the lifting of sanctions.

Plummer notes that the capital spending programme, which led to a substantial increase in borrowings in 1990, is proceeding according to schedule. Unlike 1990, however, and aided by a strong recovery in cash flow, the overall impact on the balance sheet has been relatively slight.

Though total borrowings rose by a further R13,6m to R43,9m, this was exceeded by the increase in cash and short-term loans, up R16,5m to R20,7m So net borrowings actually decreased and, coupled with the effects of an asset revaluation, the debt equity ratio declined from 0,24 to 0,17.

The R18,9m revaluation of assets added 334c to net worth that, with profit retentions, rose from 1 921c a share to 2 448c However, while the balance sheet looks stronger as a result, a less desirable effect is that profit ratios are depressed.

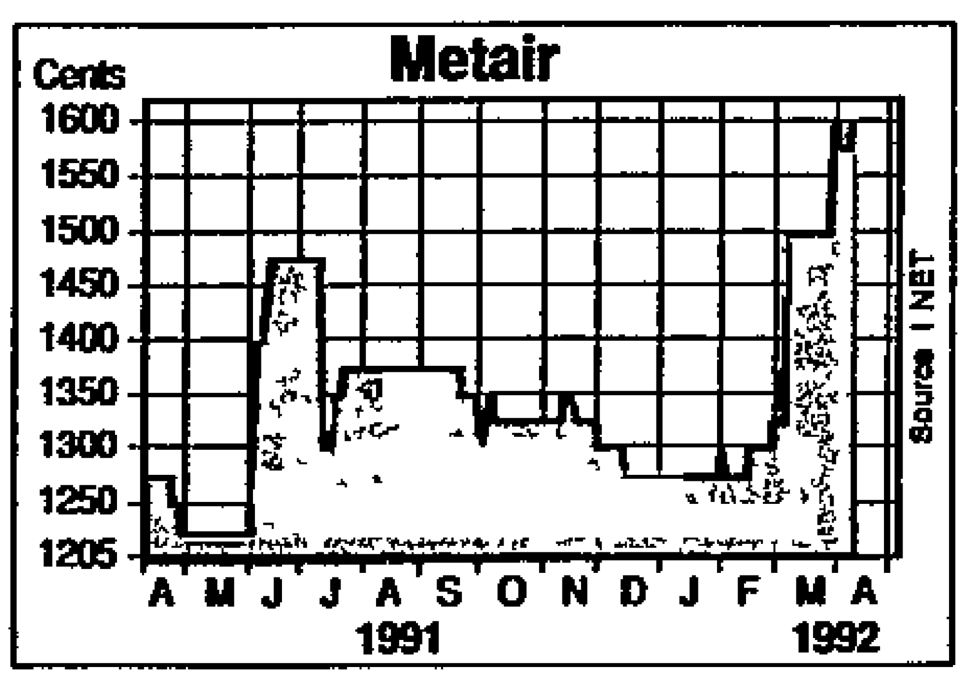
For instance, without the revaluation, gross return on total assets would have increased to 15,7% (1990 13,4%) whereas after the revaluation it's only 14,5%. Similarly, what would have been a 13% net return on equity was diluted to 11,2%, underlining the point that returns on new investment are likely to remain low until there is an improvement in the economy in general, and the motor industry in particular.

Still, even without an upturn, Metair should show a further earnings gain this year as the full benefits of last year's restructurings filter through With no apparent strain on the balance sheet, the annual dividend should follow earnings, suggesting that the share is probably on a prospective yield of more than 5%.

Brian Thompson

Activities: *Makes motor vehicle components*
Control: *Wesco 42%.*
Chairman: *E le R Bradley; MD. A D Plummer*
Capital structure: *5,7m ords. Market capitalisation· R90,6m.*
Share market: *Price· R16. Yields: 4,6% on dividend, 17,2% on earnings; p.e ratio, 5,8; cover, 3,7 12-month high, R16, low, R11,75. Trading volume last quarter, 19 000 shares.*

Year to Dec	'88	'89	'90	'91
ST debt (Rm)	0,6	2,1	4,2	8,1
LT debt (Rm)	2,1	8,1	26,2	35,9
Debt:equity ratio	0,01	0,08	0,24	0,17
Shareholders' interest	0,74	0,65	0,59	0,59
Int & leasing cover	18,7	8,5	4,8	4,3
Return on cap (%)	19,8	18,0	13,4	14,5
Turnover (Rm)	253	309	330	390
Pre-int profit (Rm)	27,5	30,5	24,3	35,3
Pre-int margin (%)	11,5	9,9	7,2	9,0
Earnings (c)	230	245	153	275
Dividends (c)	53	63	63	74
Net worth (c)	1 894	1 825	1 921	2 448



TOYOTA FM 17/4/92

Keeps going right

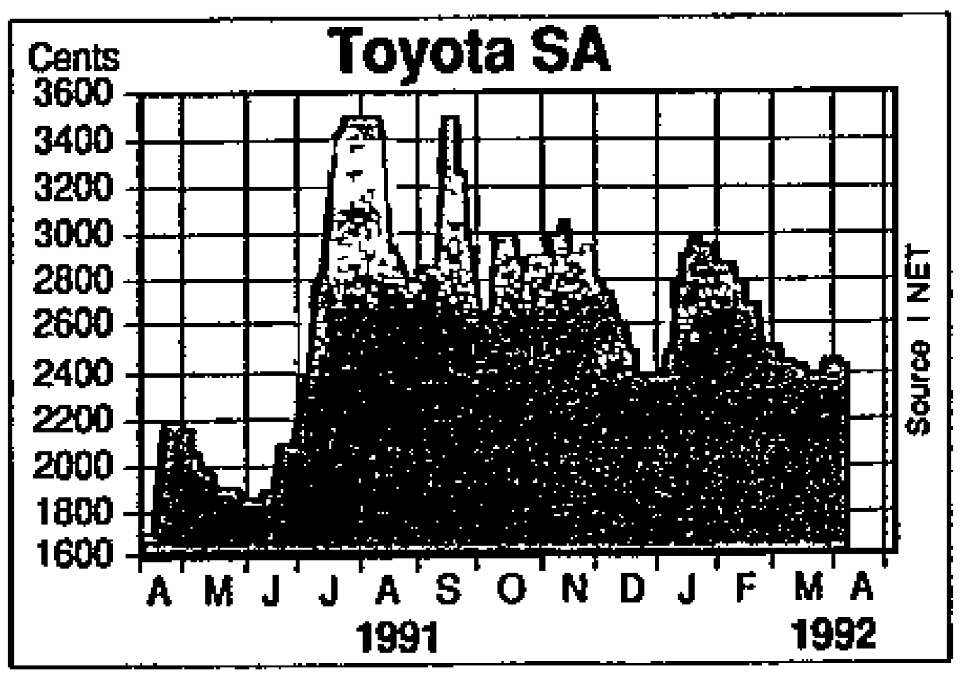
(192)

Activities: *Motor vehicle manufacturer*
Control: *Wesco 50%*
CE: *A J J Wessels*
Capital structure: *40,7m ords Market capitalisation R987m*
Share market: *Price R24,25 Yields 2,0% on dividend, 12,2% on earnings, p e ratio, 8,2, cover, 6,3 12-month high, R35, low, R11,50 Trading volume last quarter, 183 0000 shares*

Year to December	'88	'89	'90	'91
ST debt (Rm)	24,0	105,6	29,5	34,4
LT debt (Rm)	108,8	32 4	49 7	204,8
Debt:equity ratio	0 24	0,22	0 05	0,25
Shareholders interest	0 60	0,54	0,61	0,56
Int & leasing cover	3,8	6 6	n/a	n/a
Return on cap (%)	23,0	18,2	18,6	14,1
Turnover (Rbn)	2 51	2,92	3,12	3,47
Pre-int profit (Rm)	206,5	206,0	251,1	233,3
Pre-int margin (%)	8,0	6,9	7,8	6,7
Earnings (c)	219	215	276	297
Dividends (c)	86	41	47,5	47,5
Net worth (c)	1 314	1 501	2 013	2 258

Relative to conditions elsewhere in the motor industry, Toyota's "everything keeps going right" motto could be said to apply as much to the company as to its product range — at least to the extent that earnings stayed tilted

cont →



in the right direction

However, once one looks behind some of the numbers, it becomes clear that 1991's 8% EPS gain did not come easily Pre-interest profit was down 5% despite a 9% increase in sales value, pointing to severe pressure on operating margins The overall increase in pre-tax profit and, hence, earnings derived entirely from a sharp decline in the interest charge from R94,1m to R46,7m, despite substantially higher year-end borrowings

The 9% increase in sales value relative to an 8% decline in number of new vehicles sold, the latter being in line with the contraction of the total SA new vehicle market, translates into an average unit selling price increase of 21% Even this did not stop the trading margin from falling 1,1 percentage points to 6,7%, underlining the extent to which high fixed overheads can eat into profits when volume sales decline

This was not, of course, the only factor behind the lower trading margin In common with the rest of the industry, Toyota was plagued by protracted labour stoppages during mid-year wage negotiations, which lost sales because of unavailability of stock

Later, with production back to normal, further sales were lost when, as CE Bert Wessels puts it, the market for new vehicles floundered under the twin impetus of continued deterioration in the economy and reaction to steep increases in vehicle prices

However, as indicated above, one of Toyota's strengths was the reduced financing cost,

Toyota's Wessels
feeling the pinch

which in turn seems to reflect much tighter financial control throughout the year This is apparent from the fact that interest charges of R46,7m represented a fairly normal effective rate of 19,5% on total year-end interest-bearing debt, whereas in 1990 the effective rate was almost 119%

So whereas total borrowings of R239,2m were almost three times 1990's R79,2m, it would appear that the average level of borrowings was far more stable around the year-end level, in contrast to the previous year when the average must have been at least R470m (six times the year-end figure) to justify the R98,1m interest charge

If the group has in fact been able to stabilise borrowings month-to-month, the up-tick in the year-end balance sheet total is little cause for concern Toyota is still conservatively geared with a net debt equity ratio of only 0,25, while profits (including interest received, which alone substantially exceeds the interest charge) cover present interest payments 6,6 times

This year's funding picture looks like being a balancing act between capital requirements associated with Phase 6 of the local content programme and the prospect that the group should see some release of funds now tied up in working capital, if it can normalise its stock position

The contraction in sales towards year-end was, Wessels says, mainly responsible for a R90m increase in stocks Added to a R92m increase in debtors, and a relatively small R38m rise in creditors, the net investment in working capital increased by R144m, or 38%, far exceeding the 9% turnover gain

Overall, Wessels expects little change to this year's gearing ratio, which may be fortunate as he is not looking to any material improvement in market conditions before the second half of calendar 1992, either

The implication is that profits will remain under severe pressure Efficiency improvements, stemming from the divisionalisation of the group completed last year, may help but, realistically, are unlikely to do much more than offset inflationary cost increases

The dividend, however, is well covered and should not be threatened even if earnings stagnate Investor confidence is reflected in the thin 2% yield, but at the same time any further advance in the share price, which was only R17 when the *FM* reviewed the 1990 annual report, will probably require firm indications of an upturn in the economy.

Brian Thompson

MOTOR INDUSTRY FM 17/4/92

Trying to stay calm (192)

They're nothing if not resilient in the motor industry

Each month, vehicle-sales figures are testimony to another depressing performance And each month, industry executives express hope that recovery is just around the corner

The latest figures, for March, show car sales down nearly 15% on March 1991 Sales of all new vehicles, including commercials, fell 13%

What companies find particularly worrying in those figures is the low level of buying from government and car-rental companies March is the traditional month for both these sectors to do the bulk of their purchasing Nor did the knowledge that many prices were scheduled to rise on April 1 cause an expected flurry of pre-emptive buying

One of the few companies to be relatively happy, in absolute rather than just market-share terms, was market-leader Toyota, which claimed record monthly sales for its Corolla range According to the company, the 4 398 sales were an all-time record for a single model

Otherwise, there is little cause for celebration And the mood isn't lightened by the thought that the industry faces torrid negotiations with its unions before a new agree-

(192)

ment is reached on pay and conditions

Initial discussions have revealed a wide gulf between what unions want and what companies say they can afford The biggest sticking point still appears to be the union demand that employers agree to continue the year-old moratorium on retrenchments

This time, however, the powerful National Union of Metalworkers wants the moratorium free of existing conditions that require workers to meet certain production targets

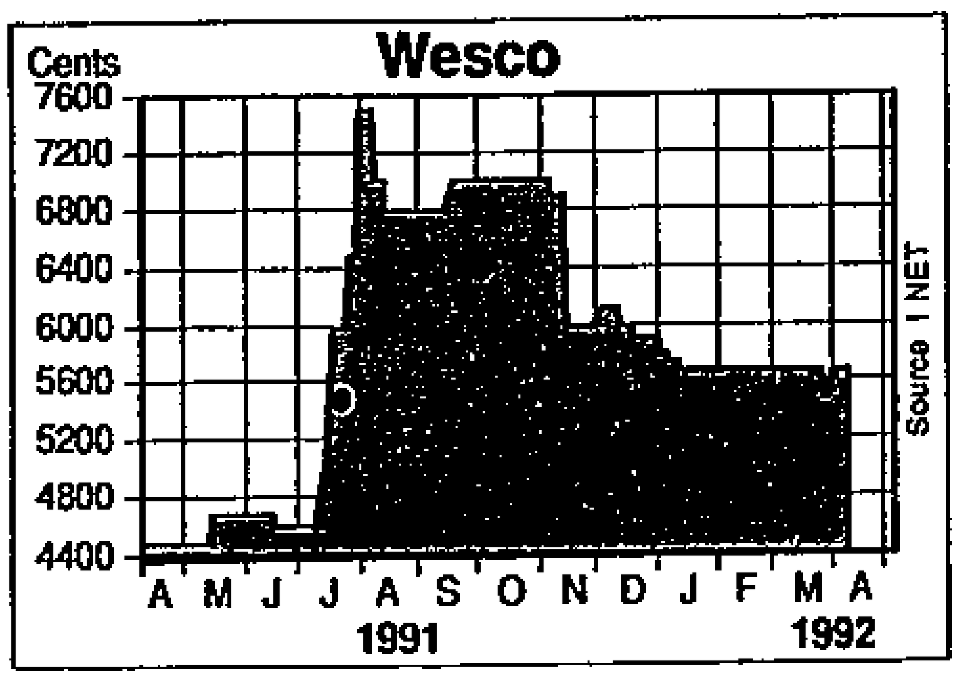
Amid the gloom, though, manufacturers continue to seek a silver lining Despite downgrading its sales forecasts for this year, the industry hopes for better news as soon as the recent relaxation of hire-purchase restrictions takes effect It also hopes the spate of new model introductions will generate new interest and sales

Hopes, but not expects; on recent experience, that would be irrational ■

FM 17/4/92 (192)

Activities: *Investments in Toyota (50%), Metair (42%), Gommagomma (43%) and Camargue Transport Services (90%)*
Control: *Directors 59,5%*
Chairman: *E le R Bradley, MD A R Rapp*
Capital structure: *8,4m ords Market capitalisation. R475m*
Share market: *Price R56,50 Yields 1,5% on dividend, 12,6% on earnings, p·e ratio, 7,9, cover, 8,3. 12-month high, R75, low, R28 Trading volume last quarter, 6 000 shares.*

Year to Dec	'88	'89	'90	'91
Earnings (c)	593	616	724	714
Dividends (c)	50	60	72	86
Net worth (c)	3 921	4 811	5 787	6 841
Return on equity (%)	15,1	12,8	12,5	10,4



FM 17/4/92 (192)


Wesco's Bradley . *trading at a discount*

WESCO FM 17/4/92

Diluting Toyota (192)

Wesco is, with reason, usually considered the effective holding company of Toyota and Metair (see separate stories) In 1991, however, its base was broadened somewhat through the purchase of holdings in Gommagomma (43%), which now incorporates Bakker & Steyger as well, and Camargue Transport Services (90%), which is setting up a container manufacturing operation

Initial effects of this diversification were not encouraging Whereas the combined profits of Toyota and Metair attributable to Wesco increased 12% from R59,8m to R67m, total group income declined from R60,9m to R60m, implying that the profit contribution from other interests (including, in 1991, the new acquisitions) turned from a positive R1,1m to a negative R7m.

Main reason was Gommagomma's pretax deficit of R10,7m, a result of delays in a reorganisation of its factory, poor management and, inevitably, the marked deterioration in the furniture industry during the second half of the year Production problems are said to have been overcome but, with little near-term improvement likely in the furniture industry, any contribution to results this year will probably be small

At Camargue, whose container facility is being set up with assistance from Union Container Industries of Taiwan, there were delays in negotiating the technical agreement with UCI and in finalising the factory layout, with the result that production will now only commence later this year. So no positive contribution to Wesco profits in 1992 is expected from this source either

In the context of the group, however, these investments are small, having cost only R17,6m The financial statements remain dominated by Toyota, which is consolidated, and accounts for about 96% of total assets This investment alone has a market value of R493m, which exceeds Wesco's own total market capitalisation of R475m If one adds in the R38m attributable to Metair, it becomes apparent that the market is not entirely satisfied with Wesco as an alternative investment to Toyota

Part of the reason may be the group structure. If, for instance, Toyota was to be deconsolidated, the investment nature of Wesco's activities would be more apparent. Taking the balance sheet as an example, the Wesco group is shown to have total borrowings of R239,5m and cash of R5,7m at end-December 1991. What is not immediately apparent is that all but R360 000 of the debt belongs to Toyota, as does R4,7m of the cash. So once Toyota is eliminated, Wesco in fact is shown to have the "correct" investment company structure, being, in effect, ungeared.

The same basic considerations apply to the income statement which should, ideally, reflect cash flow instead of being dominated by Toyota's trading activities.

A second factor which could be responsible for the discount at which Wesco trades relative to its underlying assets is that substantial dividend income is retained Hence, despite the share price discount, the dividend yield is still only 1,5% against 2% for Toyota, even though the respective PE ratios are similar — 7,9 against 8,2 for Toyota.

On the plus side, retentions have enabled Wesco to fund acquisitions without gearing its own balance sheet, which should in time provide a broader base and improved earnings stream. But the downside, as evident from the rating, is that shareholder wealth is suffering and does not add to the attractions of Wesco as an alternative investment to Toyota, which is likely to dominate group performance for the foreseeable future

Brian Thompson

Cont →

Deliveries to China start in May, says Volkswagen

B/Day 21/4/92

EDWARD WEST

THE first consignment of Volkswagen's 5 000-vehicle export order to mainland China was scheduled for delivery early in May, a VW spokesman said at the weekend

VW public affairs spokesman Johan Wagner also confirmed that talks were under way on the possibility of exporting more cars to the country next year

The initial consignment of left hand-drive Jettas is scheduled to be shipped from Port Elizabeth aboard the 30 000-ton Nedloyd van Linschoten in May.

The first phase of the R150m contract from May to December this year involves the supply of 4 500 Jettas and 500 Golfs in semi knocked-down format.

About 120 containers accommodating four cars each will be shipped every fortnight until the end of the year from Port Elizabeth to mainland China.

The vehicles are being shipped to FAW/VW Automotive Company in Chang Chun City. The company is a joint venture involving Volkswagen AG and the Chinese government.

☐ Six out of seven SA assemblers had trumpeted export successes with finished vehicles, Wits analyst David Duncan told a mini-conference on the motor industry last week.

192

Samcor took the lead in June 1991 with news of Mazda 323 exports to the UK. Nissan followed in September when it announced that it was taking part with Samcor in an export deal with Taiwan, said Duncan.

Further Samcor exports were announced the next month, this time to countries north of SA's borders, while Toyota SA promised that its new multi-purpose Venture would lead its export drive north.

Double-edged

BMW and Mercedes-Benz had also publicised their intention to develop sales in Africa, said Duncan.

The analyst said export of fully built units were a double-edged sword for motor component firms.

Government included them in the 50% minimum real local content, but the inclusion of at least some local parts in exported units should be a blessing to firms seeking great economies of scale, he added

COMPANIES

Falling car sales take their toll

EDWARD WEST

FALLING car sales and a restructuring took their toll on Combined Motor Holdings (CMH) in its financial year to February 1992 The motor retailer has, however, forecast improved profitability this year barring unforeseen supply disruptions

CMH's annual profit announcement published today shows sales up 13% to R416m from R367m in the same period to February 1991 Operating income fell to R9,1m from R10,9m, reflecting a decline in gross profit margins to 2,2% from 3%

CMH director Stuart Jackson said yesterday tough competition had eroded profit margins (192)

After paying R3,1m interest and R4,1m taxation, taxed profit fell to R3,7m from R4,3m Interest-bearing debt increased to R7,3m from R2,3m in the previous year Total assets climbed 17% to R81m (R79m)

Jackson said the restructuring needed to bed down the acquisition of six dealerships had taken up much management time during the year B/Day 22/4/92

Barring any major supply disruption caused by strike action at motor manufacturer level, the group could improve its level of profitability this year, he said

Earnings fell for the second year in succession, to 19,4c from 22,3c a share in the previous year and from 28c a share in its 1990 financial year Dividends of 9,3c a share were declared, down from 10,7c a share at the end of the previous year

VW and Numsa settle work rate dispute

Bdag 23/4/92 192

DIRK HARTFORD

THE dispute over production schedules at VW's press shop has been resolved after the National Productivity Institute (NPI) found that workers could produce more vehicle floors an hour than the disputed target set by the company

VW declared a dispute with the National Union of Metalworkers (Numsa) after it raised production schedules from 160 to 211 an hour and workers consistently failed to reach the new target The union said the target was unrealistic and demanded an independent study

Eventually 38 workers were dismissed for failing to reach the new schedule. After a strike threat and constant short stoppages, VW agreed to Numsa's demand for an independent assessment by the NPI.

The NPI said workers could produce about 213 floors an hour, but set down about 14 provisos — including allowing time for glove changes, maintaining a constant work speed, and foremen helping when workers went to the toilet.

According to a VW spokesman, these provisos are in place and workers have consistently reached the new target

Meanwhile, the retrenchment moratorium in the car assembly and tyre and rubber industries, which looks set to become the major issue in this year's negotiations, continues to cause dissension between unions and employers Employers say the moratorium expires at the end of June In this context the tyre and rubber industry offered to extend the moratorium until the end of the year, with an offer of a R1 an hour across-the-board increase

Numsa rejected the offer It insists the moratorium is a standing agreement. In addition, it said its demand of R2 an hour increase still stood

Negotiations in the car and tyre and rubber industries will continue early next month

Local car makers drive offshore

IN another breakthrough for the local car manufacturing industry, VWSA announced it would ship 5 000 cars to mainland China next month About 4 500 Jettas and 500 Golfs assembled at its Port Elizabeth plant would be involved VW follows in the footsteps of Samcor who have exported Mazdas to the UK and announcements by BMW, Mercedes Benz and Toyota that they intend doing the same

192

S/man 24/4-28/4/92

Motor chief warns on cash cow taxes

By DON ROBERTSON (192)

SOUTH Africa risks the departure of motor manufacturers if it views them as a convenient source of revenue, says BMW Australia chief Ron Meatchem.

The authorities should also make a final decision on local content requirements and import duties to allow companies to plan model launches S/T/WED(B455) 26/4/92

Mr Meatchem, who is visiting SA, quotes Australia's losses as an example of high taxes on cars.

In February 1990, the Australian Government increased sales tax on luxury cars from 30% to 50% in the hope of raising an additional A$100-million. The figure was based on revenue of A$446-million in 1988-89 It was made up of A$200-million from import duties and A$246-million from sales tax.

The subsequent slump in the sale of luxury vehicles, resulted in a 64% drop in taxes in 1990-91 to only A$162,5-million. Realising its folly, the government introduced a luxury tax threshold of A$45 000.

Cars priced immediately above that price were subject to 30% sales tax, rising to 50% for those costing more than A$90 000.

Several car importers were forced to reduce prices and hence margins to below the threshold figure Others lowered specifications and safety features. In March this year, the Government reverted to a luxury sales tax of 30% on all vehicles.

But, says Mr Meatchem, the damage had been done. Australia's motor industry is expected to lose about A$500-million this year, employment has been cut by 50% in the past 10 years and new-car sales slumped from 506 000 in 1985 to 385 000 last year. Some manufacturers have quit, the latest being Nissan

Mr Meatchem says that by 1996, there will probably be only two manufacturers in Australia

In my view . . .

A daily commentary on current economic affairs by writers of the Star.

Car industry must do some soul searching

STAR 27/4/92 · (192)

By John Spira

A Naamsa spokesman has expressed concern over the disappointing performance of new car sales

I, and I'm sure many others, simply can't muster much sympathy for the plight of the country's vehicle manufacturers

Sure, we've been graphically told of the problems the industry faces in the form of the Phase Six local content programme, overlain with the rand's weakness against the mark and the yen, along with the economic recession — not to mention high interest rates and tough hire purchase regulations

It's enough to make one cry — until the realisation dawns that the rand has actually been fairly steady against the German and Japanese currencies and that, in any event, if local content is rising, how can the currency excuse for rising costs (unavoidable, of course) hold any water?

Ultimately, the motor vehicle industry would, I believe, elicit public empathy were it to be seen to be striving to make cars more affordable for the man in the street

Yet prospective customers are bombarded by prices which move in no other direction than up

Not only is price escalation of this ilk bad public relations, it's bad economics

Business executives across the board are quick to accuse the agricultural control boards of short-sightedness when prices are raised at a time of declining demand The hypocrisy is too blatant to ignore

The solution is equally clear If the car manufacturers are to survive, the price of their product must be reduced to affordable levels

Economics isn't an exact science, but certain aspects of economics can be reduced to irrefutable laws, one of which is that demand rises when prices fall

Cut prices and sell more cars. Sell more cars and additional efficiencies of scale are achieved, with the result that in the long run profit margins expand on the back of short term margin sacrifices

The oft-expressed view that price trimming creates a negative impression among prospective buyers is far from convincing, other than, perhaps, when it comes to the luxury models

If and when the penny drops, new models should be renamed the Adam Smith Special, the David Ricardomobile and Alfred Marshall Sedan — lest the manufacturers forget

Fiat may return

(192) ARG 28/4/92

The Argus Correspondent

JOHANNESBURG — Fiat, Italy's largest car manufacturer, is considering re-entering the South African market in a much more aggressive way

Fiat representatives who recently attended the Rand Easter Show were reluctant to be drawn on the issue, but a well-placed source disclosed that the Turin-based car giant was assessing the economic viability of setting up their own manufacturing plant in South Africa for export to the whole of southern Africa

Fiat does have a presence in South Africa via a licensing agreement with Nissan to produce the Uno

STAR 192

Retrenchments at Samcor plant

29/4/92

By Roy Cokayne

Motor manufacturing giant Samcor is poised to retrench "surplus" workers at its Waltloo plant.

Samcor, which has a total workforce of about 5 000, signed an agreement with Numsa in June last year in terms of which a moratorium was placed on all retrenchments The moratorium expires in June.

"Negotiations with the union are going to be very tough for both parties. We can't live with a continuation of the moratorium and I think their approach is that they can't live without it," said newly-appointed Samcor group managing director Mr Robert Herbertson.

Benz feels pinch, set to trim 20 000 jobs

(192) ARG 29/4/92

BONN. — Daimler-Benz, maker of prestigious Mercedes cars, plans to trim 20 000 jobs over the next two years.

The cuts would be the first in Mercedes's history.

Mr Werner Niefer, president of the Mercedes-Benz subsidiary of the Daimler-Benz conglomerate, told Die Welt newspaper the cuts would be made through attrition and early retirements.

He said the cutbacks were part of a package aimed at making Mercedes more competitive with Japanese carmakers, whose vehicles are gaining in popularity in Germany.

Other planned measures include more efficient management of machine operation times, Die Welt said.

Mercedes, based in Stuttgart, employs about 180 000 people in Germany.

Mr Niefer said much of the job-culling will take place in the administrative area, where cuts can be made with a minimal impact on customers

Mr Niefer's remarks appear to be a well-timed blast at the IG Metall, the metalworkers' union, with which German carmakers are in the middle of tough wage negotiations.

The German car industry and other businesses reliant on steel are expected to face warning strikes beginning today, because of employers' refusal to meet union demands for 9 percent wage increases. The employers have offered 3,3 percent instead.

Western Germany is already in the throes of widespread strikes by public workers over wage disagreements. — Sapa-AP.

VWSA on target (192)

VOLKSWAGEN South Africa was right, the National Union of Metalworkers was forced to concede this week. The National Productivity Institute found that workers in the company's press shop could produce two more parts per hour than management's production targets required.

In February, 39 workers were dismissed from the press shop for repeatedly failing to meet production targets. The union was on the brink of strike action when the company agreed to reinstate the workers and be bound by the findings of the NPI.

But surprisingly, the NPI found that workers could build 213 parts an hour, two parts more than management had set. Now the press shop is achieving just that.

W/Mail 30/4-7/5/92

R60 000 boost

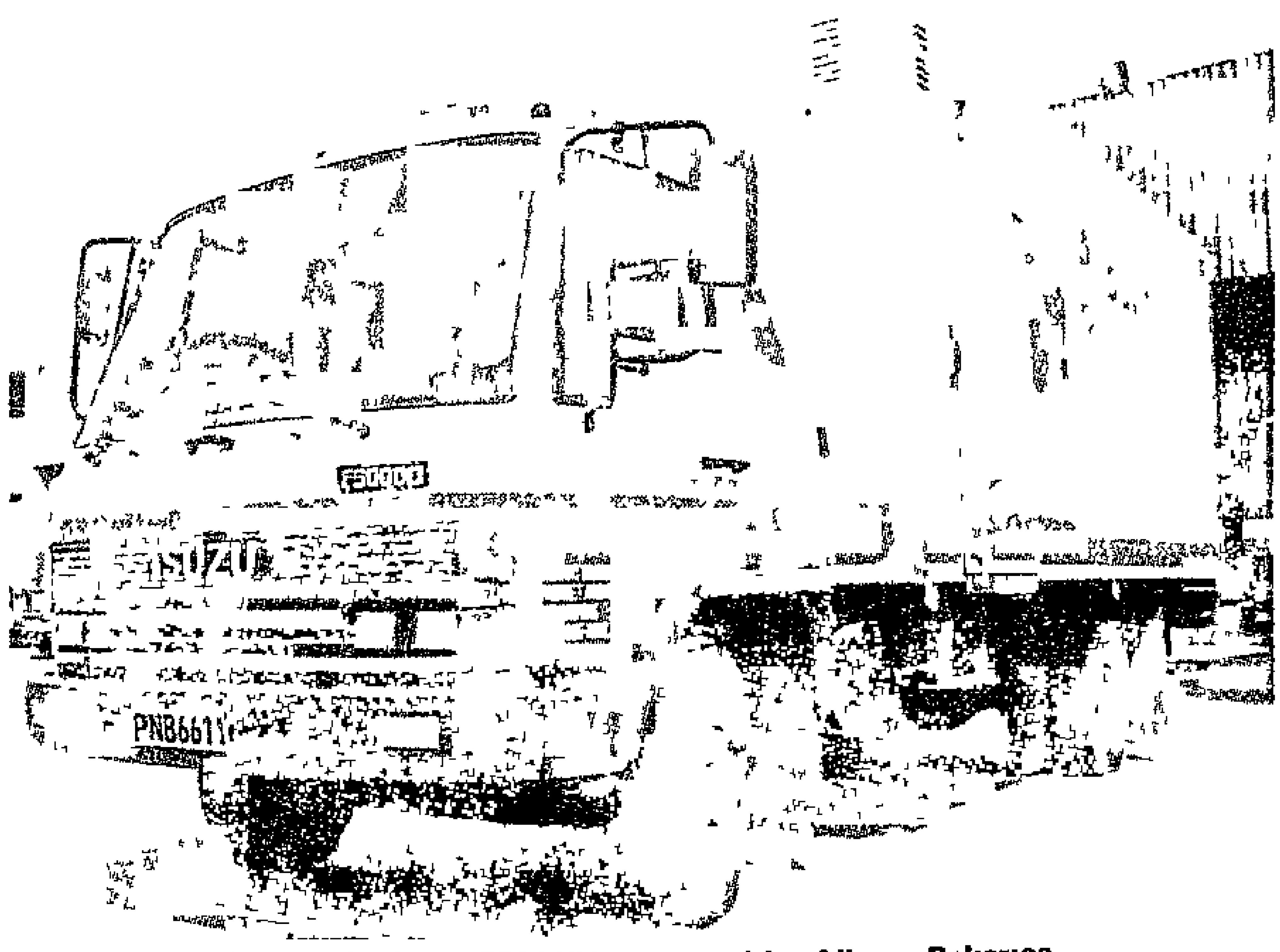
(192)

THE Toyota South African Foundation today presented a R60 000 cheque to the Ennerdale Secondary School in Johannesburg for technical education. This, according to House of Representative public relations officer Sumaya Kader, is the final payment of R180 000 which has been paid over three years.

30/4-5/7/92

Business Day SURVEY

Last year was one most truck manufacturers would like to forget. They are more optimistic about 1992, although the market still has to absorb the effects of the recession, high interest rates and the impact of the drought But the situation is expected to improve slowly, particularly after the second quarter ***DAVID PINCUS*** *reports.*


One of the Isuzu F5000D's operated by Albany Bakeries.

Isuzu delivers — without an upgrade

BDay 3/4/92 (192)

THE Delta Motor Corporation, builders and distributors of Japanese sourced Isuzu commercial vehicles, is probably the only manufacturer in SA to have decided there was no need to upgrade its range for this year

And who can argue with that decision, bearing in mind that it has a number of loyal customers who are quite happy with the vehicles they are getting?

Of Albany Bakery's more than 1 000 vehicles countrywide, nearly half are Isuzus

The main quality a bakery needs in a vehicle is reliability, says Albany's transport manager with executive function Andre Lambrechts

Since the industry was deregulated last year and the quota and the zoning requirements phased out, bread is no longer sold to retailers on a standing order basis, but on a daily basis from delivery vans and trucks

As a result, deliveries have to be made with clockwork regularity Lambrechts says if a customer demands that his bread be delivered at 7am "and our truck arrives at 7 05am our customer will buy from an opposition vehicle — and this will also happen if the customer has the slightest perception that our vehicle is unreliable"

Lambrechts joined the company in mid-1985 and one of his first tasks was to implement a vehicle selection policy Among the factors he had to take into consideration were vehicle availability, back up, warranties and the fact that 60% to 70% of the baking industry's runs are off-road

Disinvesting

He decided on Isuzu, which did not go down well with his peers in the company

At the time, Delta was still General Motors SA (GMSA) and there was talk of it disinvesting for two reasons — subsidiaries of American companies were getting out of SA with unseemly haste to appease the anti-apartheid critics of their parent companies, and GMSA was losing large sums of money

The management buy-out, headed by current MD Keith Butler Wheelhouse, lost little time in getting into profit and showing that the losses of GMSA were due largely to business ineptitude

His decision to move from over-specified vehicles to vehicles matched to the payload has proved to be a good one, but he had to prove that to sceptics in the company

He did that by putting a few Isuzu NPRs into service in Venda, where there are very few tar roads After they had clocked 200 000 km without any major problems, "the vehicles were assured of a place in the fleet".

The fuel consumption of Albany's recently acquired Isuzu F5000s is 22,3l/100 km Lambrechts says "This may appear to be a slight improvement compared with the 25,3l/100 km we are getting from our Isuzu F6500s but it works out to 4c a kilometre, or a fuel saving of R108 000 a month"

New road laws will boost safety

ROAD transport has been partially deregulated in SA.

The old permit system is something of the past and it is now possible for anyone who owns a truck and can prove it is well maintained and driven by a qualified driver, to convey anything anywhere

Private transporters who normally convey only their own goods can be given these permits

But on July 1, even this rather relaxed way of controlling transport will become history when the Road Transportation Act of 1977 is repealed and the phase-in period of the Road Transport Quality System (RTQS) starts

As the name suggests, the RTQS will be an attempt to control transport by insisting on quality and safety rather than trying to control it by economic means.

It is a fine piece of legislation if properly policed

One of the easiest ways for an operator to lose his licence will be for him to allow an unqualified driver to drive the vehicle or to allow the condition of the vehicle to deteriorate

The aim is to make roads safer for all. Vehicles must be in good condition, maintained and managed and be driven by qualified drivers

The phase-in period will last for a year Whenever a vehicle with a gross vehicle mass (GVM) of more than 3 500kg is licenced or relicensed it will fall into the net and the owner will be obliged to identify the operator of the vehicle, who will be registered

The operator will be issued with a card, which will have to be displayed on the vehicle and he will be responsible for the operation, use and maintenance of the vehicle

In terms of the Road Traffic Act of 1989, he will also be responsible for the control of its drivers.

The owner can decide to be registered as the vehicle's operator himself If he does not nominate any one, "he will, by default, be deemed to be the vehicle's operator".

From July 1 1993, by which time all commercial vehicles with GVMs of 3 500kg and above and their operators will have been registered, vehicles will have to be roadworthied every year and the drivers will have to be in possession of professional driving permits.

By then the much vaunted register of all drivers and their infrigements should be operating. If it is, law enforcement officers will be able to access a central data bank to determine whether a licence is valid or not.

They will be able to identify the estimated 100 000 drivers using forged drivers licences.

There is a solution to high replacement cost

B/Day 3/4/92 (192)

WITH R500 000 being a ball park figure for a new heavy duty commercial vehicle, and still far from the top end of the scale, many operators find themselves running out of affordable options

The exceptions are using rented transport, buying remanufactured vehicles or having their own ageing vehicles remanufactured

Remanufactured vehicles have been stripped down to their basic components and remanufactured Chassis are straightened, wiring and tubing replaced, cabs modernised, new tyres fitted and engines, gearboxes and axles rebuilt by professionals

Mercedes-Benz of SA (MBSA) has acknowledged its importance by elevating its major commercial vehicle component remanufacturing operation into a division, the Mercedes-Benz Exchange Unit Manufacturing Division It has full ADE and ASTAS approval, and is the only Mercedes-Benz remanufacturing division outside Germany

The plant, at City Deep, brand names its products M-units Apart from numerous smaller items, the range consists of all the popular Mercedes-Benz commercial vehicle diesel engines, gearboxes, axles, steering boxes and power steering pumps

On average, an M-unit costs 45% of the cost of a new unit They are remanufactured to their original specifications and are sold with a 12-month, unlimited kilometre guarantee

Nine dealers have been appointed as M-unit stockists They supply the rest of the more than 100 Mercedes commercial vehicle stockists

Is it viable to rebuild or remanufacture? Some would not touch a refurbished vehicle Others swear by them and have statistics to prove that remanufacturing pays

There are various shades of opinion in between The rider is, the remanufacturing must be done properly

Next time you pass a Unitrans or a Tanker Services vehicle you will notice it is immaculate and nearly always performing well Tanker Services believes in refurbishing and Unitrans does not

Tanker Services, says CE Phil Erasmus, maintains a sophisticated workshop in Natal where engines, axles, final drives, bodies and cabs are replaced at fixed intervals This reduces down time to a minimum

Unitrans CE Eduardo Garcia says "We are transport people, not mechanics When a vehicle comes to the end of what we regard as its economic life we replace it with a new one If we became involved in running sophisticated workshops it would be a form of truck manufacturing, which is not our core business Transport is

"We also want to project an image of quality which we can do only by operating new vehicles"

MBSA's view is the question of whether to replace or refurbish hinges on whether provision has been made to replace ageing vehicles, and what an operator wants to do with his vehicle after he has refurbished it

It reasons vehicles are used for three basic functions long distance (heavy cycle) haulage, short distance (light cycle) deliveries and graveyard operations

MBSA believes that for the first type of operation new vehicles should be used, "properly remanufactured" vehicles for the second type, and vehicles that have been remanufactured for the second time for graveyard operations

The availability of parts is a most important consideration

André Jacobs, executive director of the National Association of Private Transport Operators, understands why refurbishing sounds attractive in the current economic climate, but says the effective life of a rebuilt vehicle is usually only 60% to 70% of the life of a new one

That is why he feels "a rebuild should not cost more than 70% of the cost of replacing the vehicle with a similar one

"The advantage is that it extends a vehicle's life," says Jacobs, "but eventually one has to buy a new vehicle which, considering how their prices are escalating, may prove to be a traumatic experience"

Des Gush of Toyota says a balanced policy of replacing and refurbishing is necessary, but favours replacing "Those who refurbish are living with old technology; with trucks that are gas guzzlers"

Return to SA a boon for new van line

TWO of SA's top removal companies, Van Nimwegen International and the international division of Stuttaford Van Lines, part of the Laser group, have merged and are to trade as Stuttaford Van Lines International Division

It already has a contract to handle the US Embassy's imports and exports for the next three years

Louis le Roux, who heads the new company, says there is similar business in the pipeline, now that SA is politically more acceptable A lot of it will come from international companies reinvesting in SA

Trucks can play a part in cleaning up the air

ERF SA may be a relatively small player in the local truck market, but it is certainly an important and innovative one

It is conducting a campaign to reduce engine smoke emission, particularly in the high inland areas, and is getting the message through to buyers of new trucks and owners of smoky trucks

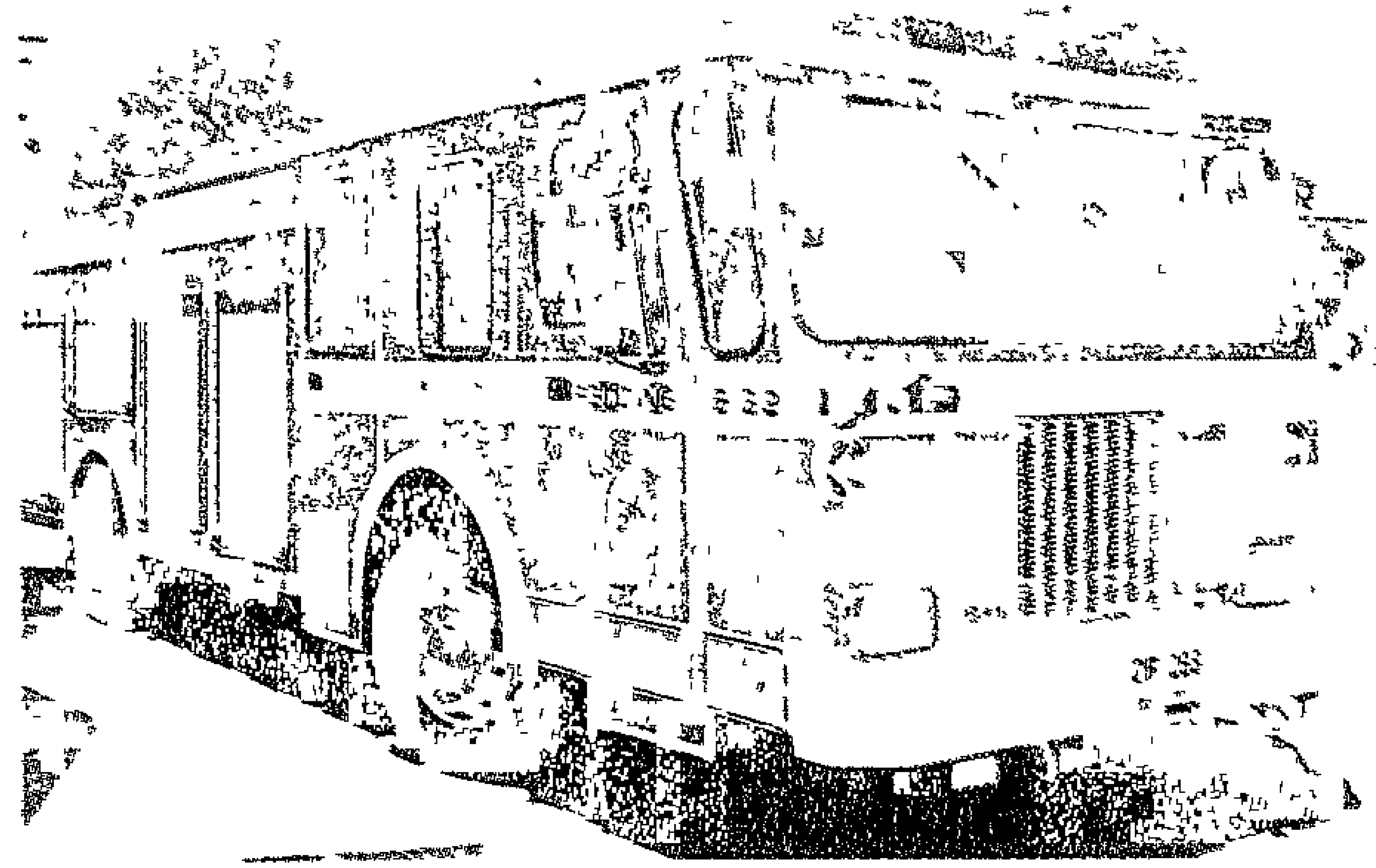
The aim, says MD Dai Davies, is to cater for public demand for a cleaner environment and reduced fuel costs

ERF SA is not only fitting the trucks it makes now with high-power turbo charged diesel engines, which emit less smoke than naturally aspirated engines when under load at high altitudes, but is telling its customers they should be doing that as well

He says that environmentally conscious companies can improve their image by using environmentally friendly transport, and advises them to switch to turbo power

Turbo diesel engines also deliver more power and use less fuel at high altitudes

"Diesel engines are lead free," says Davies "And they emit 20% to 25% less carbon monoxide than petrol engines delivering the same power



ERF plays an innovative role in SA.

"However, SA has a peculiar problem A large percentage of its commercial vehicles operate at high altitudes This tends to increase smoke emission, which, even though it is less damaging to the environment than the emission from petrol engines, is a lot more visible, hence, less acceptable to the public"

He says at high altitudes only turbo charged engines would comply with the UK government's stringent smoke emission control measures

Atlantis Diesel Engines (ADE), SA's diesel engine manufacturer, is telling truckers that its 400 engine range is the most powerful truck engine range available in SA

At the same time it is subtley getting over the message that the use of an engine which is more powerful than needed does have definite advantages

ADE MD Fritz Korte says "Even in a derated application, the ADE 443TI enabled a MAN 26 502 truck to win the productivity category in the recent Blue Riband competition

"ADE engines are particularly competitive A lean and flexible management team has turned the company around in the last year, reducing the cost and lead times of engines

"Added to that, ADE offers the benefits and cost reductions that come from standardisation"

When it entered the market there were about 200 different types of engine available Only nine basic models are available now

"A major benefit is that ADE core engines in the same family have a commonality of parts," says Korte Some parts can be used in both V-engines series and in-line engine series The after-market dealer network has enlarged to 100 Prostop specialists and 1 400 stockists

"Add to this the favourable cost of guaranteed ADEPART products, where items such as crankshafts cost 40% less than the imported equivalent at net retail price, and it soon becomes obvious that standardisation offers cost savings to original equipment manufacturers and to end users," says Korte

'Yes' vote 'paves the way for Engen in Africa'

B/Day 3/4/92

MATTHEW CURTIN

LAST month's "yes" vote in the referendum had paved the way for oil and fuel producer Engen to become the dominant player in the sub-Saharan region, said MD Rob Angel

Angel said the vote would enable Engen, the Gencor group's energy arm, to achieve its potential in Africa, and had improved chances that the UN oil embargo on SA would be lifted by the end of the year

Speaking at a news conference in Johannesburg yesterday, he said Engen had necessarily been secretive about its activities in Africa, but this was decreasingly the case today

Engen had a formal presence in 15 African countries outside of southern Africa (SA, Botswana, Lesotho, Namibia and Swaziland) Angel said the group was selling a wide range of its products — from fuel to lubricants — in these countries

The limit on exports to the subcontinent and Indian Ocean islands was not the size of the market but Engen's refining capacity

The 30% increase in Engen's refining capacity, which would come on stream in late July with the completion of the phase 1 Genref expansion programme, would immediately be taken up by refining for subsidiary Trek and meeting export demand

In the six months to end-February, the group had sold more fuel and oil products on the continent than it had in the whole of financial 1991, when exports stood at 300-million litres, 3% of total sales volumes

Exports now accounted for about 10% of sales, which in the interim stood at R3,2bn

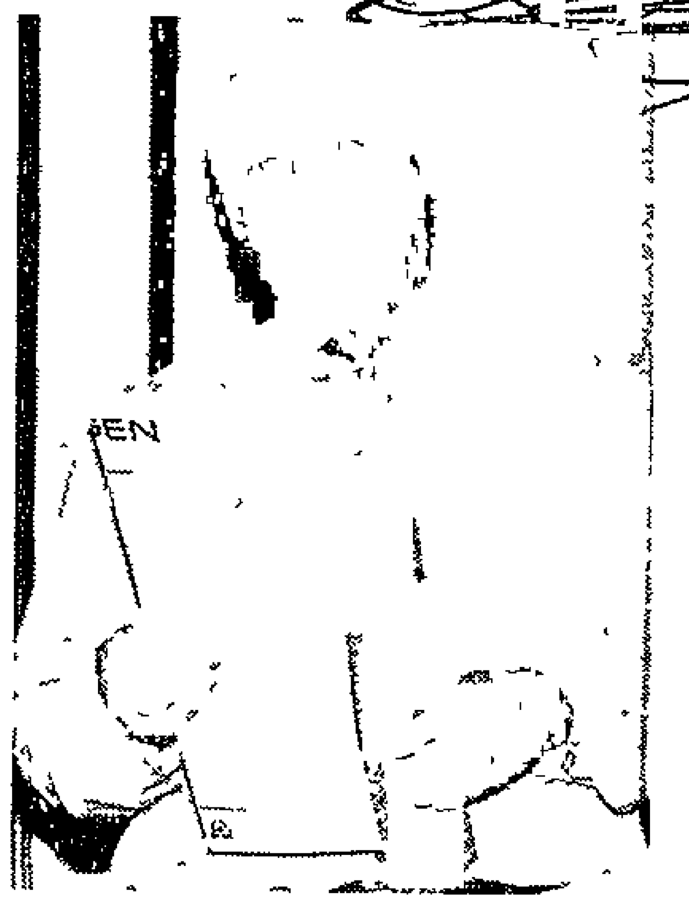
Angel said Engen officials returned last week from a visit to the Congo, where the country's oil industry authorities had invited the group to explore for oil and restructure its downstream infrastructure Engen was involved in a joint drilling programme with BP in the Congo

He said Engen had started drilling a second oil exploration well in Gabon, six weeks after the completion of a first well, from which results had been encouraging

Engen was bidding with other overseas partners, including Chevron, for two offshore oil exploration licences in Namibia Exploration off the SA coast in the Bredasdorp Basin was continuing at a slower pace

There were no likely large oilfields in the basin and Engen was waiting for new technology to become available to maximise the potential exploitation of small pockets of oil which could be drilled economically

He said West Africa was the area of greatest potential for oil discoveries Engen was involved in three countries in the region, and in another five in East and Central Africa



ANGEL

CU's unit trust in good shape

WILLIAM GILFILLAN

COMMERCIAL Union's general equity unit trust, CU Growth Fund, recorded a 24,9% return on an income-reinvested basis for the 12 months to end-March B/Day 3/4/92

Senior GM Roger Wanless said the fund had further added to its holdings in Anglovaal Industries (AVI) and Metropolitan Life and also followed its rights in Clicks, Gencor and AVI

The fund has disposed of its holding in Absa in view of "a possible digestive problem arising from the Bankorp merger" Concern over the short-term prospects of platinum led it to lighten its holding in JCI

Top 10 blue chip holdings at the quarter's end included Premier, Richemont, Barlow Rand, SAB, Rustplats, De Beers, Liberty Holdings, Anglo American, and NBS Holdings

BoE achieves 30,4% return

LINDA ENSOR

CAPE TOWN — The Board of Executors Growth Fund's total return of 30,4% on a repurchase to repurchase basis, achieved in the year to end-March, compares favourably with an inflation rate of 15,8% and the 27,4% total return for the All Share index

In the last quarter a net inflow of R6,6m came into the fund, boosting its total market value to R61,5m The liquidity level was maintained at about 12% B/Day 3/4/92

The fund moved into direct holdings of gold shares for the first time during the quarter About 58% of the Growth Fund is invested in industrial and financial shares and 30% in mining shares

Senior portfolio manager Ryk de Klerk said he believed gold shares were discounting a gold price way below the current price in dollar terms and represented good value

He was optimistic about gold's prospects later this year, believing that less gold would come into the market from the former Soviet Union, and industrial demand would pick up as the US and international economies turned (58)

De Klerk believed industrial shares would provide better earnings over the next 12 to 18 months than the financial sector The switch in the interest rate cycle could exert pressure on banks later this year and early next year, De Klerk said The BOE fund had accordingly reduced its weighting in banking shares with the sale of its Absa holding

Another shift in the portfolio was the move away from fixed investment stock towards consumer counters Lonrho, Iscor and Malbak were sold and investments were made in Premier and SA Breweries

Lonrho to be pressed on loans

Own Correspondent

LONDON — Some of Lonrho's biggest institutional shareholders are to press the company for information about its loans and the terms under which they were made, says a report in yesterday's Financial Times

Lonrho's share price continued its bounce from the low of 60p on Tuesday and was 30% higher at 78p on the London market At least one large broking house is recommending the share as a cheap buy because of its net asset worth of nearly 200p a share

Speculation that Lonrho CE Tiny Rowland may be thinking of assembling a consortium to buy the group and make it a private company was fanned by comment from deputy chairman Paul Spicer, who told the BBC "I have heard him (Rowland) say it would be a fascinating thing to do"

Spicer indicated that an "interesting" take out price would value Lonrho at £1bn or more than 150p a share

He refused to comment on approaches Lonrho may have had from institutional investors

At last week's annual meeting chairman Rene Leclezio gave a rough estimate that Lonrho's debt was down to £850m from £1bn after asset sales

The Financial Times said the unnamed institutions wanted to know whether this figure took acount of the £177,5m paid by the Libyan Arab Investment Company for 33% of Lonrho's hotel group Metropole

LINDA ENSOR reports from Cape Town that Board of Executors Growth Fund was one of the institutions which baled out of the plummeting Lonrho share, selling its entire stake of 78 000 shares

Senior portfolio manager Ryk de Klerk said yesterday that the collapse of the Robert Maxwell empire sent shivers through the market which feared a repetition in the Lonhro empire, also controlled by a single entrepreneur, Rowland

This initiated a wave of selling from London, in spite of the fact that the Lonhro group was fundamentally quite sound The share broke through the R12 level, sunk to 800c and slid further to 400c

"We considered that the risk in the company was too high and sold out altogether," De Klerk said, adding that the Libyan deal had enhanced the share's riskiness

The question to be asked was who had accumulated all the shares in the wave of selling, he said

Old Mutual fund's assets soar by R90m

B/Day 3/4/92

LINDA ENSOR

CAPE TOWN — Assets of Old Mutual's Top Companies Fund have soared to R90m since its launch in November last year, Old Mutual unit trust manager Peter de Beyer said yesterday

About R13m a month had flowed into the fund and the number of unitholders already exceeded 17 000

Portfolio manager Adrian Allardice was confident the fund would perform well above average, especially as a result of the decision not to chase blue chip consumer shares The portfolio does not include Wooltru or Edgars

Another reason for confidence about the performance was the emphasis on cash-flow management and highly selective share purchases in a stock market where shares were at historically high levels

Allardice said selectivity would be the hallmark of fund management for the remainder of 1992

"While the recovery in Western economies has not yet occurred and Wall Street remains nervous about US prospects, the upswing is likely to begin later this year

"In SA economic conditions are equally uncertain with the economy seemingly bumping along the bottom, but the tentative signs normally present ahead of an upswing are becoming discernible"

Allardice said JSE share price levels should receive some support from parastatal buying but he remained cautious in the short term The Top Companies Fund was defensively positioned with about 17% of its portfolio in banking and insurance shares, sectors which he said tended to be relatively more stable at this stage of the business cycle

Consumer

"The outlook for consumer shares remains bleak and profit still to be reported may even be below market expectations

"Inventory levels remain high in relation to demand while the cash strapped consumer is unlikely to feel much relief in the short term"

The core portfolio of the fund was in place with recent purchases including Lenco, ICH, and Didata

Additions were made to the Absa, Yabeng and Chemserve holdings

DIAGONAL STREET

Smart money goes hunting for bargains in shaky market

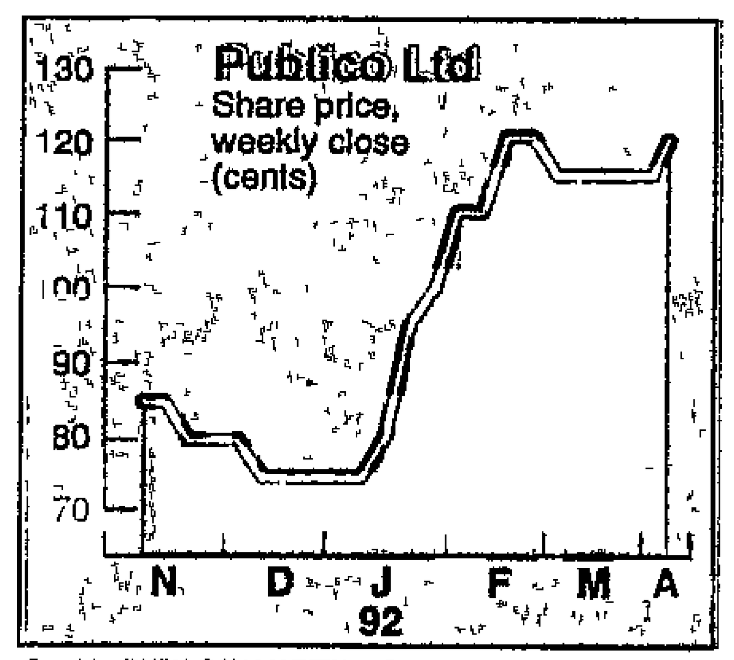
THE MARKET was looking shaky yesterday but share prices stabilised at their lower levels in lethargic trading with no major selling and smart money looking for bargains on the way down

The JSE overall index declined 20 points to 3 498 with the industrial index shedding 20 points to 4 404 and the all gold index down 24 points to 1 101 as a lower gold price added to market despondency after Wednesday's sharp falls

National Futures and Options MD Brett Stacey said "The world sneezes and SA catches pneumonia The fact that Wall Street showed resilience in the face of large drops in world markets helped steady our market despite continued nervousness over Japan."

Futures opened more buoyant yesterday on expectations that the market had been oversold but prices quickly retreated to Wednesday's lower levels and remained there as traders focused attention on Wall Street

DE BEERS took its cue from Wall Street's firmer Wednesday close and the shares advanced 40c to R83,90 in the face of a slightly stronger finrand investment unit with some smart money said to be behind the share price rise



Graphic RUBY-GAY MARTIN Source I-NET

Sentiment on precious metals turned bearish after overnight losses in New York Reuter reported producer selling at the higher levels of $344-5 brought gold down and a London selloff took it briefly below $340 before the metal recovered to above that level

HARTIES led the downturn of better quality golds with a loss of 5,2% or 75c to R13,50 while LORAINE was in the forefront of losses among lightweights, shedding 9,4% or 25c to 240c.

Platinum gave up more than $5 to a London morning fix of $357,25 and eased further to $355 in the afternoon But share prices have not moved in line with the price of the metal and yesterday RUSPLAT and PP RUST each edged up 10c to R71,85 and 570c, respectively, while BARPLAT eased 5c to 45c.

WOOLTRU led the downturn of quality industrials with a 300c fall to R62, but dealers said shares tend to move in leaps and bounds in a thinly traded market because of lack of tradeability.

SA BREWS eased 100c to R53,50 to bring its losses to 300c in three days but LONRHO found support at the lower levels on short covering in London and market talk that CE Tiny Rowland might take the group private. The shares firmed 15,5% or 62c to 462c

MALBAK built on gains in the wake of results after its restructuring with the shares adding 25c to R13. PROGRESS maintained its recovery from recent lows as the shares rose 25c to 200c in the clothing sector

Motor vehicle distributor URGHART fell 20c to 120c in its first trade since rising to a peak of 140c in mid February The decline came after interim results and news that the company has broadened its franchise base into the Western Cape

PUBLICO rose 5c to go back to its February peak of 120c and PYBHOLD was steady at 130c after coming off a recent high of 140c. The group has launched a medical TV service and is expected to produce strong results for the year to February.

PERSTEC eased 10c to a new low of 120c in the electronic sector after rising to a high of 190c soon after its listing a month ago. ISG, which was lifted off the bottom of 300c on Monday when 4,8-million shares worth R15m changed hands, was offered at the last traded price of 340c after falling from a high of 390c on its listing.

The two groups were formed when Barlows split its computer arm, TSI, and analysts believe bearish market sentiment towards the shares was unjustified as both groups had good products and good prospects.

FIRSTBANK rose 50c to go back to its recent peak of R60,50 but STANBIC shed 100c to R62 and ABSA slipped 10c to go below R10 and close at 990c. SAAMBOU continued its weak trend as the shares eased 2c to its year low of 85c.

MERVYN HARRIS

Hopes hinge on better 1992 sales

B/Day 2/4/92 (192)

ALTHOUGH last year was one of the worst truck manufacturers have experienced in many years, they are predicting an upturn in their fortunes this year

Among the facts that mitigate against an improvement in sales are

☐ The recession which shows no sign of easing in the near future,

☐ High interest rates which will be with us for some time, and

☐ The drought, which has not only affected farmers, but many businessmen as well, particularly those in the country areas who rely on farmers

Forget

Last year was one they would like to forget

At the end of October the heavy vehicle market was 25,6% down on 1990, but, says Toyota Trucks director Des Gush, "we expect things will start to improve (in 1992), slowly at first, and gain impetus after the second quarter

"We believe the heavy vehicle market has the potential to absorb 6 100 units, an improvement of about 6% on 1991 sales"

The medium commercial vehicle market is, to some extent, being underpinned by a demand for local delivery vehicles, says Gush Sales last year were nearly 15% down on 1990, but he expects 4 600 units will be sold this year, a recovery of about 7% on 1990 sales

He forecasts the market will absorb a total of 10 700 trucks this year, which is 200 more than the industry's average prediction

Toyota increased its market share in the heavy commercial vehicle (HCV) sector from 23,8% in 1990 to 24,8% in 1991

Its share of the total truck market increased from 31,2% to 32,4%, "which," says Gush, "gives us a clear 10% advantage over our nearest competitor"

Mercedes-Benz of SA's (MBSA) management board member responsible for commercial vehicles Adolf Moosbauer is expecting an 8% to 10% improvement in the 5-ton and more categories "This slight improvement in the commercial vehicle market will be because operators have stretched their vehicles well beyond their economic lives and will simply have to replace them"

However, the complete upturn in the commercial vehicle market will not materialise in 1992

MBSA, which opened a new commercial vehicle manufacturing facility in East London last year, has dominated the above 7,5-ton sector of the heavy commercial vehicle market for many years

Moosbauer says with the labour disruptions of 1991 having passed into history, MBSA will increase its share of that market by 3% to 38% this year

Inflation

He says prices of commercial vehicles will not rise by more than the inflation rate this year, provided nothing unforeseen happens, such as a dip in the exchange rate

Last year MBSA launched its M-units, a range of remanufactured products, to capitalise on the need for more affordable trucks Moosbauer expects "a high level of customer acceptance for this new range of exchange units this year"

Nissan Diesel director Dave Scott predicts sales of 6 500 units in the heavy commercial vehicle sector and 4 600 MCVs

The prediction would have been higher if not for the drought However, this can be balanced out if the billions of rand needed for sub-economic housing are invested

"That will kickstart the economy, and with it commercial vehicle sales," says Scott

The National Association of Automobile Manufacturers of SA (Naamsa) classifies commercial vehicles into three categories

☐ Light commercial vehicles (LCV), with a gross vehicle mass (GVM) or weight of less than 5 000 kg These include bakkies and minibuses,

☐ Medium commercial vehicles, with GVMs of between 5 001 kg and 7 500 kg

Forecasts

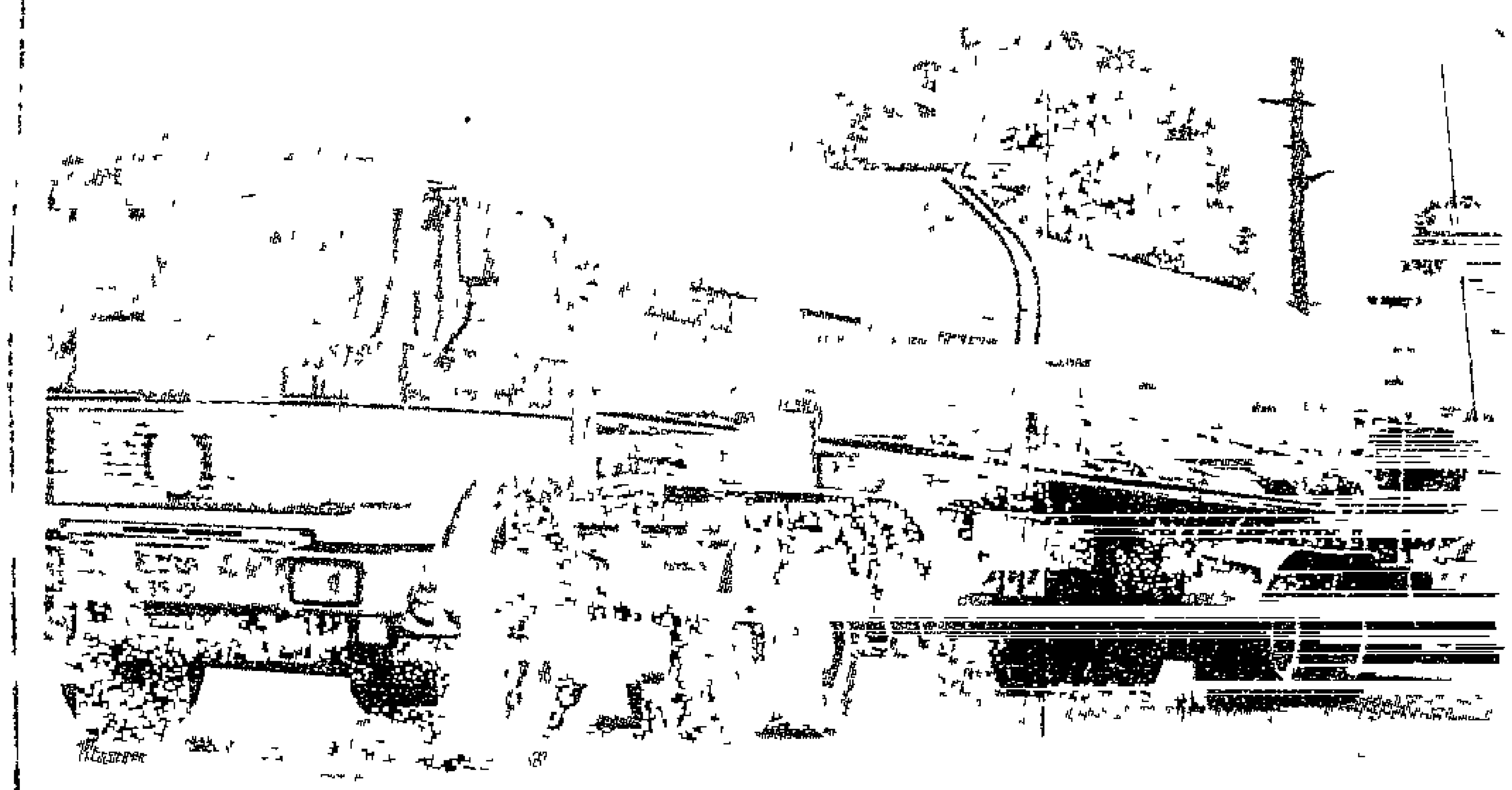
☐ Vehicles with GVMs of more than 7 500 kg, which fall into the truck and bus sector

It forecasts that sales of LCVs will increase from 100 405 units last year for R4bn to 104 500 this year, which will be sold for R4,8bn MCV and HCV sales will go up from 9 934 last year for R1,515bn to 10 500 this year, which will be sold for R1,7bn

To put those figures into perspective, in 1989 117 135 LCVs were sold for R3,7bn, and 15 152 MCVs and HCVs for R1,7bn

Naamsa executive director Nico Vermeulen says new vehicle prices remained a function of the deteriorating exchange rate in 1991 Japanese sourced vehicles rose by between 19,5% and 21% during the year and German sourced vehicles by between 14,5% and 21%

Naamsa says new vehicles will cost 12% to 15% more this year than they did last year, with an industry average of 14%



Tanker Services believes in remanufacturing — but is this rig new or remanufactured?

R16m in accident losses can be cut by management

SA LOSES R16m a day in vehicle accidents, not just because drivers need to be better trained but also because executive management lacks concern and commitment to effective motor risk management programmes

This is the opinion of Allan Harvey, motor fleet risk control consultant at Corporate Risk Management, a member of the Priceforbes risk management and insurance broking group

He says "We have 55 fatalities per 100-million km, 35 fatalities a year per 100 000 drivers and 200 fatalities a year for every 100 000 vehicles on the road"

The losses not only drain finances and erode profits, but can have other consequences, such as insurers declining to accept high-risk fleets

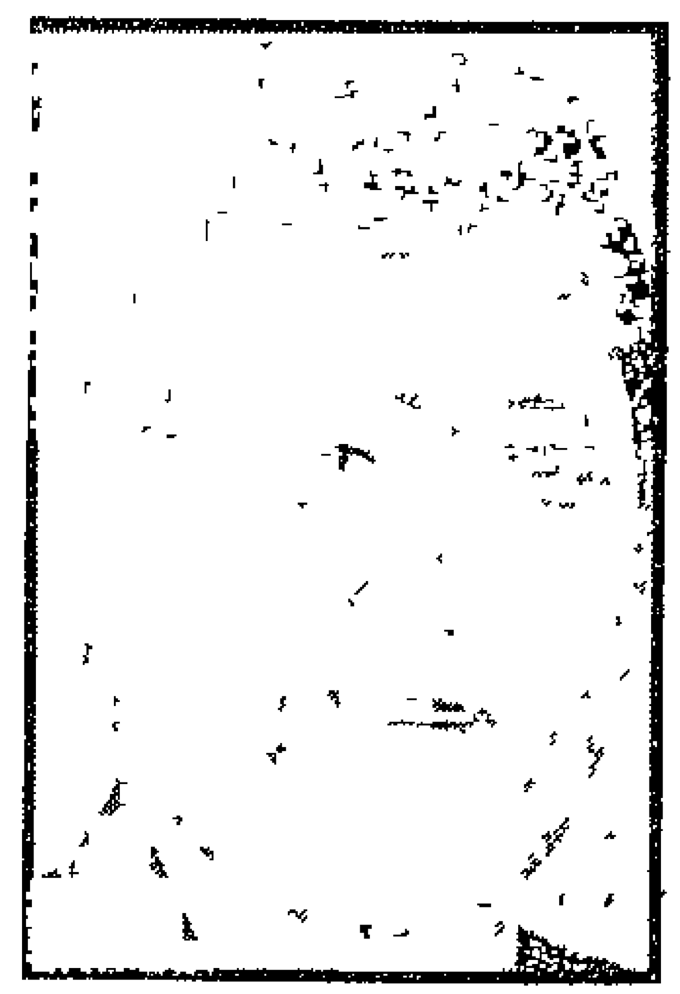
"If management believes it is carrying out effective risk management by paying insurance premiums and using a bank fleet management programme, it needs to think again

"Risk management is about prevention, which includes the maintenance of vehicles"

Harvey says fleet operators can manage the risk aspects of their portfolios effectively but stresses it starts with education

His research has shown that drivers rarely understand a company's mission statement, which should be relevant and easily understood

He advises management to maintain comprehensive, user-friendly, PC-run data bases designed to identify the precise



ALLAN HARVEY

causes of losses The data that should be recorded should include details of all vehicle accidents, maintenance records, driver and vehicle details and any other information that can contribute to a useful analysis of any incident Getting to the heart of a problem as quickly as possible can reduce further losses

"Management commitment to dynamic driver education programmes is vital," says Harvey, who asks "How long is it since the driver training programme was updated? How long is it since the instructors were retrained, and does the programme include education in customer relations?

"Do drivers know what commodities they are carrying and the relevant precautions that should be taken in the case of an emergency? Is their heal[illegible] checked regularly and does [illegible] company have an AIDS edu[illegible]tion programme?"

Data, such as the number [illegible] hours a driver spends behind [illegible] wheel, lost time due to [illegible] and vehicle down time, [illegible] periods and problems en[illegible]tered en route are important [illegible] management, but as import[illegible] to the development of [illegible] safety

It can all be captured [illegible]rately on tachographs, which have another important benef[illegible] Their records are accepted [illegible] the Supreme Court, should [illegible] company or the driver be [illegible]volved in litigation

Harvey says smoking in an closed space, such as the cab of vehicle, should be discour[illegible] Tests have proved it has a det[illegible]mental effect on a driver's nav[illegible]gational skills "Three cigare[illegible] within an hour can reduce a d[illegible]er's ability to see red by 25%

Marais punts value of exports

BDay 9/3/92 (192)

LINDA ENSOR

CAPE TOWN — There were still a number of things government needed to do to create the right environment for the private sector to become export oriented, Administration and Tourism Minister Org Marais said at the opening of the Bosal catalytic converter plant in Uitenhage on Friday

The plant will be making catalytic converters out of ferrochrome exclusively for the export market.

The plant was an example, Marais said, of how SA could become a world player through the beneficiation of its minerals and through the export of value added products in co-operation with overseas companies.

Marais said progress had been made in promoting export orientation with overseas markets opening up and exports developing

"In fact many companies maintain that, had it not been for their export activities, the current economic slump in the country would have had much more severe consequences"

But he added there were still a number of things that neded to be done to create the right environment for the successful export of value added products

It was not easy to change from an import replacement philosophy to one of developing the export of industrial products A start had been made with Phase VI of the motor vehicle industry development programme which was the first phase that brought in exports as a major part of the programme.

"All the arguments that apply to the industry as a whole, namely that further import replacement opportunities have become expensive, also apply to the motor vehicle industry To have viewed Phase VI as an extension of Phase V but just with a higher level of compulsory local content, would have made our vehicles too expensive.

"Our market is too small to produce vehicles with a very high level of local content By bringing in the export market, we are effectively saying our market is the world and volume is no longer a problem

"To enter world markets we need to become internationally competitive and Phase VI is there to allow SA manufacturers to explore opportunities and to restructure themselves to be able to enter these markets successfully"

Car firms in bid to ease HP deals

B/Day 10/3/92

(192)

EDWARD WEST

REPRESENTATIVES of the motor industry will meet government this week to lobby for extended hire purchase (HP) agreements from 42 to up to 60 months in an attempt to bring private buyers back to the market.

National Association of Automobile Manufacturers of SA (Naamsa) director Nico Vermeulen said yesterday the results of the meeting with the Department of Finance would probably be known at the announcement of the Budget on March 18.

"Assisting affordability for the motorist by relaxing HP provisions will increase consumer spending and stimulate demand. HP provisions should be deregulated and banks allowed to determine their own provisions," he said.

Vermeulen said relaxing HP provisions could help stimulate the economy and keep interest rates high to curb inflation as this appeared to be government's policy.

Toyota SA marketing MD Brand Pretorius said the industry recognised there was an affordability crisis among private sector motorists, but the industry's hands were tied when it came to direct cost reductions on new vehicles.

"Without improved productivity, substantially higher volumes to improve plant utilisation and economies of scale, costs will remain under pressure." The negative effects of exchange rate depreciation also increased the cost of imported content, he said

Vehicle financing institutions had also indicated their wish to see HP provisions eased, said Pretorius.

If the payment term was moved to 48 months, a vehicle buyer would have an extra R2,80 a month for every R1 000 of finance at his disposal, he said A 2% drop in interest rates would place a further one rand a month per R1 000 of finance at the buyer's disposal, said Pretorius.

The restrictive measures of a minimum 15% deposit and a maximum payment period of 42 months were introduced at a time when SA was under a balance of payments (BoP) siege, said Pretorius.

The measures represented an effort by government to limit foreign exchange usage by the motor industry This pressure had fallen off with the introduction of the Phase VI local content programme and an improvement in the BoP, he said

(192) CT 11/3/92

Toyota leads the pack

New car sales slide further

By AUDREY D'ANGELO
Business Editor

SALES of new cars in February were well below the levels of a year ago Total sales were 15 839 compared with 17 416 in the same month last year

But some manufacturers achieved dramatically better results than others The National Association of Automobile Manufacturers of SA (Naamsa) has resumed giving a breakdown of sales by manufacturer — a practice that stopped in 1988 because of sanctions and restrictions on supplies by some overseas parent companies

These show that Toyota was by far the market leader with 4 765 new car sales and 2 791 light goods vehicle sales Total sales of light goods vehicles were 8 051 compared with 8 581 in February 1991

Volkswagen came second in car sales with 3 454 But Nissan came second in sales of light goods vehices with 2 008

Toyota sold 138 medium commercial vehicles out of a total of 353 Delta came second with sales of 105

Mercedes Benz was the market leader in sales of heavy commercial vehicles with 196 Toyota came second with 90

The imminent launch of BMW's new 3 series distorted figures at the top end of the passenger car market The Naamsa figures show that BMW sold only 890 cars, compared with 1 311 sales by Mercedes Benz

But 757 of the Mercedes sales were of the Honda Ballade, manufactured under licence

A spokesman for BMW said would-be purchasers were holding back for the new models, to be launched in SA on Wednesday, March 18 There was a waiting list which should take about six months to work through

"We shall start seeing an increase in sales by April and they should be back to normal levels by May."

'Highest market share'

Brand Pretorius, MD of Toyota Marketing, said it had "achieved its highest market share in five years," with 30% of car sales and 34% of light goods vehicle sales during February

Pretorius takes an optimistic view of the coming months He says "Indications are that the economic fundamentals that will form the basis of any recovery are now falling into place

"While vehicle sales for the year to date are down on last year it does seem that the market has started bottoming out"

This view contrasts with that of Naamsa, which forecasts that low consumer and business confidence will continue to have a negative impact on the economy and the motor industry in particular

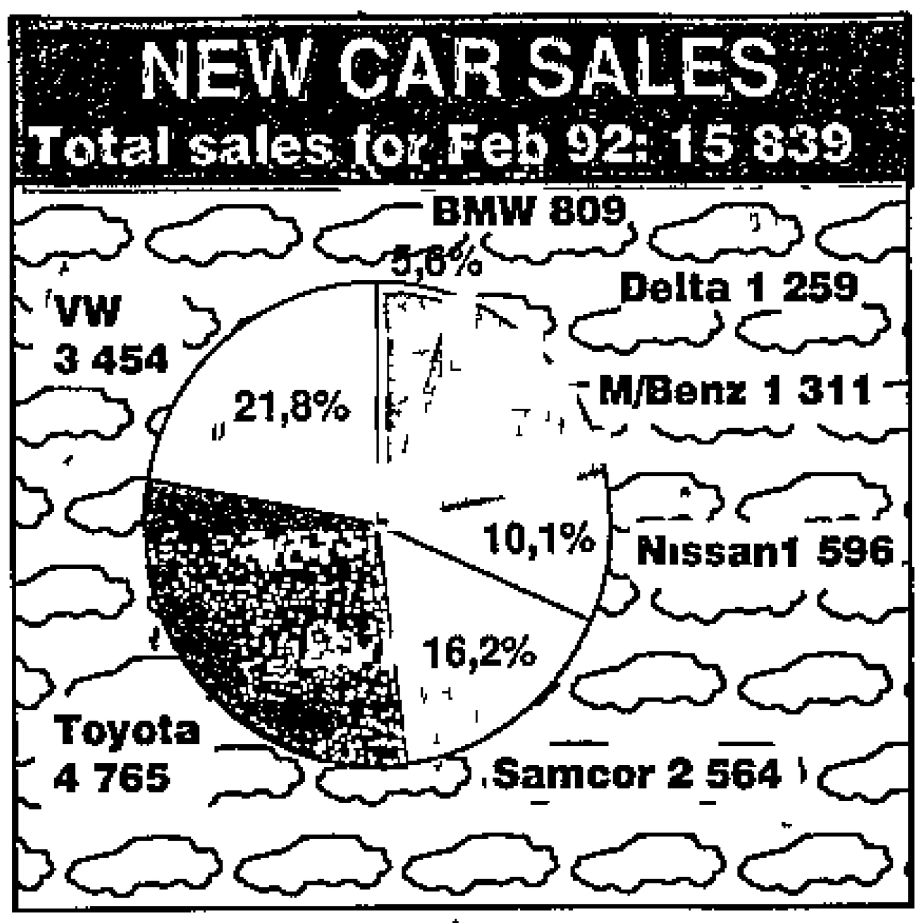
Stressing the need for continued negotiations after next week's referendum, the Naamsa statement says that this will "ultimately promote confidence in the SA economy, stimulate investment and economic growth"

Pointing out that a return to isolation would be disastrous it continues "The SA motor industry remains highly dependent on continued access to international automotive technology and remains vulnerable to any renewed isolation and trade restrictions

"SA requires a high rate of economic growth to address the considerable challenges that lie ahead Moreover, the country needs to be able to participate fully in the global economy

"The goal of normalising our external economic relationships, to enhance SA's economic future, requires ongoing commitment on the part of all parties to negotiations in the current socio-political-transition phase in SA"

A spokesman for Toyota said one reason for its rising sales was that, with reform underway, it could obtain unlimited supplies from overseas In the sanctions era it had been restricted severely



Graphic LEE EMERTON Source NAAMSA

New vehicle sales skid downwards

(192)

EDWARD WEST

NEW vehicle sales dropped again in February and the trend was not likely to be bucked until at least mid-1992, the National Association of Automobile Manufacturers of SA (Naamsa) said yesterday.

Even though new vehicle sales improved by 10% on sales in January 1992, the total market was 8,1% lower than in February last year, said Nissan Marketing MD Stephanus Loubser. About 4% of total sales in February was made up of car rental company purchases, he said.

New car sales fell 9% from 17 416 units in February 1991 to 15 839 units last month Light commercial vehicle sales fell 6,2% to 8 051 units, medium commercial vehicle sales fell 13,5% to 353 units while heavy commercial vehicles sales fell from 450 to 444 units when compared with the same month last year. BDay 11/3/92

In January and February, car, light commercial and medium and heavy commercial vehicle sales were respectively 5,8%, 8,6%, 11,9% and 6,9% lower than in the first two months of 1991.

Naamsa said low business and consumer confidence, aggravated by the drought, continued stringent monetary policy and subdued investment trends would continue to have an adverse effect on the economy.

Naamsa expected trading in all seg-

☐ To Page 2

Vehicles BDay 11/3/92

(192)

☐ From Page 1

ments of the motor industry would remain difficult in the months ahead and unit sales comparisons would probably remain negative in the first half of 1992

Referring to the referendum, Naamsa said the industry was vulnerable to renewed isolation and trade restrictions It thus supported the continuation of the negotiation process, which it believed would promote confidence and stimulate investment and economic growth

BDay 11/3/92

Toyota SA increased its domination of the car market and sold 4 765 units or 30,1% of total sales compared with 4 062 (27,5%) in January Toyota's Corolla took top position with sales of 3 859 units alone accounting for 24,4% of the total car market Volkswagen sold the second largest number of cars, but its market share dropped slightly from 3 317 (22,4%) units to 3 454 (21,8%) over the month.

Toyota SA also sold the most light commercial vehicles (2 719 units), followed closely by Nissan (2 008) Toyota SA sold 138 units in the medium commercial vehicle market followed by Delta which sold 105 units Mercedes-Benz SA maintained its substantial lead in the heavy commercial vehicle market (196 units) followed by Toyota (90)

Report by E West, TML 11 Diagonal St Jhb

Car industry seeks easier credit terms as sales plunge

STAR 11/3/92

By Sven Lunsche (192)

New car sales continued to fall in February as the National Association of Automobile Manufacturers (Naamsa) issued a renewed appeal for easier monetary conditions

Naamsa reported yesterday that total car sales for the first two months of this year at 30 602 units were 5,2 percent below those of the comparative period last year.

February sales at 15 839, however, were slightly higher than the 14 763 units sold in January.

The weaker year-on-year trend was evident in all four vehicle sectors

Sales of light commercial vehicles, bakkies and minibuses for the first two months were down 8,6 percent at 15 120 units, while sales of medium and heavy commercial vehicles showed declines of 11,9 percent to 601 and 6,9 percent to 820 respectively

Naamsa says the generally low business and consumer confidence, aggravated by the drought, stringent monetary policy and subdued investment trends, would continue to impact negatively on the motor industry.

Difficult trading

Trading conditions in all segments of the market are expected to remain extremely difficult in the months ahead and unit sales would probably remain below those of last year for the first half of this year

"Any modest improvement in sales will only occur once interest rates start to decline, coupled with some relaxation in hire-purchase provisions applicable to new and used vehicles," Naamsa says

In its comment on the forthcoming referendum the Association says an ongoing commitment by all parties to negotiation was necessary to enhance SA's economic future

"The SA motor industry remains highly dependent on continued access to international technology and remains vulnerable to any renewed isolation and trade restrictions

"Naamsa therefore supports continued progress in the sociopolitical negotiations process as this will ultimately promote confidence in the economy, stimulate investment and economic growth"

● The agricultural machinery industry expects worse sales in 1992 than in 1991 as a result of the persisting nationwide drought

"Extreme pressure will therefore be placed on companies providing the agricultural sector with machinery," says the latest sales report released by the SA Agricultural Machinery Association (SAAMA)

Tractor sales

In the 1991 calendar year, tractor sales were 26,5 percent lower than 1990 sales

According to SAAMA's estimate, tractor retail sales are expected to be around 2 000 units this year

SAAMA also reports that during February, 203 tractors were sold, compared with 254 in February last year

Motor sector set for better times

CT 12/3/92 (192)

By AUDREY D'ANGELO
Business Editor

IMPERIAL group MD Bill Lynch is convinced the motor industry — one of the worst hit by the recession — is on the brink of better times, with growth of 4% or 5% in the next two years.

Pointing out that the average age of cars on SA roads is now eight, Lynch said on a visit to Cape Town yesterday that he hoped the motor industry would be given some relief in next week's budget.

In addition to replacement business when interest rates come down and credit restrictions ease, he expects many more black people to buy cars

"If credit sales could be extended over 60 months it would make a big difference in the black market There has been a big rise in black discretionary income"

Lynch's own group has come unscathed through the recession Profits have risen steadily since Imperial Holdings (Imphold) was listed on the Johannesburg Stock Exchange five years ago.

Attributable income rose by 25,2% to R12,3m in the six months to December, comfortably outstripping inflation, and the group acquired a dealer with a Mercedes Benz franchise, a trucking firm and an automotive springs manufacturer which exports to the US

Lynch said "Business has been going very strongly in the first two months of our financial year

"We as an organisation are optimistic about the year ahead, and about 1993 and 1994 The upturn in the economy will be of major benefit to us"

However, Lynch pointed out, although the group includes nine dealers with Toyota franchises only 10% of profits come from sales of new cars

Its other activities, including Imperial Car Hire — now the market leader with an estimated 46% of car hire business in this country — its truck hire and delivery business, sales of second hand cars and parts, panel beating and repairs and short term insurance have cushioned it against the effects of the recession

Its insurance company has gone against the industry trend by making an underwriting profit Lynch explained that this is partly because it restricts its activities to motor insurance and partly because most of its panel beating and other repair business is carried out in its own workshops.

VW boss outlines cost of a 'no' vote

Own Correspondent

PORT ELIZABETH — A "no" vote in the referendum would mean the "loss of probably thousands of jobs at Volkswagen SA", VWSA chairman Peter Searle said in a statement yesterday (192) (3)

"It is estimated that more than 100 000 people in Uitenhage, Despatch and Port Elizabeth are dependent on VWSA for their daily bread A similar number of people in our supplier and dealer organisation in this area is probably also dependent on the money generated by Volkswagen's purchases and supplies B/Day 12/3/92

"If the world decides to act against SA we would certainly lose virtually all our export business overnight

"This would affect not only hundreds of jobs at operator, artisan and management level in our Port Elizabeth and Uitenhage plants, but in the present depressed economic situation we would have to restructure our operation to a much leaner level

"This would in turn involve the loss of probably thousands of jobs at VWSA, its suppliers and its dealers"

A "yes" vote would mean "a substantial strengthening" of SA's trading partnerships worldwide and it was "on this interrelationship" that current and future jobs depended, Searle said

Such a vote would also mean "a vote of confidence in the future, further export possibilities as the world opens up to SA, access to much needed investment and consequently greater participation for all South Africans in the economy"

"Taking our rightful place in world trade is the only viable formula for SA's future On it depends the jobs and incomes not only of ourselves but also our children and their children," Searle said

Report by J Dewes TML 19 Baakens St Port Elizabeth

12 were injured on Wednesday night.

gate these reports, but said the two-hour gap before the fire sounded strange

South Africans in US cover ... distances to cast vote

'No' vote could shut us down — Delta

Own Correspondent

BDay 13/3/92 (192)

PORT ELIZABETH — Delta Motor Corporation could close down if the outcome of the referendum was a "no" vote — putting 3 500 people out of employment, Delta chairman Keith Butler-Wheelhouse told staff

In a memo, he said a "no" vote would result in the loss of Delta's major product supply sources in Germany and Japan "The thriving export trade in components could be brought to an abrupt end"

Butler-Wheelhouse said the consequent loss of employment would be disastrous, not only for Delta employees but also for those of related businesses, such as suppliers and dealerships

... of policy, get involved in party politics, he said, adding, however, that the nature and importance of the referendum transcended party politics

Delta felt compelled to identify key issues at stake for SA — the business community in general and the company in particular, the memo said

Report by J Dewes 19 Baakens St PE

Unrest

BDay 13/3/92

chairman Charles Nupen said a Greater

☐ From Page ...

FM 13/3/92 (192)

TOYOTA FM 13/3/92 (192)

Coping with recession

No matter from which angle it is viewed, changing political and economic circumstances had a negative impact on the motor industry and all operators in it in 1991 Toyota's figures reflect both the economic downturn and the social unrest that was part of industrial action in those 12 months

As the economy's growth rate has shrunk, so has the propensity to buy new vehicles Clearly, a fundamental deterrent was — and remains — the high cost of finance High interest rates, diminishing confidence in the economy, and to some extent the imposition of VAT on commercial vehicles, hit sales as customers postponed purchases

To make matters worse, when Toyota received orders for prompt execution, work stoppages meant that it had insufficient stock to meet demand Sales were lost to competitors when customers were unable or unwilling to wait Thereafter, Toyota couldn't recover lost production.

In 1991 the number of new vehicles sold by the motor industry fell by 8% to 308 000 Toyota's volumes fell by 8,1% to 88 800 units and market share declined marginally to 28,8% (1990. 28,9%)

Viewed in this light, results are satisfactory, if not good. Turnover improved by 11% Leaving aside price increases, a 4% rise in operating income suggests that management was able to create financial and operating efficiencies A small reduction in tax rate to 52,9% (55%) contributed to attributable earnings rising by 7,6% to R120,8m

Interest-bearing debt leapt by 202% to R239,2m, partly as a result of the work stoppages In Toyota's down-tool phase, the delay meant that stocks of components could not be timeously used and a build-up occurred In addition, when production returned to normal toward year-end, it coincided with a softening in demand

The result was an increase in stocks of complete vehicles This accounts substantially for a R184,2m jump in current assets, which in turn corresponds to the R160m rise in interest-bearing debt

Inevitably, increased financial costs resulted from higher debt but the quantum is not disclosed in the preliminary figures Because most additional borrowings were raised near year-end, additional interest, says a spokesman, was not unduly high The picture for 1992 could be different unless unit sales increase dramatically, together with adroit management of working capital

Executive chairman Bert Wessels predicts that new vehicle retail sales will rise by 4,3% this year, but that the increase will manifest itself only in the second half Unless Toyota can significantly reduce stock, with a corresponding cut in short-term borrowings, the interest burden will be much higher

The market appears already to have taken cognisance of this as another factor that could be a negative influence on EPS The share price has declined from its high of R35 in September to R24,50 Technically it is at a critical point, with support at R24 Should it drop below this it could fall between R19-R22, the next short-term area of support

On the other hand, a breakout above R27 by month-end could signify that the market is expecting Toyota to move fairly quickly out of its new debt position, with more profitable trading in sight *Gerald Hirshon*

STALLED BY UNREST

Year to Dec 31	1990	1991
Turnover (Rm)	3 118	3 467
Operating income (Rm)	252	262
After-tax income (Rm)	113	123
Attributable (Rm)	112	121
Earnings (c)	276,4	297,3
Dividends (c)	47,5	47,5

Car sales fail to meet expectations

BDay 13/3/92 (192)

EDWARD WEST

VEHICLE manufacturers initially forecast an increase in commercial vehicle sales this year, but so far these reflect a continuation of last year's sales, described by one company as "the worst in recent history"

Statistics released by the National Association of Automobile Manufacturers of SA (Naamsa) this week revealed that light commercial vehicle (LCV) sales in January and February fell 8,7% to 15 120 (16 552) compared with the same two months in 1991

Medium and heavy commercial vehicle (MCV & HCV) sales fell 11,8% to 601 (682) units and 6,9% to 820 (881) units respectively over the same period

Nissan SA public affairs spokesman Nico Brits said yesterday sales in the first two months were unexpectedly bad and Nissan had consequently revised commercial vehicle sales projections for 1992

Nissan marketing MD Stephanus Loubser forecast in a statement that 92 000 LCVs, 3 650 MCVs and 5 400 HCVs would be sold in 1992

Nissan's forecast is 8,4% less than the total number of 110 339 commercial vehicles sold in 1991

Naamsa said yesterday the statistics were not surprising considering the industry had experienced eight years of recession in the past decade

Toyota trucks division director Des Gush said the lack of confidence in the economy linked to recessionary and adverse socio-political trends had resulted in lower than expected truck sales in 1991

Sales would improve slowly and gather momentum after the second quarter, he predicted

Toyota forecast a 7% improvement in MCV sales to 4 600

Mercedes-Benz SA board member Adolf Moosbauer forecast that vehicles over a 5-ton gross vehicle mass would show a 8% to 10% increase in 1992.

Vehicle sales still slow (192)

THE persistence of the recession was signalled by sales of motor vehicles in February which continued in low gear Although new vehicle sales rose by almost 10 percent in February compared to January this year, they were 8,1 percent lower than in February 1991 Nine percent fewer cars, at 15 839, were sold in February compared to February last year

W/Mail 13/3-19/3/92

Vehicle slump backs HP case

192

SI TIMES (BUSS) 15/3/92

By DON ROBERTSON

THE motor industry's case for an easing of hire-purchase requirements is strengthened by vehicle sales figures for February

In the first two months of this year, car sales are 5,8% lower than in the same time last year

Light commercials (LCVs) are 8,6% down, medium commercials (MCVs) 11,9% lower and heavy commercials (HCVs) 6,9% below last year's total

The National Association of Automobile Manufacturers of SA (Naamsa) has asked the Department of Trade and Industry to increase the repayment period to 60 months from 42 and to reduce the deposit to 12% from 15%

It fears that if private buyers cannot buy cars, short-time working will become common in the industry

Naamsa believes that this negative trend in sales will continue in the first half of this year

Any recovery will be a "slow process and a modest improvement in the sale of vehicles will only occur once interest rates commence their long-awaited decline"

Toyota continues to dominate the industry Car sales at 4 765 gave it 30% of the market Then came Volkswagen with 3 454, combined Ford and Mazda sales of Samcor (2 564), Nissan (1 596) and Delta (1 259)

Calibra on way

192

DELTA Motor Corporation will launch its Opel Calibra coupe, claimed to be the most aerodynamical production car in the world, in August.

The car will be assembled at the Delta plant in Port Elizabeth in limited numbers It will be powered by a 2-litre, 16-valve motor which produces 115kW at 6 000rpm

Torque is rated at 203Nm at 4 200rpm. S/Times (Buss)

It will propel the car from zero to 100kmh in a claimed 8,5 seconds and to a top speed of 223kmh 15/3/92

The Calibra, with a drag coefficient of only 0,26, will be the flagship of the group and will sell for about R122 500

MOTOR INDUSTRY FM 20/3/92 (192)

Hide-and-seek numbers

Scarcely had they re-emerged — after nearly four years — than detailed motor industry sales figures were in danger of disappearing again this week Industry officials say any re-imposition of sanctions would cause manufacturers to rethink their decision to reveal detailed sales information

Publication was suspended in 1988 in case the anti-SA lobby was able to use the figures to work out how companies were sidestepping sanctions Some manufacturers used complex resourcing routes to ensure continued supplies of components and technology They feared too much detail could jeopardise their plans

From mid-1988 until the end of last year, the only figures revealed were monthly industry totals for cars and commercial vehicles without a breakdown of any individual company's performance Companies are once again revealing — with differing degrees of pride — exactly how each model is performing in the market

However, they acknowledge that this week's referendum has jangled some nerves Threats that a "no" vote would bring renewed sanctions have had some executives

continue →

FM 20/3/92 (192)

FEBRUARY VEHICLE SALES

		Total	% of market
	CARS		
Toyota	Corolla 3 859, Cressida 844, Other 62	4 765	30,1
VW	Golf I 1 359, Golf II 529, Jetta 971, Fox 308, Audi 286, Other 1	3 454	21,8
Samcor	Ford Laser/Meteor 560 Sierra 252, Sapphire 607, Mazda 323 881, Mazda 626 262 Other 2	2 564	16,2
Nissan	Maxima 78, Skyline 148, Sentra 611, Uno 729, Other 30	1 596	10,1
M-Benz	Honda Ballade 757, MB W-124 467, MB W-126 32 Other 55	1 311	8,3
Delta	Rekord 155, Kadett 647, Monza 457	1 259	7,9
BMW	3-Series 440, 5-Series 404, 7-Series 46	890	5,6

	1992	1991	% change
February total	15 839	17 416	−9,1
January-February	30 602	32 505	−5,9
Jan (14 763)-Feb			+7,3

LIGHT COMMERCIALS

Toyota 2 791 (Market share 34,7%), Nissan 2 008 (24,9), Samcor (Ford 817, MMI 875) 1 692 (21,0), Delta 832 (10,3) VW 710 (8,8), AAD 18 (0,2)

February total	8 051	8 581	−6,2
January-February	15 120	16 552	−8,7
Jan (7 069)-Feb			+13,9

MEDIUM COMMERCIALS

Toyota 138 (39,1%), Delta 105 (29,7), Samcor (Ford 23, MMI 43) 66 (18,7), Nissan 31 (8,8), M-Benz 13 (3,7)

February total	353	408	−13,5
January-February	601	682	−11 9
Jan (248)-Feb			+42,3

HEAVY COMMERCIALS

M-Benz 196 (44,1%), Toyota 90 (20,3), Nissan 68 (15,3), Man Truck 46 (10 4), Delta 28 (6,3), Erf 15 (3 4), AAD 1 (0,2)

February total	444	450	−1,3
January-February	820	881	−6,9
Jan (376)-Feb			+18,1

TOTAL SALES

Toyota 7 784 (31,5%), Samcor 4 322 (17 5), VW 4 164 (16,9) Nissan 3 703 (15,0), Delta 2 224 (9 0), M-Benz 1 520 (6,2), BMW 890 (3,6), Man Truck 46 (0,2), AAD 19 (0,1), Erf 15 (0,1)

February total	24 687	26 855	−8,1
January-February	47 143	50 620	−6,9
Jan (22 456)-Feb			+9,9

Source Naamsa

talking of hiding figures again Says one "We had hoped sanctions were a thing of the past The last few days have reminded us just how vulnerable we are" ■

Toyota still leads the pack

S I Times (Buss) 22/3/92

66

192

NEARLY half the motor vehicles sold in SA are Japanese For many South Africans vehicle brand names such as Toyota, Nissan, Mazda and Mitsubishi represent the quintessential Japanese consumer product — quality at an affordable price

But leader of the pack in the SA vehicle market, by a long shot, is Toyota, now represented in SA for more than 30 years Toyota SA is controlled by Wesco on behalf of the directors of the company It is licensed by Toyota Motor Corporation to manufacture in SA.

Figures released by the National Association of Automobile Manufacturers of SA (Naamsa) show that Toyota increased its passenger and commercial vehicle sales to 7 784 in February, representing 31,5% of the total SA market

Improve

Second was Volkswagen with sales of 4 164 or 16,9% of the market, followed by Nissan with 3 703, or 15% of the market

Samcor's share of the market (Mitsubishi and Mazda) in February was 8,4%, although its share of the vehicle market for 1991 was 10,4%

Toyota looks set to improve its share of the passenger-vehicle market this year From 24,7% in 1991 its penetration of the passenger-vehicle market shot up from 23,3% in January to 30,1% in February

The vehicle market is seen as a barometer of economic performance, but total sales in 1991 were 8% lower than in 1991, significantly greater than the decline in economic activity

Toyota reported a decline in vehicle sales of 8,1% for the year, from 96 627 units in 1990 to 88 796 units in 1991, due in part to a work stoppage which occurred throughout the industry during wage negotiations in 1991

Situation

Toyota has been one of the star performers on the JSE for several years Last year it was ranked 25th in the Business Times Top 100 survey, with a return to shareholders over five years of 47,6%

Despite the drop in vehicle sales Toyota improved turnover by 11,2% to R3,47-billion in the year to December 1991 Earnings per share were 297,3 cents, 7,6% higher than the previous year

Executive chairman Bert Wessels says new vehicle sales will increase by 4,3% in 1992, but the increase will only manifest itself in the latter part of the year

"Much will depend on whether the economic situation will improve during the second half of 1992, as well as whether a relatively stable labour situation can be maintained throughout the year"

Toyota started in SA in 1961 when Dr Albert Wessels imported 10 Toyota bakkies to the country By 1966 the first locally assembled Corona rolled off the production line and today it produces and sells more cars than any other manufacturer Today Toyota (Japan) is second only to General Motors in terms of world vehicle sales

The first Toyota Corolla in SA was produced in 1975 It became the top selling vehicle in the country, followed by the Toyota Cressida With these two winners, Toyota increased its share of the SA vehicle market for several years running

Phase VI of the local-content programme requires 75% of the value of each vehicle sold in SA to be locally produced Car manufacturers were required to invest millions in tooling and equipment, and Toyota, when its investment programme is complete, will have poured about R1,4-billion into tooling for new models and additional facilities required to meet the local-content programme and to assist component suppliers

Motor industry is top payer — survey

BDay 24/3/92

(192)

DIRK HARTFORD

ANGLO American's wage survey, which compares the wages of some companies in different sectors, shows that minimum monthly wages are highest in the motor sector.

VW tops the industry with R1 499 a month while Delta is last with R1 153 a month

In the steel and engineering industry, top payer is Kolbenco at R1 044 with Scaw taking up the rear at R895.

And in the liquor sector SAB pays R1 410, while Gilbeys and Stellenbosch Farmers' Winery are on R1 048.

In the paper industry, Nampak comes out top at R1 044 with Sappi tailing at R823

Retailer Checkers leads with R910, closely followed by Pick 'n Pay and Woolworths at R850 OK Bazaars pays a R725 starting wage.

In the banking sector, Nedbank pays R900 against Standard Bank's R750

Study will look into car prices

B/Day 24/3/92 (192)

EDWARD WEST

A STUDY had been launched to address the affordability of cars and to plot the future course of the motor industry, newly elected National Association of Automobile Manufacturers of SA (Naamsa) president Bert Wessels said yesterday.

His announcement comes ahead of plans by the local vehicle assembly industry — all except Samcor — to increase car prices at the end of this quarter

Wessels, who is also Toyota SA's executive chairman, said in a statement the study would focus on the course to be taken by the industry after the Phase VI local content programme ran its course. Naamsa anticipated the Phase VI programme to run until 1997

The study would be conducted in association with overseas consultants, local economists and government bodies.

Wessels said the industry was caught in the throes of severe recession and also had to cope with an unsettled labour situation and buyers' affordability crisis

To contain price rises, urgent attention needed to be given to a decade of falling productivity due to a 30% real increase in wages combined with disruption to production caused by labour unrest, he said

Wessels was elected president last week He succeeds Samcor chairman Spencer Stirling Delta's chairman Keith Butler-Wheelhouse was elected vice-president

Meanhwile, Volkswagen plans to increase car prices on average between 1% and 3,1% on April 1, says public affairs spokesman Johan Wagner He says it hopes to keep increases below inflation this year

Toyota marketing manager Terry o'Donaghue said the company's car prices would also increase from April 1, but a percentage increase had not yet been decided on Nissan would also increase prices towards the beginning of April, a spokesman said.

Mercedes-Benz SA management board member Peter Cleary said prices would be adjusted this quarter so that the overall increase in 1992 would be kept to at least 1% below the inflation rate.

BMW planned to increase prices on its 5- and 7-series vehicles by about 3% on April 1, its public affairs spokesman Johan Kleynhans said

Toyota chief urges rethink on local content

(192) FRGT 24/3/92

Business Staff

DURBAN — New vehicle prices would fall around 12 or 13 percent if the government eased the local content requirement of local assemblers by half, says Toyota SA chairman Albert Wessels

That percentage, he said at a media briefing at Prospecton near Durban yesterday, was the premium motorists paid for the employment generated and the foreign currency saved by using local components

However, from the point of view of manufacturers, it was a double-edged sword

It had helped inflate vehicle prices to the point where sales were in decline, while employment in the industry had fallen from a peak in 1981 of 435 000 to around 375 000

Prices had more than doubled and redoubled in the past 10 years A 1,6 litre sedan which sold for R6 785 in 1981 had risen to R36 750 by last year A standard car cost about 65 percent of the average household income in 1981, in 1986 the percentage was 90 and last year it had risen to 96

Mr Wessels was speaking at a ceremony to mark production of the 1,5 millionth vehicle by his company — a six-cylinder sedan — 30 years after the firm's establishment in the country and about 21 years after its consolidation at Prospecton

New car buyers pay high premium for local content

STAR 24/3/92

By Des Parker (192)

New vehicle prices would fall around 12 or 13 percent if the Government eased the local content requirement of local assemblers by half, says Toyota SA chairman Albert Wessels.

That percentage, he said at a media briefing at Prospecton near Durban yesterday, was the premium motorists paid for the employment generated and the foreign currency saved by using local components

However, from the point of view of manufacturers, it was a double-edged sword; it had helped inflate vehicle prices to the point where sales were in decline, while employment in the industry had fallen from a peak in 1981 of 435 000 to around 375 000.

Prices had more than doubled and redoubled in the past 10 years.

A 1,6 litre sedan which sold for R6 785 in 1981 had risen to R36 750 by last year

A standard car cost about 65 percent of the average household income in 1981, in 1986 the percentage was 90 and last year it had risen to 96.

Mr Wessels was speaking at a ceremony to mark production of the 1,5 millionth vehicle by his company — a six-cylinder sedan

Other factors inhibiting performance of the industry included various forms of taxation — from VAT to customs duties, fringe benefits tax, fuel levies and licence fees — which cost the motoring public R9,6 billion last year.

"Industry turnover is R12 billion, so you can see the State is adding another 75 percent on to motoring expenses," he said

Mr Wessels said while vehicle prices had risen faster than the inflation rate for the past 10 years, in large part because of the decline in the value of the rand, he was hopeful political reform and SA's readmission to world affairs would lead to more stability

Citroen scraps Namibian car plant plans

FRANCE's Citreon had cancelled plans to establish a R200m car plant in Namibia

Deputy Trade and Industry Minister Anton von Wietersheim said in Windhoek yesterday the decision stemmed from stringent local content requirements applicable to motor manufacturers in the Southern African Customs Union (SACU) This requires at least 75% of the vehicle be composed of parts made in SACU countries.

He said SA's high import duties (110% on passenger vehicles) had also caused Citreon to cancel its investment plans

"The influence of the SACU on industrialisation in smaller countries is a negative one because many of the regulations are protective of the existing SA industries," Von Wietersheim said

However, a National Association of Automobile Manufacturers of SA spokesman said the decision probably resulted from the poor industry conditions in SA

Von Wietersheim said Namibia was examining ways in which the SACU could change to give the smaller countries a better opportunity of increasing industrial capacity — AP-DJ

(192)

MOTOR INDUSTRY (192)

FM 27/3/92

Driving prices higher

Car-buyers expecting relief from lower interest rates and relaxed HP rules should move quickly car prices are going up again next week

Market leader Toyota will increase prices by 4% on Wednesday — April 1 — and several competitors are expected to follow suit Dealers say they expect a last-minute scramble by customers anxious to beat the month-end deadline when the higher prices will absorb most of the advantage gained from the new financial concessions

By reducing the minimum HP deposit from 15% to 10%, and extending repayment periods from 42 to 54 months, government has responded belatedly to motor industry pleas for relief Faced with plummeting sales, manufacturers are desperate for anything that will make it easier for individuals to afford cars

The industry had asked for the repayment period to be 60 months but banks, faced with

Continue →

FM 27/3/92 (192)

mounting defaults, wanted stricter controls

On the whole, car companies and dealers are happy with the compromise, though Volkswagen MD Peter Searle says "Banks have processes to evaluate the ability of their customers to repay loans Let financial institutions and their customers decide how a buyer should pay for a car, not the lawmakers "

It's unlikely, though, that the change will have much of an impact on new-car sales initially Most of the early effect will be felt in the second-hand market, where dealers have struggled to sell anything but the cheapest cars It has reached the stage where some won't accept expensive cars as trade-ins on new models because they know they won't be able to resell them

Toyota Marketing MD Brand Pretorius says the HP rules changes "will stimulate demand for higher-priced used cars and that will enable motor dealers to trade more aggressively on new cars "

In the new-car market, he predicts the easier terms will have the most effect on sales of small, light cars He believes this bottom end of the market could increase by 5%-10% as it becomes easier for private buyers to afford cars More expensive cars remain generally the preserve of fleet and corporate buyers, which are less affected by HP terms For the most part, they remain well beyond the reach of individuals

Bert Wessels, executive chairman of Toyota SA and newly elected president of the National Association of Automobile Manufacturers of SA (Naamsa), says car prices trebled between 1981 and 1986, then doubled again in the next five years He estimates that where the weighted average car price represented 65% of the average white's annual household income in 1981, it had risen to 96,5% last year

He places most of the blame for these increases on the depreciating rand, domestic inflation, higher labour costs and company tax, lower productivity and the Phase Six local content programme, which, he says, can add more than 13% to the cost of vehicle production Nevertheless, he hopes price rises can be held below the inflation rate this year Once again, though, he stresses that many of the factors affecting prices lie outside the industry's control

Steps are being taken to exert more control over these factors Naamsa and the National Association of Automotive Components & Allied Manufacturers have formed a committee to investigate the industry's raw-material costs Companies complain, for instance, that domestic steel costs at least 50% more than imported steel By paying such inflated prices, the industry can't hope to control its costs

Components association president John Brandtner complains "We must address raw-material input costs As long as we have expensive steel, chemicals and other raw materials, it's difficult to become competitive If we can only get this right, maybe we can make affordable cars " ■

NEWS FOCUS

Naamsa details reasons for affordability crisis

B/Day 27/3/92. (192)

EDWARD WEST

THE high cost of imported components, low productivity and Phase VI of the local content programme are the main reasons behind the affordability crisis in the new car market, the National Association of Automobile Manufacturers of SA's (Naamsa's) newly elected president Bert Wessels said in an interview yesterday

Phase VI of the local content programme has increased the price of new vehicles by between 8% and 12% at the 75% maximum rebate level The cost of imported components — about 50% of the cost of vehicles assembled in SA — has also contributed to higher prices because the rand has weakened by between 20% and 25% more than the inflation difference between SA and its trading partners over the past decade, he said

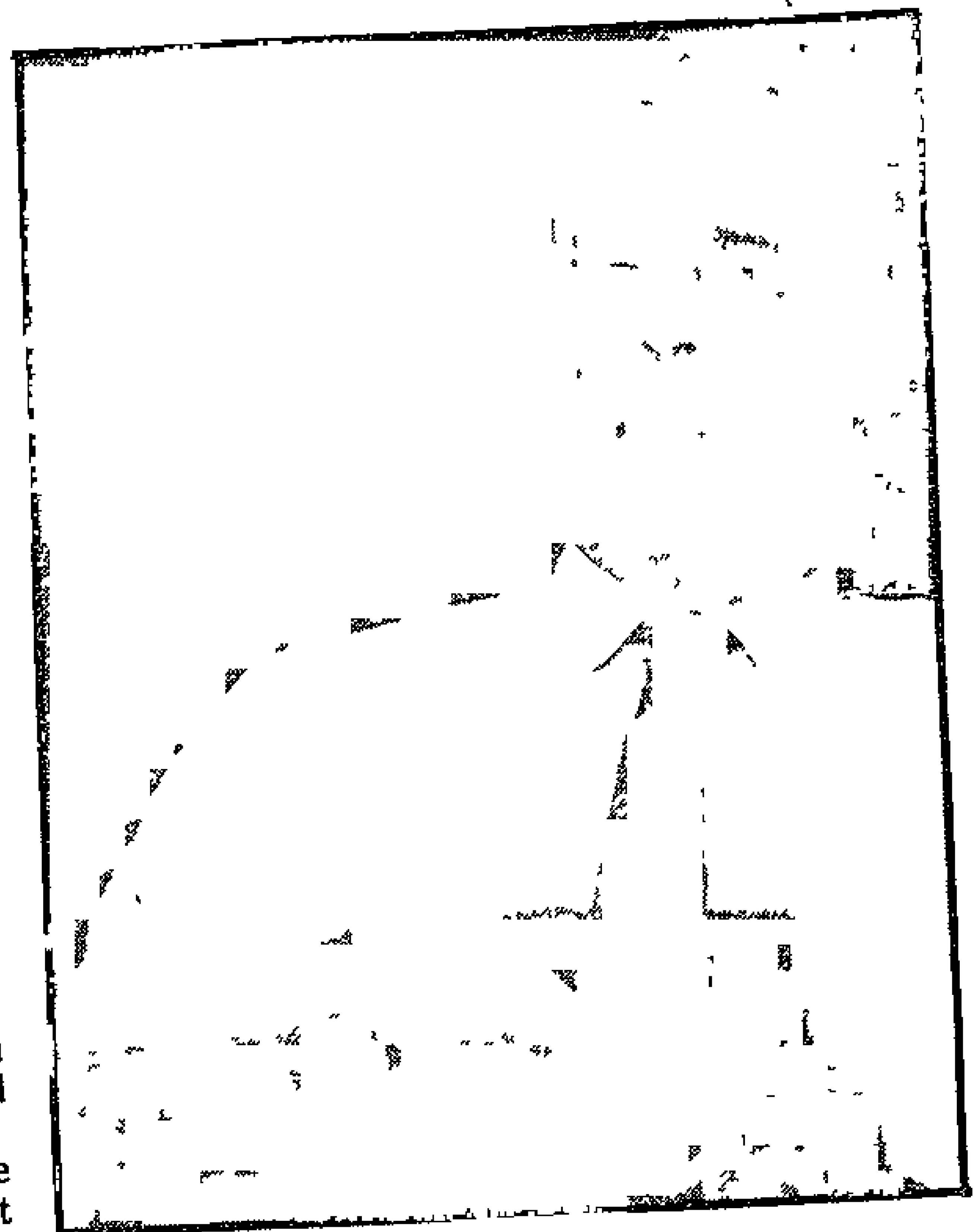
The industry could no longer afford a decade of falling productivity and Naamsa planned to focus its attention on this, particularly in its current annual negotiations on the National Bargaining Forum with the National Metalworkers Union of SA, Wessels said

He blamed the falling productivity on factors such as a 30% increase in real wages over the past decade coupled with a 30% fall in annual worker output

The drop in annual worker output was not so much the result of a decline in the hourly output of workers, but more the result of factors such as strike action and political unrest, shorter working hours — from nine to eight hours a day — and the increased work content on vehicles due to higher technological sophistication and quality standards, said Wessels From July 1 last year, the industry lost up to 13 working days on average through industrial unrest alone, he said

Though reluctant to disclose too much about the current round of negotiations, Wessels said trade union demands this year were unrealistic when one considered that the industry was caught in the throes of severe recession

Most vehicle assemblers were already working "short time" — three to four days a week instead of five and intermittently halting production, he said



BERT WESSELS Picture ROBERT BOTHA

The industry should also be retrenching, but a moratorium on retrenchments reached between the industry and unions on July 1 last year would remain in place until the end of June, said Wessels

Increased automation would not significantly improve productivity because the cost of machinery and robotics still exceeded the cost of labour in SA, he said

Automation was only considered when a job could be described as "dirty, degrading or dangerous," or when quality could be significantly enhanced by automation

Vektra holds market share

A satisfactory contribution from its automotive replacement parts division helped W&A-owned Vektra to offset the effect of the declining vehicle market on Williams Hunt, its motor dealership subsidiary

Turnover for the year to last December increased by four percent to R493,5 million (R475,5 million), but operating profit declined by nine percent to R25,5 million

Profit attributable to ordinary shareholders and holders of compulsory convertible debentures declined from R9,3 million in 1990 to R8,3 million in 1991

(192)

Fully diluted earnings per share declined by 11 percent from 52,9c a share to 46,9c a share

STAR 27/3/92

A final dividend of 7c a share has been declared

Chairman and joint managing director Alan Schlesinger says conditions in Vektra's markets remained extremely competitive throughout 1991 — Sapa

Economy, strikes send Metair into profit dive

BDay 18/8/92. (192)

EDWARD WEST

MOTOR components manufacturer Metair's trading was hit by labour problems and the ailing new vehicle market, but attributable income in the six months to June 1992 was boosted by the sale of a subsidiary

According to results published today, Metair was beset by labour problems in the interim period at its subsidiaries and its single largest customer, Toyota SA Although no turnover was disclosed, pre-tax income plummeted to R4,5m (interim 1991.R14,2m)

Tax was lower at R2,4m (R6,9m), but taxed profit fell to R2,1m (R7,2m) Profit before extraordinary items was R688 000 (R7,4m)

An extraordinary item of R7,8m related to the sale of subsidiary Metlink to Toyota SA from April 1, 1992, after the declaration a special dividend of R13,9m The sale resulted in R4,8m revalued depreciation being transferred from non-distributable reserves

Consequently, attributable income was higher at R8,5m (R7,4m) Earnings before extraordinary items was 12c (130c) a share. No interim dividend was declared

Interest bearing debt nearly doubled to R60 9m (R33,8m) and as a result interest paid rose to R6,4m (R3,6m) Total borrowings increased to R136,4m R97,6m Gearing was at 40% Metair consolidated the results of subsidiary First National Battery after increasing its holding in FNB from April 30 1992 to 71,3% from 35,7m%

The stake was acquired from Federale Volksbeleggings for R5,5m The deal was reflected in the balance sheets by increased current assets and liabilities

Metair's board reported that they believed First National Battery had overcome the disruptive effects of the merger between Raylite and Chloride companies which led to its formation, and that the company was well positioned for positive future growth

However, trading conditions for the first six months were very poor with sales of new vehicles down 13% compared with the first six months of 1991 Aftermarket demand was also constrained by general economic deterioration, Metair's board reported

They said that the strikes at Toyota SA, Metair's biggest customer, had significantly affected profits and gearing in the last two months, while labour disruptions at its subsidiaries had also affected production

The impact of Phase VI of the Local Content Programme was also being felt as new models were introduced with lower levels of local content lowering the demand for traditionally localised components

Latest vehicle sales projections showed little improvement and the aftermarket remained depressed due to poor economic conditions Toyota had only resumed production at the end of July and mass action in August had disrupted production of all major customers Consequently, Metair's results were unlikely to improve in the second half of 1992, the board said

Toyota skips interim div as profits dive

(192) CT 19/8/92

JOHANNESBURG — Toyota SA posted a 74% fall in profit for the first six months ended June 30, 1992 as it grappled with prolonged strikes and the depressed state of the motor industry.

But it said activities would largely return to normal in the second half of the year

According to Toyota's interim results released yesterday, the group would not be declaring an interim dividend although Toyota's executive chairman Bert Wessels believed the group could have managed a modest one

"It was however decided to conserve resources at this stage of the year and as such no dividend will be paid

"We do however forsee that a dividend could be paid for the full year if we continue to recover from the strike according to our plans for the rest of the year," he said

Attributable income fell from R46m in the first six months of last year to just under R12m in the first half of 1992

Earnings a share amounted to 29,13c compared to last year's 113,68c

Turnover decreased by 11,6% to R1,515bn compared to R1,714bn while operating income fell before interest and tax finance dropped 54,1% to R59,4m

Wessels said the large fall in after tax profit was not really reflected in a drop in retail sales

"Toyota retailed 40 500 vehicles through the dealer network for a market share of 28,8% for the first half of 1992

While short of our target of 30% this is still a satisfying result considering that dealers started experiencing stock shortages since late May"

The group was affected by the three strikes at its manufacturing facilities in the first half of the year — the second most serious strike starting in May The last strike was resolved at the end of July

Stock level

Wessels said the group ended up with considerably more stock at the half year but the approximate three months of stock holding would effectively be halved by the end of September

The effect of the strike on Toyota was to some extent cushioned by the deteriorating vehicle market

"In production planning terms we lost 19 000 vehicles during the strike In real terms, taking market conditions into account, our estimates are that we lost between 10 000 and 12 000 units," he said

Although production after the strike was back to over 400 units per day, Wessels said it was unlikely Toyota would be able to achieve its targeted 30% market share for the current financial year

He said though the group did not "believe Toyota's position of market leadership is under threat"

The strikes cost Toyota an estimated operating profit of R70m during the strike but if the market had not declined in May it could have lost R100m

He said Toyota would strive to remain competitive and would not try to recover any lost profits "through any uncalled for price increases"

Wessels believed Toyota's production for the second half od the year would remain in line with that of the first six months of last year

He said good industrial relations were a priority for the group and Toyota's "labour prospects look to be a lot more stable for the rest of the year"

However, Toyota's production could be affected by the current National Union of Metalworkers of South Africa's strike in the metal and engineering sectors

Failure to resolve the deadlock between the union and the sector's employers over job security and wage increases could disrupt the supply of component parts to Toyota

Wessels said the group viewed the question of job security in an important light and would try to achieve it — but only in a profitable and stable environment. — Sapa

Now Boland Japanese manufacturers

Toyota battered in earnings plunge

BDAY 19/8/92. (192)

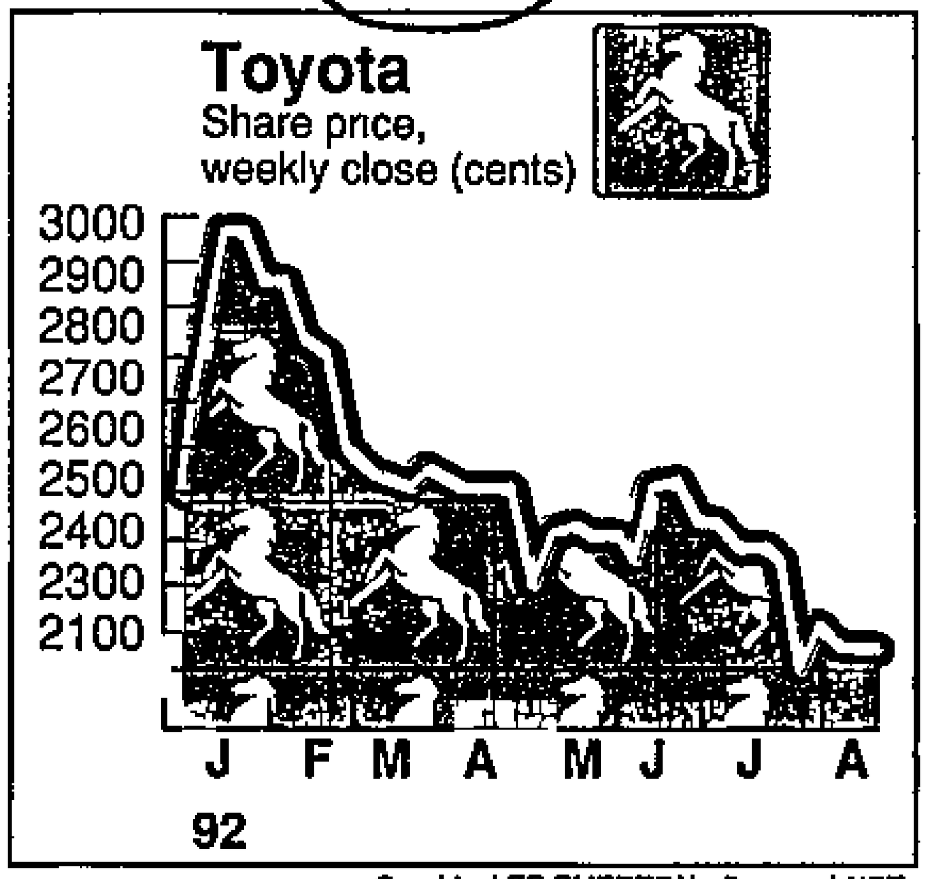
EDWARD WEST

TOYOTA's attributable profit fell by 74,4% — from R46,6m to R11,8m — in the six months to end-June as strikes and the deteriorating motor market cut into production and sales, chairman Bert Wessels said yesterday

Sales of wholesale vehicles in the first half fell to R1,5bn from R1,7bn in the first half of 1991, while operating profit fell more sharply to R59,4m from R129,3m as strikes wiped about R70m off the operating figure, Wessels said The assembly plant lost 33 days of production because of strike action during the half year, while R795m turnover was lost during the full duration of the strike

The group remained in a position to pay a small interim dividend, but the dividend was passed to conserve resources Wessels said the group hoped to declare a dividend at year-end if the recovery from the strikes continued as planned

However, the falling profits did not reflect a drop in retail sales in the first half of the year Toyota retailed 40 500 vehicles



Graphic LEE EMERTON Source I NET

through its 320 dealers for a market share of 28,8% Dealers started experiencing stock shortages only late in May and market share shrank to 13,2% by the end of July, he said

After interest of R26,8m (interim 1991 R23,2m) and finance charges of R4,9m (R5,8m), pre-tax profit was 72,4% lower at R27,7m (R100,3m) Tax fell to R15m

☐ To Page 2

Toyota

BDAY 19/8/92 (192)

☐ From Page 1

(R54,5m) leaving taxed profits 72,3% lower at R12,7m (R45,9m)

The 74,4% plunge in attributable profit translated into a decline in earnings to 29,13c (113,78c) a share

Interest-bearing debt increased substantially to R426,9m (R260,9m) because stock of completely knocked down (CKD) kits had to be financed during the strike Toyota of Japan could stop production of CKD kits to SA only in July, by which time Toyota SA had three months' excess stock in hand, compared with a normal one month, Wessels said

With production operating at full capacity in August, CKD stocks were being rapidly depleted and the stock situation should normalise within three months

The build-up of stock was countered by a drop in debtors relative to the decline in the number of vehicles wholesaled to dealers during the strike period. Current assets increased to R903,9m from R774,6m

Fixed assets went up by about R70m to R885,6m, compared with R815,8m at year-end to December 1991, largely due to the tooling up for a new model to be introduced later this year Industry sources believe this to be the Camry

Wessels said while the investment needed to introduce a new model ranged between R200m and R250m, most costs for the new model were incurred during 1991 and this last amount reflected the last portion of the process of tooling up The ratio of total debt to assets rose to 47,4% from 44%

He pointed out that Toyota's second half profits were expected to improve over the first half even though industrial action, which had continued until July 22, would affect the results Profits were expected to be lower than last year's Toyota's planned production for 1992 was 75 000 units compared with the 93 000 of 1991, he added

Job security deal for Numsa

BDAY 20/8/92 (192) (1851)

DIRK HARTFORD

MOTOR manufacturers and Numsa are likely to sign soon an innovative agreement on job security — to replace last year's moratorium on retrenchments in the industry — as part of this year's settlement on wages and conditions

Numsa and motor manufacturers will be meeting again tomorrow to try to finalise the agreement

The plan is to set up a work security fund to support and retrain laid-off workers Employers will contribute 10c an hour per worker Other sources of funding — including assistance for training from the Unemployment Insurance Fund and national training boards — will also be pursued

Retrenched workers will have the option of entering the fund on full pay for 15 working days In this period they will receive individual counselling and information on matters such as employment possibilities, training requirements and financial problems They can then enter the training activities of the fund for 12 weeks, again on full pay Training will be appropriate to the industry and the needs of the worker

Participants in the fund will have preference for re-employment in the industry If re-employed, they will have all periods of continuous service in the industry recognised for benefits

Other proposals are that employers finance full-time training in industrial or production engineering for union-nominated workers, a minimum industry wage of R6,60 an hour; and severance pay ranging from 20 days (less than two years' service) to 120 days (10 years or more)

□ Agreement has been reached on a moratorium on retrenchments in the tyre industry after a week-long strike by workers at Tycon, Firestone and Gentyre, says Numsa's Les Ketteldas The minimum industry wage is up by 20,5% to R5,50 an hour

● See Page 3

Strike 'likely to halt car production again'

BIDAY 20/8/92

VEHICLE production may be stopped for the second time in two weeks as a 16-day strike by metalworkers threatens to dry up the supply of components, a senior trade unionist warned yesterday

"We expect the car industry to be hit very hard — it is likely to stop in the next week or so," National Union of Metalworkers of SA (Numsa) official Bernie Fanaroff said, Sapa reports

The union, claiming as many as 100 000 members to be on strike at 720 plants in the engineering industry, would meanwhile "use every solidarity action we can" to bring employers to a settlement

An industry-wide motor assembly strike ended last Wednesday

Seifsa executive director Brian Angus said "Virtually none of the companies spoken to since the strike began has had no production at all Its impact differs widely, and few plants have come to a standstill"

DIRK HARTFORD reports about 50 000 Numsa members are expected to march on Seifsa's Johannesburg offices today

(192)

Meanwhile, Seifsa has pointed out the Rand Supreme Court did not make any finding on the legality of the Numsa strike, as reported in Business Day yesterday

The court ruled on a technicality that Seifsa had no right to bring the application on behalf of its members Seifsa's appeal against this decision will be heard tomorrow The legality of the strike still has to be determined

'Cars more affordable for man in the street'

CT 21/8/92 **Business Staff** 192

A SLOWDOWN in the rate of car price increases is likely next year, says Toyota executive chairman, Bert Wessels

"Aside from any unforeseen circumstances it is possible that vehicle price increases might not exceed 12% next year and we anticipate that we will now go through a period where real incomes will catch up a bit and cars will become more affordable for the man in the street," Wessels said

Commenting on the company's results for the six months to end June, Wessels said that Toyota would not try to recover any lost profits through "any uncalled for price increases and we will continue to act with restraint in this regard"

Wessels said that a pattern was developing for vehicle price increases to move closer to the Producer Price Index

TOYOTA FM 21/8/92

Counting the costs

(192)

Toyota has been hit hard by the prolonged strike action at its Durban assembly and component plants

Interim results to end-June show a 72% drop in pre-tax profit compared to the first six months of 1991, from R100m to R28m Attributable income plunged 74%, to R12m, taking EPS from 114c to 29c For the first time since end-1985, the dividend was passed

The strike cost Toyota 33 working days between early May and the end of June Though it continued well into July, CE Bert Wessels insists he is confident of a better financial performance in the second half

At face value, the 11,5% fall in turnover, from R1,7bn to R1,5bn, appears remarkably resilient in the circumstances In fact, taking vehicle price inflation into account, it is a fall, in real terms, of close to 30%

The sharp rise in interest-bearing debt since the end of 1991, from R239m to R427m, can also be blamed on the strike Toyota Japan was unable to immediately turn off supplies at the start of the strike, causing stocks at the Durban plant to rise Japan has since matched supply to demand, and Wessels expects the debt position to return to normal quickly

Fixed assets have risen appreciably in the six months, from R816m to R886m This is largely due to investment for production of the new Camry car range, due to appear later this year

David Furlonger

MOTOR INDUSTRY WAGES 192

Waiting on Toyota

Nervous vehicle manufacturers hope Toyota will fall into line this weekend when employers and unions try to hammer out a final agreement on wages and job security If not, they fear further conflict if negotiations drag on into a fifth month The dispute has already resulted in a week-long industry strike

Agreement is nearly two months overdue Discussions, which began in April, were due to provide a new package to take effect from July 1 But differences, particularly on union demands for an extension of the year-old moratorium on lay-offs, delayed matters

With the exception of Toyota, there now appears to be virtual consensus between employers and the National Union of Metalworkers (Numsa) on the form of the new agreement. FM 21/8/92

Toyota, which did not attend national bargaining forum meetings during the recent two-month strike at its Durban plant, has agreed to honour minimum-wage agreements reached in its absence. As part of the written agreement ending the Toyota strike, the company bound itself to abide by the forum's wage conditions. But the agreement with Numsa also decreed that job security should be a matter for the company and union to decide

In other words, at the same time as it was seeking an industry-wide agreement, Numsa

Continue →

FM 21/8/92 192

helped to create a loophole allowing Toyota to negotiate on its own behalf Nevertheless, Toyota CE Bert Wessels says the company is prepared to sign the full industry agreement once it receives "clarity" on certain aspects of job security

As is stands, the package agreed between Numsa and other vehicle manufacturers has abandoned the retrenchment moratorium In its place is a fund to which employers would contribute 10c per worker per hour This fund would be used to support and retrain laid-off motor industry workers

As envisaged, the fund will support and compensate laid-off workers for three weeks while they are counselled and assessed, and then a further 12 weeks while they undergo training After that, they are on their own

Employers alone will provide money for the fund in its first year Thereafter, they hope it will be a 50 50 effort between themselves and employees

Wessels says the company will be represented at forum discussions starting today "We have certain problems with the job-security agreement as it stands, but if there is flexibility, we will become a signatory If we can't resolve it, we have the option to negotiate on our own behalf" He declines to reveal Toyota's specific complaints about the current agreement

Other companies, notably specialist truck-makers like MAN and AAD, have also expressed concern at the job-security issue In view of their small size, it is likely they will be granted concessions

But it is Toyota that is causing most concern Says the chief negotiator for another major manufacturer "We assumed once the Toyota strike was over, they would rejoin the forum and resume negotiations there But it's not like that They have the right to negotiate between themselves and Numsa and this is causing concern The whole idea of one company being allowed to negotiate major issues is totally foreign to the notion of the forum The rest of us find it very worrying." ■

W/Mail 21/8-27/8/92

BUSINESS E

Toyota profits do a U-turn

PROLONGED strikes and the depressed motor industry caused a 74 percent fall in Toyota SA's profit for the first six months ended June 30 Toyota, predicting a return to normality in the second half of the year, will pay no interim dividend

Attributable income fell from R46-million in the first six months of last year to just under R12-million in the first half of 1992

192

Earnings a share amounted to 29,13c compared to last year's 113,68c Turnover decreased by 11,6 percent to R1,515-billion while operating income fell 54,1 percent to R59,4-million

Toyota on the strike skids

S/Times (BUSS) 23/8/92 (192)

By CHERILYN IRETON

EVEN to its competitors Toyota has been a model company.

So it was a shock this week when SA's premier motor manufacturer reported its weakest set of half-year figures in more than six years.

It was not merely that profit had fallen by 75% to R11,8-million. Poor interim results had been expected as a result of the shrinking new-car market and strikes which plagued performance. The company lost 33 production days in the first six months, knocking its share of car sales by a third to 22%

More troubling was the realisation that over the past three years Toyota had lost out on an estimated R150-million in operating profit as a direct result of work stoppages

For much of this time Toyota enjoyed the status of one of SA's top companies, a reputation built on an outstanding production record and market share. Its labour record was also relatively respectable.

Labour relations specialist Pat Stone of Andrew Levy & Associates who is helping to sort out Toyota's problems, does not believe SA has any model employers

"There is an inherent conflict of interest between society and the company. In Toyota's case, management unconsciously sent out a message that market share was its main priority, one which superseded all other issues.

Skills

"This led to a groundswell of demands — many were unreasonable — and the idea that Toyota would give in if it was made to suffer enough.

"It would be naive to say the strike was fostered out of nothing There was nothing criminal or offensive in Toyota's actions, but somehow the balance between profits and people got distorted," says Mr Stone

Management's challenge is to get that relationship back on an even keel.

Industrial relations specialists are trying to improve communication between middle management and workers. Management is also trying to normalise its relations with the unions and to induce them to take part in the industry's national bargaining forum. Other plans include the strenghthening of leadership skills in line management.

Regaining lost market share remains a priority

Chairman Bert Wessels told a news conference this week he was confident that market share would recover to about 30% by October

"Obviously the results were disappointing. Market conditions could well remain tough, but we believe we can normalise dealers' stock by the end of September

"The yearend could even see us paying a dividend."

Toyota passed payment of the interim dividend for the first time since 1986.

Shareholders still have to absorb another 23 days of production lost after June 30

There is also a vague chance that Toyota will be forced to absorb costs emanating from the nuts-and-bolts export scam in which it became implicated.

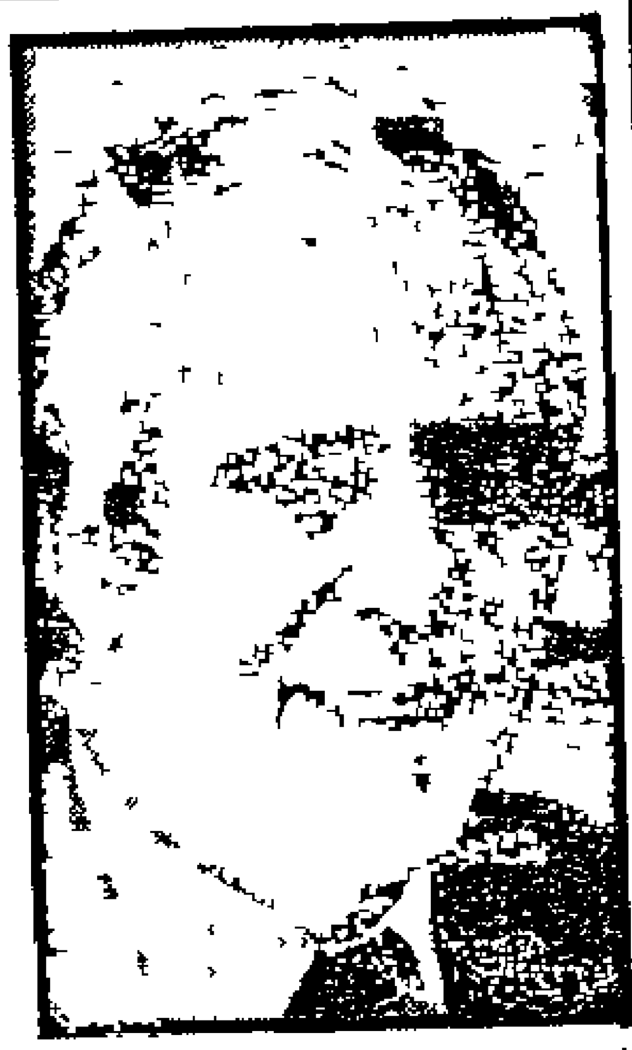
Group financial director Pieter Robinson says Toyota hopes to know where it stands before the yearend

"I do not believe the issue will be settled before then. We believe our actions were bona fide and we should not be punished"

In spite of Toyota's troubles, its position as market leader remains unchallenged, says Econometrix analyst Tony Twine.

"Nobody can come within a mile of Toyota — except when its workers strike."

Mr Twine says Toyota has firm order books



BERT WESSELS Confident of recovery by October

"Toyota has by far the highest brand loyalty of all mass vehicle producers The company has been market leader since 1980 because of the perception of good value for money, good products and good after-sales service"

Shortly before announcing its results, Toyota raised its prices by between 1% and 3,5% Mr Wessels estimates that price increases will be between 10% and 12% this year compared with 18% last year

Rand

"The cost of producing vehicles has been the primary reason for the shrinking market Vehicle affordability will be one of the main things we will attend to in the next few months"

Factors behind rising costs include the Phase 6 export incentive programme, the cost of technology and specifications and the deteriorating rand.

Toyota's remaining priorities will be to ensure the financial standing of suppliers and dealers and to attend to shareholder returns

Siltek beats slump

(191)

S/Times (BUSS)

Toyota signs

TOYOTA SA signed the 1992-93 wage agreement for the motor-making industry after its representatives attended a National Bargaining Forum (NBF) on Friday (192)

The strike at its Durban operations had previously prevented Toyota from taking part in NBF negotiations. S/Times 23/8/92

Toyota has expressed concern about some parts of the agreement, particularly the administration of the job-security fund (BUS)

It believes that some practical issues, such as job security, productivity and the removal of discrimination, would be best dealt with at company level.

Landmark agreement

AUTO assembly unions and employers have clinched a landmark job security pact replacing the 1991 moratorium on retrenchments plus wage increases averaging 11 per cent, union and employer sources confirmed (192)

The agreement between the National Union of Metalworkers of South Africa (Numsa), the Yster-en Staalwerkers Unie and six car manufacturers - including Toyota (SA) - was signed at a meeting of the industry's national bargaining forum on Friday.

The agreement which entails a 15,2 percent increase for workers on the minimum hourly grade of R6,60 follows a week-long strike which ended on August 10

Sowetan 24/8/92

COMPANIES

Venter 'needs performance boost'

EDWARD WEST

VENTER Leisure and Commercial Trailers' earnings of 6,1c a share in the six months to end-June 1992 would have to more than double in the second half to meet the listing earnings forecast of 21,1c for the year to end-December 1992

Venter was listed in March at 150c a share It briefly surpassed its listing price to reach a high of 157c on March 6 However, sellers offered the share at its low of 100c yesterday, indicating that the price could drop even lower

Operating profit in the first half was R3,6m In the 12 months to end-December 1991 operating profit was R12,6m After interest of R317 000 and tax of R360 000, taxed income was R3,04m At the end of 1991 taxed income was R8,83m. Earnings were 6,1c a share compared with 17,7c achieved last year Dividends are only declared at year-end

Even though sales volumes were affected by the recession, MD Richard du Plessis thought the results satisfactory as he believed Venter had outperformed the economy. A new marketing approach and the cyclical nature of the business would enable Venter to earn the greater proportion of its profits in the second six months of the year, Du Plessis predicted

(192)

Wesco's investments perform poorly

BIDAY 28/8/92

EDWARD WEST

WESCO's earnings plummeted to 27c from 280c a share in the six months to end-June due to poor results from its investments in Toyota SA, Metair and Gommagomma Holdings

Sales fell to R1,5bn from R1,7bn Operating income dropped to R58,7m from R152,7m in the first half of 1991

Interest payments of R31,7m (interim 1991 R52,3m) and tax of R15m (R54,5m) left taxed profit substantially lower at R12m (R46m) Associated companies' losses of R3m eroded profits further and profit before extraordinary items was R22,3m (R23,6m)

The extraordinary item of R2,8m represented a surplus on the disposal of a subsidiary by an associate company Attributable income was sharply lower at R5m (R23,6m) Interest bearing debt jumped to R437m (R263,2m)

Total debt to total assets increased slightly to 45,9% from 44,1% According to company policy no interim dividend was declared

Directors said Wesco's results were largely dependent on those of Toyota SA in which it had a 50% stake

Toyota's attributable income fell 74% in the interim period to end-June 1992 while Wesco's other major investments, Metair Investments and Gommagomma Holdings, also reported disappointing results

Camargue Transport Systems had not yet started manufacturing, but would do so before the end of the year, they said

The protracted strike at Toyota SA, the continuing decline in vehicle sales, lower local content for new models as a result of Phase VI, a depressed after sales parts market and the continued decline in economic activity were largely responsible for lower turnover and reduced profit or losses at Wesco's subsidiaries and associate companies, the directors said

The strike action at Toyota SA was resolved, but industrial action at Wesco's other companies and its client's plants could affect results for the second half of 1992

The directors forecast that unless Wesco suffered serious labour disruptions, results in the second half should be better than in the first half, but substantially less than that achieved in 1991

(192)

Net asset value per share improved to R63,80 from R54,90 in the first half of 1991, but its share price has fallen from a high of R70 nearly a year ago to its current level of R52, which was only slightly above its 12 month low of R50

(192)

TOYOTA SA

Dealers under constant care from the top

CUSTOMER satisfaction is a living organism at Toyota

"We live, breathe, eat and sleep it," says Colin Chick, national service manager of Toyota Marketing

Mr Chick's priority is to make sure the customer is satisfied He does so by ensuring that all vehicles serviced by Toyota dealers meet customers' demands and Toyota's high standards

"I'm responsible for the dealer network in terms of their ability to meet the customer's needs beyond the sale of the vehicle, namely, the service side of the business"

Formidable

It's a tall order and he is the first to admit that it is difficult to satisfy all customers all the time

"It is only human for people to be different and some have certain idiosyncrasies which will never be satisfied"

The secret is to treat every customer with respect and even if he is not completely satisfied, he should go away feeling he has been treated well

Mr Chick says "Our attitude is that nothing is impossible and we will eventually find a way to solve all problems"

This is a formidable task because Toyota's dealer network of more than 300 covers Southern Africa

To ensure a high standard of service, Mr Chick is helped by a field force of seven regional service managers and 22 district service managers They meet the dealers regularly to see if everything is running smoothly and to sort out problems

If one of the managers, for example, notices a problem at a dealer — or if one is highlighted by the customer satisfaction index — it is reported to head office One of the three full-time customer satisfaction consultants is then sent to the dealer

If necessary, he will do a complete investigation of the dealership operating under the Japanese slogan — see, feel and touch All the disciplines and departments are investigated and the consultant talks to as many people as possible to get to the root of the problem

Mr Chick says "Time is not important and the consultant will complete his investigation, even if it takes a couple of weeks, only when the problem has been discovered and rectified" The consultants have no other responsibility but to ensure that dealers are equipped to ensure that Toyota customers stay satisfied with the service they receive

"Apart from the United States, we are the only country employing such specialised consultants" The three consultants started operating in March this year and are all former district service managers who have been through extensive training programmes They have investigated and analysed nine dealerships

Mr Chick is also helped in his task by feedback from the questionnaires sent out under the customer satisfaction index programme (CSI)

Every aspect of a dealership is mentioned and evaluated in the CSI which converts the evaluations of customers into a points system This enables the dealer to see how he is rated and also highlights any weak areas that can be improve These ratings are monitored by district service managers

Customer satisfaction is also the bottom line for the yearly Toyota Dealer Achievement Programme (DAP) from which the Dealer of the Year is chosen and here, too, the CSI plays a major role

Secret

"The DAP is the route map to a successful dealership If the dealer scores 100% in all categories, he is running a highly profitable business," says Mr Chick

The DAP also focuses on what Toyota calls "moments of truth", which occur whenever a customer comes in contact with Toyota

"At that moment of contact, the customer receives either good or poor service and gains a conscious or unconscious impression of it The cumulative effect of these moments of truth ultimately determine whether the customer will continue to use a dealer's services," says Mr Chick

In evaluating and helping to improve its dealer network, Toyota also conducts secret audits, mystery shoppers and uses doctored cars

These exercises are not designed to "catch the dealership out" but to see if it is providing a professional service at a fair and equitable price

The secret audits and mystery shopping are done to see to it that dealers stick to the recommended retail prices of spare parts, Toyota accessories and adhere to the Toyota flat-rate time

Doctored cars — one sent for servicing with faults deliberately built in — are used to see if dealers are providing a fast, efficient and economical service Five points are taken into consideration in this exercise

It starts when the dealer is called to make an appointment for a service The way the call is taken and answered is evaluated The person must be friendly and able to book the car in when it will suit the customer

On the day of the service, the dealer will be evaluated on how the vehicle was received and if the customer was asked whether anything specific needed to be done

The third step is when the vehicle is collected Has the car been washed? Are all the spare parts given back to the customer and was the car ready on time?

Benefit

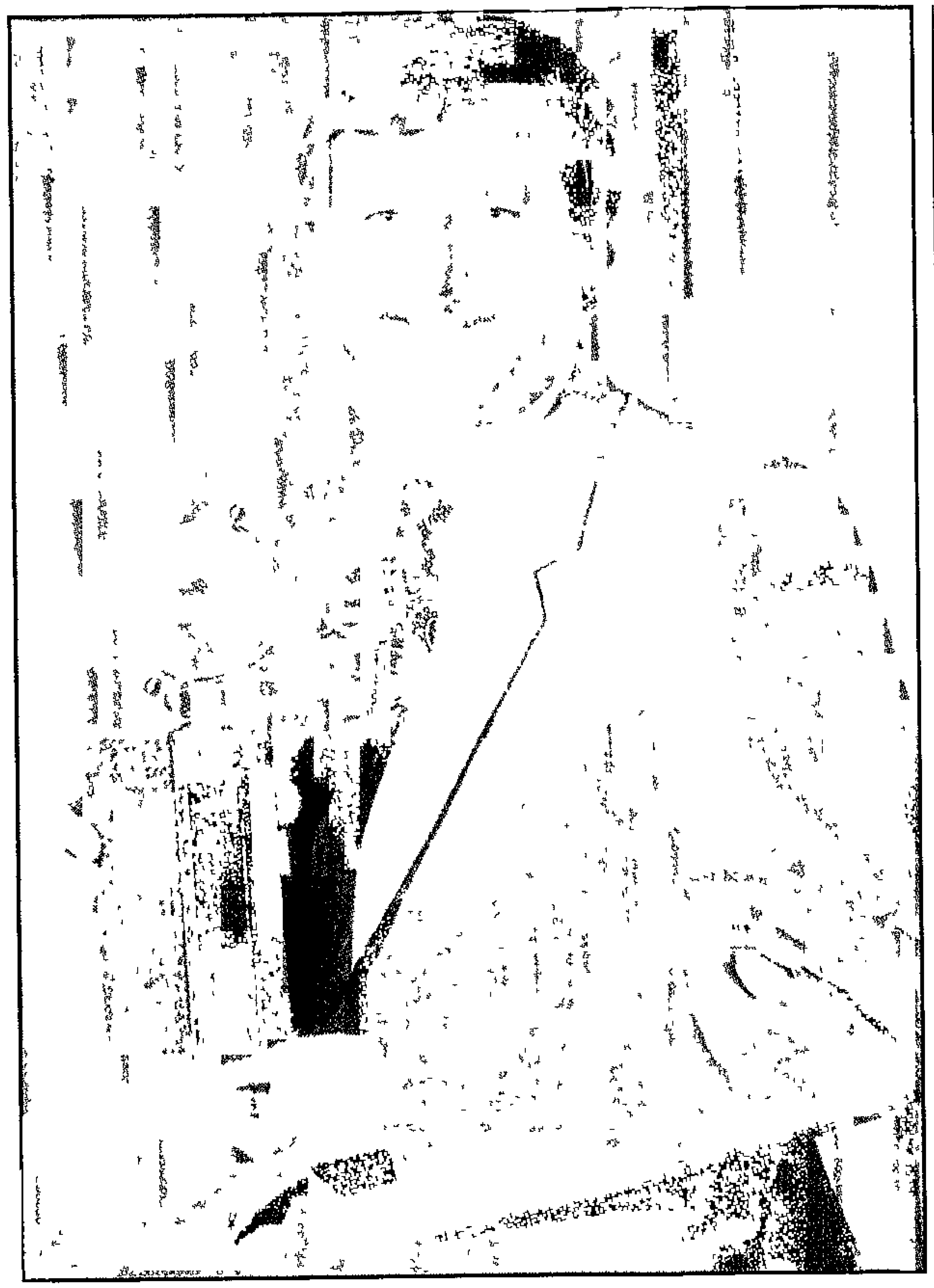
Charges are also evaluated to see if the dealer is sticking to the recommended retail prices and labour costs

Finally, the quality of the service is evaluated

Mr Chick says "All this ensures that the customer gets the best deal in town and it is important to note that these measures are not used as a stick, but as part of our development programme They are part of our overall service to increase the image and professionalism of our dealer network"

Should it happen that a dealer is not following company policy, the easy way would be to fire him Toyota, however, prefers to take the rehabilitation route and raise the dealer to a higher level of professionalism

"The dealers have long realised that it is to their financial benefit to follow the customer care programme I believe the strength of Toyota lies in the willingness of the 300-plus dealers to work together in maximising customer satisfaction," says Mr Chick



GERHARD KOTZE of Belfast Toyota with the Toyota Touch Chairman's Award for achievement

We promise . . .

A COMMITMENT to customer satisfaction is displayed by every Toyota dealer in the form of a pledge which guarantees the customer peace-of-mind. The pledge reads

We promise to

- Treat you with honesty and courtesy
- Conduct the repair right the first time or fix the repair free.
- Use only genuine Toyota parts
- Show you parts replaced
- Have the vehicle ready on time, for work requested
- Explain the work carried out
- Not overcharge or conduct unnecessary repairs
- Contact you after service to ensure satisfaction.

Questionnaires keep tabs on customers' reactions

TOYOTA has spent millions on customer satisfaction research and will continue to do so

A major slice of this will be directed to what Ernie Trautmann, manager of Toyota touch and customer services, refers to as the 'teeth' of the customer satisfaction programme — the customer satisfaction index (CSI)

The CSI programme is based on a questionnaire received by every Toyota customer When returned it enables Toyota to measure the degree of satisfaction of the sales experience, the after-sales service and opinion about the product

Promises

"We mail 9 000 questionnaires every month," says Mr Trautmann

Feedback from the responses are given to the dealers, the manufacturing plant, and the marketing team Results are even sent to Toyota Motor Corporation in Japan

The first questionnaire is sent out after a customer has bought a new vehicle It is designed primarily to measure the sales experience The owner is asked to evaluate different aspects related to the experience he or she had with the dealer's sales department

Ratings range from excellent to poor about product knowledge of the sales personnel, their helpfulness and courtesy, the neatness and appearance of the dealer's showroom, the quality of the test drive and demonstration offered and other points

Flaws

The customer is also asked to provide ratings of certain aspects when leaving the dealer, such as whether he or she was advised who the service and parts managers are, whether the warranty was explained and whether all promises were met

This information is evaluated and processed by Toyota and fed back to the networks, enabling dealers to take action to improve their CSI rating

"Our field staff members are also provided with printouts of responses and will soon pick up any flaws in a dealer's operation," says Mr Trautmann

The questionnaire also contains a product evaluation section which serves to give Toyota a product CSI This information is fed back to the manufacturing plant as well as the marketing department for improvements and product planning

The second questionnaire is sent after six months and the third after 18 They are designed primarily to measure the degree of customer satisfaction with regard to after-sales service

"We monitor variances in perception and expectations over a longer period," says Mr Trautmann

Customers are asked to evaluate the dealership where they have their vehicle serviced with regard to factors such as the ease of getting an appointment, the explanation of the work involved and its cost, the ability to identify problems, the price competitiveness of parts, their availability; the helpfulness and courtesy of the service staff and a host of other aspects

Higher

Once again this allows feedback to be given to the dealer to improve his after-sales CSI rating

Mr Trautmann says "Through these questionnaires, we are able to measure three aspects of a dealer's operation — the overall CSI, the sales CSI and the after-sales CSI"

Specific objectives are set for dealers to strive for higher standards of customer satisfaction

The basic format of the questionnaire has remained the same for many years to ensure continuity A dealer research group meets a marketing research one once a year to revise the CSI, the accent being on making it more user friendly

The first CSI questionnaire was sent out in 1986 I marked the beginning o what has been described a the most sophisticated mea surement of customer satis faction in the motor industr both here and abroad

CHRISTO CLAASSEN, senior market researcher responsible for the customer satisfaction index programme, studies some of the thousands of forms returned by customers

Training for motoring satisfaction

TECHNICAL training is a high priority at Toyota in its drive to provide professional back-up service and peace-of-mind motoring

"In the first seven months of this year, 2 176 people were on various training courses and 49 500 manhours were spent on training," says Alf Moffatt, service training manager of Toyota Marketing

He is responsible for training for the dealer network

South Africa faces an acute shortage of skills Motor technicians are not excluded To offset these shortages, Toyota started recruiting at technical schools and colleges about three years ago

Step

The training programme for applicants who pass the initial screening tests starts with a month's duty at the dealer which appointed him This is followed by three months at Toyota's Technical and Educational Training Institute in Midrand whereafter the trainee is sent back to the dealer for three months

The apprentice is then monitored and after a time returns to the institute for retraining, should it be necessary, or to advance to the next step

This routine continues for two years, whereafter the apprentice has to work for another six months at the dealer before he can write the Department of Manpower's trade test

However, the training does not stop there After gaining some experience, the trainee will write an examination to qualify as a Toyota technician Qualifying as a Toyota pro technician and then as Toyota master technician are the next two steps

"Each technical level is recognised by providing a different overall as well as a badge which identifies the level of the technician to a customer," says Mr Moffatt

All this is done in conjunction with Toyota Japan and is recognised throughout the world at all Toyota dealers Technicians also receive certificates after passing each examination

Toyota encourages people to plan a career path and by treating personnel like people instead of numbers, pride in their workmanship comes naturally

"People are not promoted automatically if they turn a certain age Everything depends on ability to do the job and there are no restrictions to prevent someone from moving to the top"

To instil even further pride in their work, technicians carry with them a technician passport Apart from his name and qualifications, it also lists all available courses When successfully completed, it is signed by the instructor

Mr Moffatt says. "The passport is a reminder to the technician of his achievements and he has got to live up to them"

Technicians are encouraged to do at least two courses a year to equip them with the skills to keep up with the changing technology

Other categories of employees at Toyota dealerships have not been forgotten and also go through training programmes

Costing clerks are trained, for example, to fill in job cards Supervisors are taught to do quality control checks before passing a serviced car to the service adviser, who hands it back to the customer

Potential

Service managers in charge of the workshop play a key role in Toyota's customer satisfaction programme There are many training courses for them The service adviser also has a grading system to encourage him to achieve higher standards The rankings are from entry level to service adviser to master service adviser level

In conjunction with Unisa, Toyota launched a management programme for service managers This correspondence course of 18 months encompasses all aspects of running a business including sales management, marketing, financial management and human resource management

Repair shop assistants are also trained to help the technicians If they show the right potential, they are encouraged to start an apprenticeship Even those who clean cars are included in Toyota's training programme an instructor touring the country to give on-site training to them The cleaners are evaluated after the course and receive certificates

"We don't train them how to clean a car because they know that. We stress how important their jobs are in satisfying the customer Nothing irritates a customer more than collecting his car and everything is covered in grease," says Mr Moffatt

Toyota has also trained people to work faster, be more efficient and cut down on mistakes This has resulted in the introduction of the express service lane at dealers

The idea behind this is to speed up the service of vehicles and still be as thorough and efficient as before This is made possible by providing technicians with the latest equipment

Central

"Some customers feel that because it takes less time than before, the service should be cheaper However, the equipment which enables this fast service to be performed is expensive," says Mr Moffatt

Whenever Toyota releases a new model, it is not the motoring journalists or directors of Toyota who see it first, but the technicians

Toyota has a rule that a dealer may receive a new model only if some of his technicians are trained on it Technicians from around the country are trained on the new models before they are launched

Mr Moffatt says that central to all training is the desire to treat people like human beings — part of the Toyota culture

Team system at work Distinctive overalls, dustcoats and badges show the categroy of technician

The sky's the limit for them

CONTINUITY in providing technical skills to maintain Toyota vehicles in good working order is an essential component of the customer satisfaction programme

Toyota runs a comprehensive apprentice training scheme and youngsters starting a technical career are shown from the outset that the sky is the limit in terms of their career path

"A career as a mechanic used to be perceived as being for the less intelligent This is no longer the case," says Alf Moffatt

"We show youngsters that becoming a mechanic is no longer a dead-end street, but can take them right up to management level, or even to the point of running their own dealerships"

The technology in turbochargers, multi-valve engines and computer-controlled transmission systems has made yesterday's "spanner-mechanic" redundant.

Models, such as the high-performance Conquest 1600 RSi, the Cressida 3 0i with its 24-valve twin-cam engine and a range of advanced commercial vehicles have opened the road to new challenges and stimulation for the Toyota technician

The mechanic is a new breed of person who is able, through training, to meet these challenges

Toyota sources most of its apprentice technicians from technical schools and colleges To be eligible for the scheme, applicants must have a Standard 10 or N3 with mathematics and one of the official languages as passed subjects

Teaching the teacher is another policy practised by Toyota The company invites teachers at technical schools and colleges to attend courses on developments in the motor industry

Roots

Through the Toyota technical education programme (T Tep) Toyota assists two institutions — the Johannesburg Technical College and Toyota's Technical Training Institute — financially and with equipment

T Tep also supports training at grass-roots level through its help for the Alexandra Community Development Centre This centre provides technical schooling for pupils up to matriculation — "all potential employees of Toyota", says Mr Moffatt

Equipment worth R250 000 has been supplied and the centre will also receive R150 000 from Toyota, Japan

SA expertise recognised

TOYOTA South Africa's expertise in customer satisfaction was recently shared with managing directors and chief executive officers from Toyota distributors worldwide at Toyota Motor Corporation's first World Customer Satisfaction Conference in Tokyo

This was the first time a representative from Toyota South Africa had addressed an audience of this stature and stemmed directly from the company's performance in customer satisfaction

Representing Toyota SA was Brand Pretorius, managing director of Toyota SA Marketing

Real

He delivered a paper outlining the necessity of making a financial investment in customer satisfaction programmes

He stressed the need to make priority management time available to this important aspect of an organisation

"Customer satisfaction is more than just a smile and a warm feeling," says Mr Pretorius

"To the customer, it is a real element of his purchase and he is entitled to derive the highest level of satisfaction from his purchase

"Looking after the total customer base to ensure this requires substantial inputs of both finance and executive time

"It is a science that has to be managed in a professional way and from our point of view, an investment in customer satisfaction is the best investment a company can make This is what I conveyed to delegates at the conference," says Mr Pretorius

In his opening address, the president of Toyota Motor Corporation, Dr Toyoda, amplified the theme Leadership through satisfaction by stressing that Toyota would retain its leadership in world markets only if it and its distributors continued to optimise customer satisfaction

Adding to the importance of Toyota SA's presence at the conference was an invitation to Mr Pretorius to take part in a panel discussion on customer satisfaction

Other parties in the onstage discussion, chaired by Toyota's director of international operations, were the New Zealand, Canadian and UK representatives

Special

The discussion was used as a forum to provide guidance to Toyota distributors on starting up, developing and maintaining effective customer satisfaction programmes

Toyota Japan also used the occasion to pay tribute to both Toyota South Africa and Toyota North America as world leaders in customer satisfaction

This follows a special award received in 1990 by Toyota SA from Toyota Motor Corporation for its achievements in this field SA was one of three countries out of 153 that received the award for excellence in customer services

Led from the top

TOYOTA's customer satisfaction programme is driven from the top, its most ardent enthusiast being Brand Pretorius, managing director of Toyota SA Marketing

"I lead by example People don't listen to what you say, they watch what you do," he says

"You can make the most fantastic statements, but you must lead the way I become involved in customer complaints, visit customers and encourage dealers to reach the highest levels of customer satisfaction"

Often referred to as the Champion of Customer Service, Mr Pretorius feels so strongly about the customer satisfaction programme that he set up a special board of directors — the Toyota Touch board — dedicated to customer satisfaction

He also dedicates a large percentage of his management time to these issues

All are kept in touch

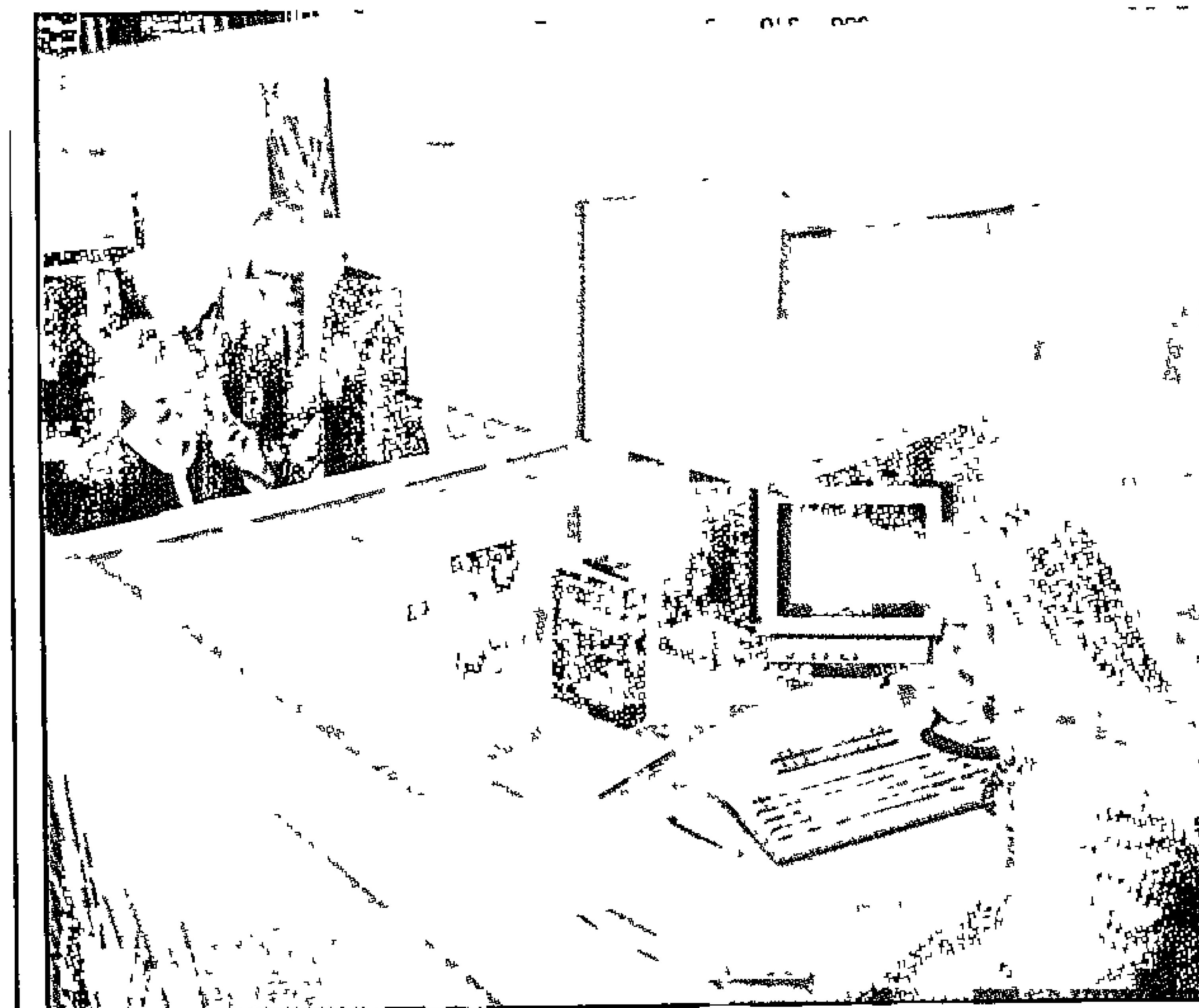
ALTHOUGH there are many components to the infrastructure behind Toyota's customer satisfaction programme, the core of the response system lies in a computer network designed to meet the company's needs

The system provides on-line links between the customer services department, its seven regional offices as well as all dealers taking part All Toyota directors also have a direct link with the system

"Toyota's live computer network is the most advanced in the worldwide Toyota organisation and messages transmitted to dealers are received within seconds on their screen which allows central monitoring of all actions taken," says Koos Groenewald, national customer services manager

The dealer is asked to acknowledge a contact within 24 hours. The time taken to resolve the problem is monitored individually and nationally

A complete case study is kept on every contact which is accessible to the relevant dealer and Toyota South Africa



DIAL 0800-13-9111 FOR SERVICE Skilled consultants are ready to help customers with advice

Free phone advice

A NATURAL extension of Toyota's customer service infrastructure was the installation of a toll-free number in January this year

This line is manned by five skilled consultants in the customer services department

They all received a year's intensive training in all aspects of customer satisfaction and care before taking up their posts

Linked to the customer satisfaction index programme, Toyota urges its customers to use the toll-free number in these cases

- If a customer has had an exceptionally good experience with his or her Toyota and/or Toyota dealership
- If a problem with the vehicles has been experienced and the Toyota dealer principal has been unable to satisfy the customer
- If a customer has any inquiries about Toyota products

The information from these calls is loaded on a live computer network and is immediately available to the dealer concerned and the regional customer services manager

Where consultants cannot provide a direct answer they will quickly source the information and provide feedback

Ernie Trautmann, manager Toyota Touch and Customer Services, is quick to point out that this is not a hot line

"A hot line implies that all calls are about complaints This is not true

"Our Toll-Free system exists to help our customers in any way possible We get numerous calls complimenting us on our service," he says

The number is 0800-13-9111

Contest a spur to dealers

TOYOTA's annual after-sales skills contest has played a major role in improving the service offered by dealers

The contest is open to all technicians, service advisers and parts salesmen from Toyota dealerships throughout Southern Africa

"We know that success in the automotive market depends to a large degree on the professionalism of after-sales activities," says Dave Whitfield, after-sales marketing planning and promotions manager

"Selling vehicles is one thing Ensuring they offer good performance, maximum reliability and all-round customer satisfaction is one of our strongest selling points We aim to maximise our strengths in this area and the skills contest has proven to be one of our best mediums"

A record 1 448 entries have been received this year After district and regional round the finals will be held on November 6 at Toyota's Technical Training Institute at the Eskom Training College Midrand, near Johannesburg

The five titles are Technician of the Year (passenger vehicles), Technician of the Year (trucks) Service Adviser of the Year, Parts Salesperson of the Year (passenger vehicles), Parts Salesperson of the Year (trucks)

The winner of each category receives a floating trophy, a framed certificate and travel vouchers There are also travel voucher prizes district and regional levels

Imported vehicle tariffs to be cut

192

S/Times (B455) 30/8/92

By CIARAN RYAN

RESTRUCTURING of the motor industry is expected to begin next month when the Government starts lowering import duties on vehicles

Industry sources expect tariffs to drop to between 90% and 100% on both cars and commercial vehicles The present rates are 110% on cars and 100% on commercial vehicles

The lowering of tariffs will be accompanied by an investigation into the long-term viability of SA's motor industry The modest reduction in tariffs is not expected to result in a sharp increase in vehicle imports, which are mostly in the luxury class

SA's motor industry is one of the most protected in the world, although import tariffs of more than 100% were imposed for fiscal more than protectionist reasons, says Daan Bosman of the Board of Tariffs and Trade

Volume

Under review is Phase Six of the local content programme, which offers rebates to vehicle and component exporters It will run until 1997 unless an alternative system acceptable to all concerned is found, says Dr Bosman

The board plans to modify Phase Six soon by streamlining the administration of the programme, increasing the small-car allowance and tightening controls which have resulted in fraud

Car manufacturers say the price benefits of Phase Six are only now beginning to be felt with new models They say the programme allows them greater flexibility in sourcing components This helps to contain price increases

The National Association of Automobile Manufacturers of SA (Naamsa) proposed that tariffs for both cars and commercial vehicles be equalised at 100% and then reduced by 2,5% every six months, stopping at 60%

Naamsa executive director Nico Vermeulen says There is a belief in the industry that we should concentrate on high-volume production vehicles and allow the import of low-volume vehicles to reduce up-front investment

High import tariffs are also responsible for rising car prices But dispensing with import protection altogether would drain the balance of payments by R13-billion a year as imports flood the market, says Dr Bosman

"A programme that increases car prices and results in job losses is negative If the programme provides more jobs while car prices increase, it has positive aspects Similarly, a programme which results in fewer jobs but cheaper cars can be considered positive Higher productivity would improve both aspects"

Dr Bosman says most countries protect their motor industries through tariffs, quota systems or local content programmes

Taiwan imposes tariffs of 30% on imported vehicles It disallows imports from Japan Japanese manufacturers overcome this by selling components to subsidiaries in Taiwan at inflated prices

South Korea, a major exporter of cars, dropped its tariffs to 17% But a host of non-tariff excises have kept foreign competitors at bay It exported 500 000 vehicles in 1989 and imported only 1 000

The UK, France, America and Italy have low tariffs, but limit the level of vehicle imports to 40% of the domestic market In Spain and Germany, imports are limited to 30% and 20% of the domestic market Japan limits vehicle imports to 5% of its market

Complex

Australia opened its motor industry to foreign competition by lowering tariffs from 60% to 35% over eight years It did away with its local content programme

The result is that Australia has lost roughly a third of the domestic car market to foreigners It plans to reduce tariffs to 15%

Taiwan's local content programme sets prices for each of up to 20 000 components used in a vehicle's manufacture The local content minimum is 50% on a component basis

Dr Bosman says this system is unsuitable for SA because of the complexity of its administration

Local content programmes are used in Venezuela, Phillipines, Indonesia and most emerging economies of South America and the Far East

Once these countries become signatories to the Uruguay Round of the General Agreement on Tariffs and Trade, these programme will have to be reconsidered in so far as they help exporters of vehicles

Interest and tax ravage McCarthy's bottom line

B/DAY 31/8/92 (192)

EDWARD WEST

THE McCARTHY Group's bottom line in the year to June 30 1992 was ravaged by a sharp hike in the interest burden and a higher than expected tax bill resulting from previous underprovisions, chairman Brian McCarthy said

In a market which was 15% below the previous year, SA's largest vehicle distributor posted a 14% drop in attributable earnings to R44,1m from R51,4m in 1991

This translated into earnings of 50,9c a share against 59,8c previously

However, the final dividend was maintained at 13,5c, giving a 2,4 times covered total distribution for the year of 21c (23,5c)

The results come at a time when work on the proposed merger between McCarthy and Prefcor, with a combined turnover of about R4,5bn, is on its last lap

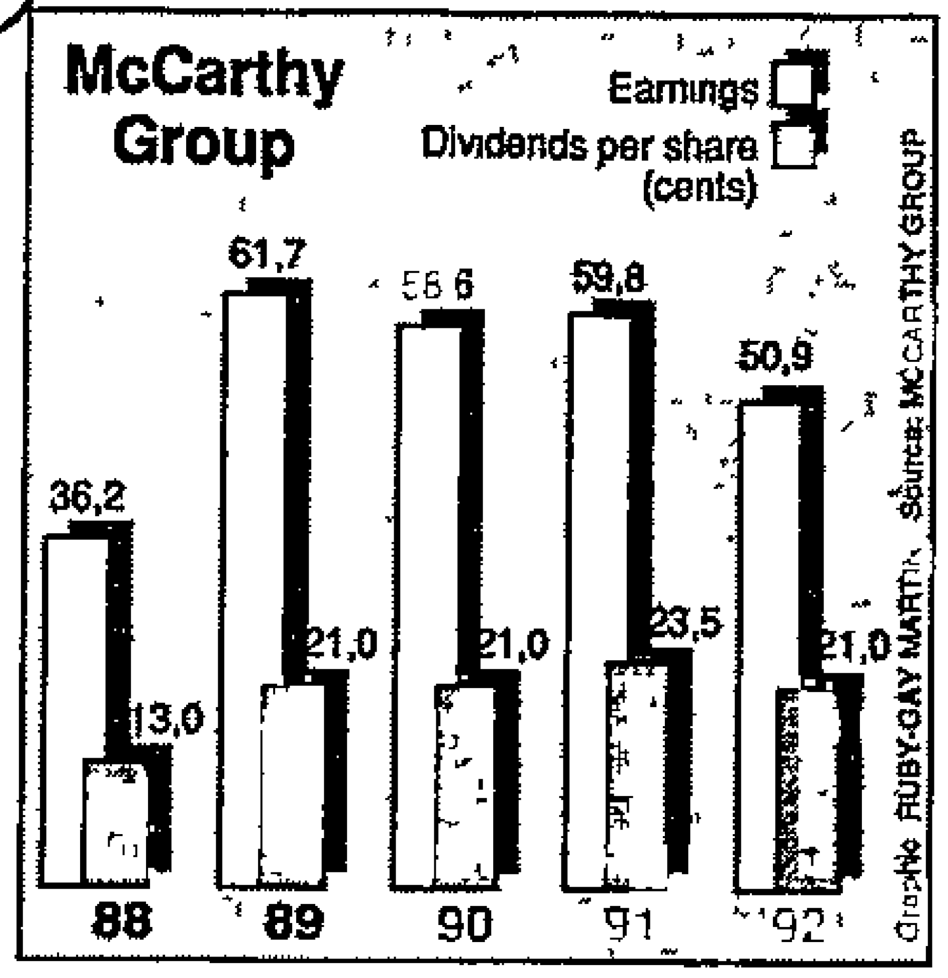
The merger could be completed by the middle of next month and shareholders were again cautioned in share dealings

In spite of a number of acquisitions during the year, the group's record turnover of R3,1bn (R2,9bn) and operating profit of R104m (R106m) were lower in real terms than the previous year

However, second half operating profits were more encouraging and increased by 45% over the first half

The interest bill was higher at R16,7m from just under R7m because of higher inventory levels.

New investments, which also contributed to the higher interest bill, totalled R72m The most notable of these was the acquisition of Beachway Volkswagen in Durban and two UK Toyota dealerships



Short-term loans jumped to R80,2m (R2,2m)

However, gearing remained low at 35% even though it was substantially higher than 9,8% in the 1991 financial year. Interest cover was 6,3 (15,2)

Tax of R44,9m (R46,3m) comprised the provision for the current year of R38,4m (R46,3m) and a R6,5m underprovision in taxation from prior years

A capital surplus of R29m arose from the revaluation of properties, while, consistent with the policy adopted for subsidiaries, the investment in Midas was written down by R13m to net asset value.

The group increased its new vehicle market share to 13,7% from 12,6% in the year to end-June 1992

McCarthy's net asset value was 301c compared with 268c a year earlier It traded at 335c on Friday

Car workers back on job as deal sealed

STm 12/8/92.

By Thabo Leshilo and Sapa (192)

About 20 000 car assembly workers will return to work today following a draft agreement between employers and the National Union of Metalworkers of South Africa (Numsa)

An agreement "in principle" was reached at talks in Port Elizabeth on Monday, said Fred Ferreira, chairman of the auto assembly industry National Bargaining Forum (NBF) and Numsa senior spokesman Dr Bernie Fanaroff

Mr Ferreira said "Several minor issues are yet to be resolved, but the key elements of an industry agreement are in place.

"As a consequence, employees currently on strike will return to work today," he said

A full statement, detailing the content of the new NBF agreement, would be released on Friday, pending resolution of the outstanding issues

Full production

Dr Fanaroff confirmed that workers would return to work today

In another development, about 5 000 tyre and rubber workers returned to work on Monday after the parties agreed on a 12 percent wage increase for skilled workers, a R1,13-an-hour across-the-board increase as well as a moratorium on retrenchments until June 1993

The strike had affected production at Gentyre, Firestone and other major tyre companies

Production at the Mercedes-Benz of SA (MBSA) plant in East London returned to normal on Monday following the Numsa strike last week

MBSA public relations manager Wendy Hoffman confirmed that production had resumed

At least two car manufacturers — Volkswagen SA and Samcor — reported full production yesterday

MBSA's East London plant was fully operational on Monday

Toyota was not affected by the national strike, while BMW and the Delta Motor Corporation were

Numsa Border secretary Enoch Godongwana said the union would begin balloting workers in the engineering sector in Ciskei and Transkei today

Meanwhile, the strike in the engineering industry continues

Numsa estimates the number of strikers involved in this sector at 115 000

However, Steel and Engineering Industries Federation of SA director Brian Angus yesterday put the number at between 60 000 and 80 000

The union was preparing to ballot its members in the motor industry in the next few weeks

This follows an impasse at industrial council negotiations and an agreement that the dispute would not be referred to mediation or arbitration

NEWS IN BRIEF

BDAY 12/8/92

Row over pension fund

FINANCE companies jostling for a share of the newly privatised Venda government pension scheme have been called to a meeting by dissatisfied public servants and trade unions (114)

The assurance company controlling the R400m pension scheme confirmed yesterday that the scheme had been suspended pending investigations into data on scheme members

Military ruler Gabriel Ramushwane — whose own pension benefits exceed R1m — said he was prepared to appoint an independent investigation

Kaunda detained

POLICE detained Zambia's former president Kenneth Kaunda for several hours on Monday in Chadiza, allegedly for holding an illegal meeting He was campaigning for his son Panji in a parliamentary by-election

Victim of recession

A JOHANNESBURG panelbeating firm which fell victim to the recession was placed under final liquidation in the Rand Supreme Court yesterday with debts of R2,6m

Auto Tecnica Panelbeaters and Spray Painters CC member Manuel Pereira Henriques said the business had been undercapitalised from the start in 1987 and that it had been severely affected by the recession

Motor assemblers, union strike deal

BDAY 12/8/92. (192)

ADRIAN HADLAND

THE motor assembly industry would be returning to full production today after an agreement between employers and National Union of Metalworkers of SA (Numsa) negotiators, it was announced yesterday.

Motor industry national bargaining forum chairman Fred Ferreira said while some minor issues had yet to be resolved, employers and trade unions had reached an agreement in principle on Monday night.

As a consequence, striking workers would return to their jobs today. He added that full details of the agreement would be released on Friday.

Production at most motor assembly plants had been severely disrupted since Numsa's estimated 15 000 members walked out on Monday last week Of the five major car companies, only Toyota managed any production last week, after a separate agreement with Numsa.

Mercedes-Benz's 2 700 workers had returned to work on Monday this week, a spokesman said.

Meanwhile, Sapa reports that Seifsa director Brian Angus estimated yesterday that 80 000 workers had downed tools in the engineering industry Major engineering companies said the impact of the strike, begun by Numsa on Monday last week, had varied from plant to plant

Iscor and Highveld Steel & Vanadium reported full production schedules after separate in-house agreements with Numsa But Siemens and Altech experienced disruption and closed some factories

Police arrested 104 protesting metalworkers in Middelburg on Monday Alpha Metals employees were protesting against dismissals at the plant and were arrested for hindering traffic and failing to disperse

Numsa negotiators and Seifsa met last night and the union had modified its pay increase demands from 20% to 16%, Seifsa spokesman Brian Angus said

Numsa national organising secretary Bernie Fanaroff refused to comment on the meeting last night

He was earlier quoted by our Durban correspondent as saying the meeting was crucial because it would act as an indicator, whether the strike was resolved or not

The union's engineering sector members were demanding a R2 across-the-board or 25% an hour increase, whichever was greater The employers' counter offer was an 8,6% pay increase. Fanaroff said the union wanted employers to implement a moratorium on retrenchments

Toyota strike talks break down

C/Press 12/7/92

TALKS between Toyota and the National Union of Metalworkers of SA to end a strike at the company's Prospecton, Durban, plant broke down again on Friday afternoon and the company will now start employing replacement workers. (ISL)

Toyota dismissed 6000 workers on Monday when they failed to meet an ultimatum to return to work. (192)

Motor strike could be over today

CT 12/8/92 (192) (8)

JOHANNESBURG — The engineering industry remained gripped in a national strike yesterday, but a nine-day strike in the motor assembly sector could be over by today

In the metal and engineering industry employers and the National Union of Metalworkers of South Africa were due to meet last night

In the motor assembly industry, a draft settlement was reached between Numsa and the industry's national bargaining forum on Monday

A Numsa leader in the Northern Transvaal, Mr Louis Rammopo, was apparently kidnapped and murdered at the weekend — Sapa

FM 14/8/92

MOTOR INDUSTRY

The picture gets darker

Strangled by years of falling sales and limited profits, the motor industry is emitting distress signals

continued (192)

 FM 14/8/92

192

This week, as marketers once more began downgrading long-term expectations in the light of the latest sales figures, one senior industry official declared that, for some companies, it was becoming a battle for survival

"I don't see the market picking up for at least the next two years If that is the case, I think we will see changes in the industry's composition, either through mergers or withdrawal "

There is no doubt the local market is over-populated, with seven major manufacturers competing for a market that, in global terms, could easily be served by a single producer Even accepting the need for competition, the market does not need so many Indeed, there are those who argue that this "over-competitiveness" has done little to make cars any more affordable

It's an open secret that some companies are losing money Those that aren't are generally unhappy with the profits they are achieving

Volkswagen says it will be profitable this year but largely through cost-cutting and exports It recently told workers that "the local market is too depressed to sustain VW in its present form and it is mainly due to our extensive export programme that we can maintain full employment "

Other companies are in the same boat they have become increasingly reliant on what started out as support activities for their core business — building and selling cars in SA If these profitable extras fall away — and one company has admitted that there are doubts over its export programme to Europe — difficult decisions may have to be taken

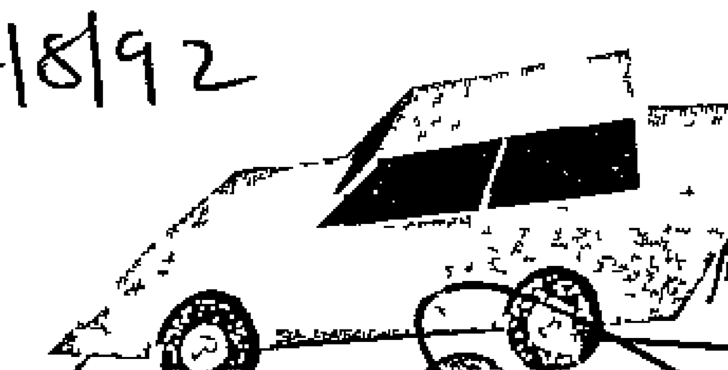
Companies could argue that, having survived the industry bloodbath of the mid-Eighties, when several other manufacturers packed up and left, they have proved they have what it takes to stick it out

Nevertheless, as the July sales figures show, there is no light at the end of the tunnel — or as industrialist Les Boyd is reputed to have once said "Light? I can't even see the tunnel!" Having earlier this year predicted an already depressing 1992 car market of fractionally more than 200 000 units, marketers are busy lowering their sights

While the National Association of Automobile Manufacturers now predicts a market of about 182 500, Toyota Marketing MD Brand Pretorius is looking for 180 000 Samcor MD Robert Herbertson is worried it could go as low as 175 000 — and he is by no means the most pessimistic

If companies do survive in their current form, it is unlikely their product range will Pretorius points out that small cars have increased their market share from 64,5% to 73% since 1987 Assuming the trend continues, manufacturers will concentrate on this more profitable high-volume segment, at the expense of bigger cars

"The medium-car sector may show an increase in activity as new models are introduced, but this will be at the expense of the top end of the market," he says "The executive sector could soon become the preserve of imported vehicles as reasonable economies of scale will be very difficult to achieve " ■



July vehicle sales

Cars

		Total	%*
VW	Golf I 1 587, Golf II 203, Jetta 675, Fox 399, Audi 280, other 1	3 145	20,5
Samcor	Ford Laser/Meteor 909, Sierra 211, Sapphire 391, Mazda 323 794, Mazda 626 362, other 12	[illegible]	17,5
Nissan	Maxima 108, Skyline 99, Sentra 1 610, Fiat Uno 750, 200SX/300ZX 47	2 614	17,1
M-Benz	Honda Ballade 1 414, M-Benz W124 476, W126 39, other 107	[illegible]	13,3
Toyota	Corolla 1 255, Cressida 267, other 121	1 643	10,7
Delta	Rekord 267, Kadett 780, Monza 582, other 1	1 630	10,6
BMW	3-Series 1 182, 5-Series 357, 7-Series 42	1 581	10,3

	1992	1991	% Change
June	15 328	16 234	-5,6
January–June	106 175	120 848	12,1
June (15 477) –July			-1

Light commercials

Samcor 2 198 (30,7 % of the market) Nissan 2 101 (29,4) Toyota 1 216 (17) Delta 1 043 (14,6) VW 589 (8,2) AAD 7 (0,1)

July	7 154	8 182	-12 6
January–July	53 022	60 587	-12,5
June(7 652) –July			6,5

Medium commercials

Toyota 117 (40,5%), Delta 62 (21,5) Samcor 54 (18,7) Nissan 33 (11,4) M-Benz 23 (8)

July	289	406	-28,8
January–July	1 949	2 506	-22,2
June(284) –July			+1,8

Heavy commercials

M-Benz 182 (40,8%) Nissan 99 (22,2) Toyota 78 (17,5) Delta 48 (10,8) ERF 20 (4,5) MAN 16 (3,6) AAD 3 (0,7)

July	446	477	-6,5
January–July	3 071	3 368	8,8
June(513) –July			13,1

Total vehicle sales

Samcor 4 931 (21,2%) Nissan 4 847 (20,9) VW 3 734 (16,1) Toyota 3 054 (13 2) Delta 2 783 (12,0) M-Benz 2 241 (9,7) BMW 1 581 (6,8) ERF 20(0,1) MAN 16 (0,1) AAD 10 (0,05)

July	23 217	25 299	-8,2
January–July	164 217	187 309	12,5
June(23 926) –July			-3

*% of the total car market

Source NATIONAL ASSOCIATI[illegible] AUTOMOBILE MANUFACTURERS OF SA

Cheap tyres dumped in SA

(192) CT 15/8/92

By DANIEL SIMON

SOUTH AFRICA has become a dumping ground for cheap tyres imported from the East — and the inferior tyres have been linked to the high number of black taxi accidents

This was disclosed yesterday by the managing director of Goodyear, Mr Rex Botha, who said substandard tyres, including used tyres intended for retreading, were finding their way into South African townships through the TBVC states.

Mr Botha said R172 million-worth of tyres were imported into South Africa last year, R72m more than the previous year

He said a recent study undertaken by the SA Black Taxi Association (Sabta) into the high number of road accidents involving minibus taxis found that 40% of road accidents were the result of "tyre failures"

"After a thorough investigation, Sabta found the majority of failures were attributed to strange foreign makes which found their way into the country

High taxi accident rate link

"This is what's happening Some of these tyres are only meant for animal-drawn transport They find their way into South Africa by the truckload across TBVC borders where customs checks do not exist

"They are then sold on the street for between R20 and R30," Mr Botha said

The chairman of the SA Tyre Manufacturers' Conference (SATMC), Mr Gert Fischer, also echoed concern over the problem, saying investigations conducted by the SATMC had found the bulk of imported substandard tyres were from the Republic of China (Taiwan), Korea and mainland China

"Many of these tyres are imported into South Africa for retread purposes but they are mostly put on the lower income market by fly-by-night businessmen," Mr Fischer said

He said the SATMC had pressured the government to enact legislation which would make quality control compulsory

"At present there is no qualitative control governing the importation of tyres The Board of Tariffs and Trade is looking into the matter and we are also pushing the SA Bureau of Standards to set up a controlling body," Mr Fischer said

He said most tyres originating from Eastern countries did not have the right compound for South African conditions and did not have correct inflation ratios

Most of the tyres, which were clearly second-hand, had their brand names "buffed off"

Sabta officials involved in the investigation could not be reached for comment yesterday

Toyota parts for Italy

TOYOTA's R50-million tool and die manufacturing facility near Durban has signed a R3-million contract with international car designer Pininfarina S/Times (BUSS) 16/8/92

Beating worldwide competition, the TDM facility will make five components, requiring three sets of tooling, for the Italian group Initial samples will be delivered by Christmas with the final delivery early in the new year for an exotic car (192)

Pininfarina has designed cars for manufacturers such as Ferrari, Lancia, Maserati and Alfa Romeo

Exports hit by strikes

192

By CIARAN RYAN and DON ROBERTSON

EXPORT orders are being cancelled because of strikes and SA's growing reputation for unreliability, says the Steel and Engineering Industries Federation (Seifsa)

Car sales have also been hammered by strikes in the motor industry

Seifsa spokesman Mike McDonald says several large export orders have been cancelled because of the the mass action campaign and the two-week-old Numsa strike.

"It will be hard to regain these orders"

Average monthly car sales to July were only 15 167 The poor showing in July resulted largely from a sharp decline in Toyota sales as a result of the nine-week strike. S Times

Lowest

Expectations of new-car sales have been slashed to 182 500 for the year from 197 736 in 1991

Car sales are at their lowest in 16 years 14/8/92

August sales may be hit by the Numsa strike which affected all manufacturers except Toyota Strikers in the motor and tyre industries returned to work after settling for 12% and 11% increases

But Numsa spokesman Bernie Fanaroff warns that motor assembly workers may resume the strike because some plants are balking at signing the agreement

The expected drop in sales could result in more lay-offs Samcor has retrenched 650 employees

Between 80 000 and 100 000 workers remained on strike this week at 634 plants Numsa replied to Seifsa's offer of an 8,6% increase in minimum scheduled wages with a counter-claim for 16% in actual pay, Seifsa rejected the claim, saying that it amounts to an effective increase of 20,7% in minimum wages

70 000 more in strike ballot

BDAY 17/8/92

DIRK HARTFORD

AS THE national strike in the metal industry enters its third week, another 70 000 workers in the motor sector are balloting for strike action

And negotiations in the motor manufacturing industry, expected to be finalised last week, will continue on Friday after the parties failed to reach agreement

Although motor manufacturing workers returned to work last Monday, they could strike again if no agreement is reached The biggest obstacle to settlement, according to a source, is the agreement to end the strike at Toyota, which effectively excludes the company (except for wages) from the industry agreement.

Numsa insists the agreement must cover all motor manufacturers

Meanwhile, Numsa says more than 100 000 workers at 834 factories are on strike in the metal industry Seifsa says about 60 000 workers are on strike

The union has balloted its members in the Transkei and Ciskei and a decision on whether they will join the strike will be made today

Numsa says workers are determined to continue the strike and marches were being organised in most industrial areas to back up the strike Marches on Seifsa offices have already taken place in Durban and Cape Town

Several hundred workers have already been dismissed for supporting the strike and 58 companies have locked out workers, says the union

Workers win wage hike (190)

WORKERS in the tanning industry have won a 14,7% pay hike — or R29 on the lowest grades — following a two-week strike, the SA Clothing and Textile Workers' Union claimed yesterday

The agreement, covering only the tanning section of the National Leather Industrial Council, included backdating of wages to July 1

Negotiations are continuing, a union spokesman said yesterday — Sapa CT 18/8/92 by the recession

The business had assets of R1,5m against liabilities of R2,6m and various creditors, including the Receiver of Revenue, were pressing for payment.

Water supply ensured

EXTENSIONS costing R1,5bn would increase the capacity of the Rand Water Board's purification and pumping plant by an additional 1 200 Ml a day.

The board said it would be able to satisfy the increased demand — 4-7% over 10 years — by 1998

REPORTS Sapa-AFP Business Day Reporters

650 Samcor workers to be retrenched

ADRIAN HADLAND

THE SA Motor Corporation (Samcor) would be retrenching 650 workers from its plants in Pretoria and Port Elizabeth this month, Samcor chairman Spencer Sterling said yesterday

In a statement, Sterling said deteriorating economic conditions and falling vehicle sales had necessitated the move

BIDAY 12/8/92.

July car sales figures, released by the National Association of Automobile Manufacturers earlier this week, indicated a drop of 8,2% compared with July 1991 and a 0,9% fall on June 1992's figures

Sterling said the retrenchment of 650 hourly paid employees, out of a total of about 4 000, would facilitate a return to a normal working week for the remaining employees.

A Samcor spokesman said salaried staff had not been affected by the restructuring.

He added that manning level adjustments and retrenchment packages had been accepted following discussions with motor industry trade union Numsa

192

New Iscor plan to limit capital expenditure

BIDAY 12/8/92

PETER DELMAR

ISCOR's massive capital expenditure programme of the past four years has come to an end

A new plan, approved by the board last week, focuses strongly on limiting capital expenditure during the next four years, providing only for the essential replacement and maintenance of production facilities, and on controlling working capital to reduce the current debt situation

Finances and business services GM Louis van Niekerk said yesterday borrowings were running at more than R2bn and the interest bill had climbed to R400m a year. Capital expenditure in the past few years had amounted to R4bn In the past two years it was R2,2bn

A new electro-galvanising line at the Vanderbijlpark works was commissioned last week. The only other major project outstanding is the modern continuous casting facility at its Pretoria works, due for completion later this year. A major capital project under investigation by Iscor and the IDC — a R2,8bn steel mill —was likely to be commissioned only in 1997, if given the go-ahead

Van Niekerk said that while interest had grown from R100m two years ago and R275m a year ago, it had been expected to peak at the current level. For the six months to December it was R218m

He said Iscor's ability to raise permanent capital was being inhibited by its depressed share price, which stood at 113c yesterday

E Cape tyre strike ends

JOHANNESBURG — A legal strike in the Eastern Cape tyre industry ended yesterday, as efforts continued to settle national strikes by about 130 000 workers in the vehicle assembly and engineering sectors

Countrywide strikes by the National Union of Metalworkers of SA started last Monday Talks resumed yesterday CT 11/8/92

In the tyre industry, between 3 400 and 6 000 workers went back to work yesterday after accepting a R1,13 across-the-board increase on hourly rates — Sapa

Toyota knocked as car sales slide

192 CT 11/8/92

By AUDREY D'ANGELO
Business Editor

SALES of new cars and bakkies fell in July from the low June figures — and were well below those in July last year.

But the National Association of Automobile Manufacturers of SA (Naamsa) commented that total car sales of 15 328 compared with 16 234 in the same month last year were better than the industry had expected in today's conditions.

Detailed figures showed how badly hit Toyota — the market leader in normal times — had been hit by a nine-week strike which has now ended. Its car sales totalled only 1 643

Rival car-makers clearly benefited from the interruption in Toyota production. Volkswagen reported sales of 3 145, Samcor 2 679 and Nissan 2 614

Mercedes-Benz reported total sales of 2 036 but these included 1 414 Honda Ballades

Delta sales totalled 1 630 and BMW 1 581.

Total car sales between January and July this year were 106 175 compared with 120 848 in the first seven months of 1991.

Sales of light commercial vehicles totalled 7 154 in July compared with 8 182 in the same month last year and 7 652 in June this year. Sales between January and July totalled 53 022 compared with 60 587 in the first seven months last year.

Samcor reported sales totalling 2 198, Nissan 2 101 and Toyota 1 216 Delta reported sales of 1 043, VW 589 and AAD seven

Medium commercial vehicle sales in July totalled 239 compared with 406 in the same month last year But they were slightly higher than the 284 in June Sales between January and July totalled 3 071 compared with 3 368 in the first seven months last year

Heavy commercial vehicle sales totalled 446 compared with 477 in July last year and 513 in June this year Total sales between June and July were 3 071 compared with 3 368 in the first seven months last year

Stephanus Loubser, MD of Nissan (SA) Marketing, said that five manufacturers increased their share of the car market as a result of the Toyota strike.

They were BMW, which lifted its share from 8,7% to 10,3%, Mercedes Benz, from 13,1% to 13,3%, Nissan, from 16,5% to 16,7%, Samcor, from 13,8% to 17, 5%, VW from 16,9% to 20,5%

Loubser said the Nissan Sentra was the best-selling range in July with 1610 units The CitiGolf came second with 1 587 units and the Honda third with 1 414.

Dunlop boosted by clamp on tyre imports

192 CT 11/8/92

Business Editor

BTR DUNLOP was helped by a curb on tyre imports in the six months to June, MD Clive Hooper said yesterday

But although sales rose to R328,2m (R325,4m), Hooper and chairman A Gnodde point out in their interim report that in real terms — allowing for inflation — this meant a decline of 9%.

"The difficult trading conditions were also reflected in the margins, and as a result the trading profit at R47,1m (R54,2m) was 13,1% down."

But substantially reduced borrowing meant that financing costs were down to R2,8m from R5,4m. The tax bill also fell, to R16,1m (R21,3m).

This helped to lift attributable profit by 3% to R28,2m (R27,5m). Earnings at share level rose to 120c (117c). The interim dividend was maintained at 60c

Hooper said the debt-equity ratio was only 5% in spite of the group's continuing capital expenditure programme of about R100m over three years. It was concentrating on plant to meet the swing to steel car and truck products.

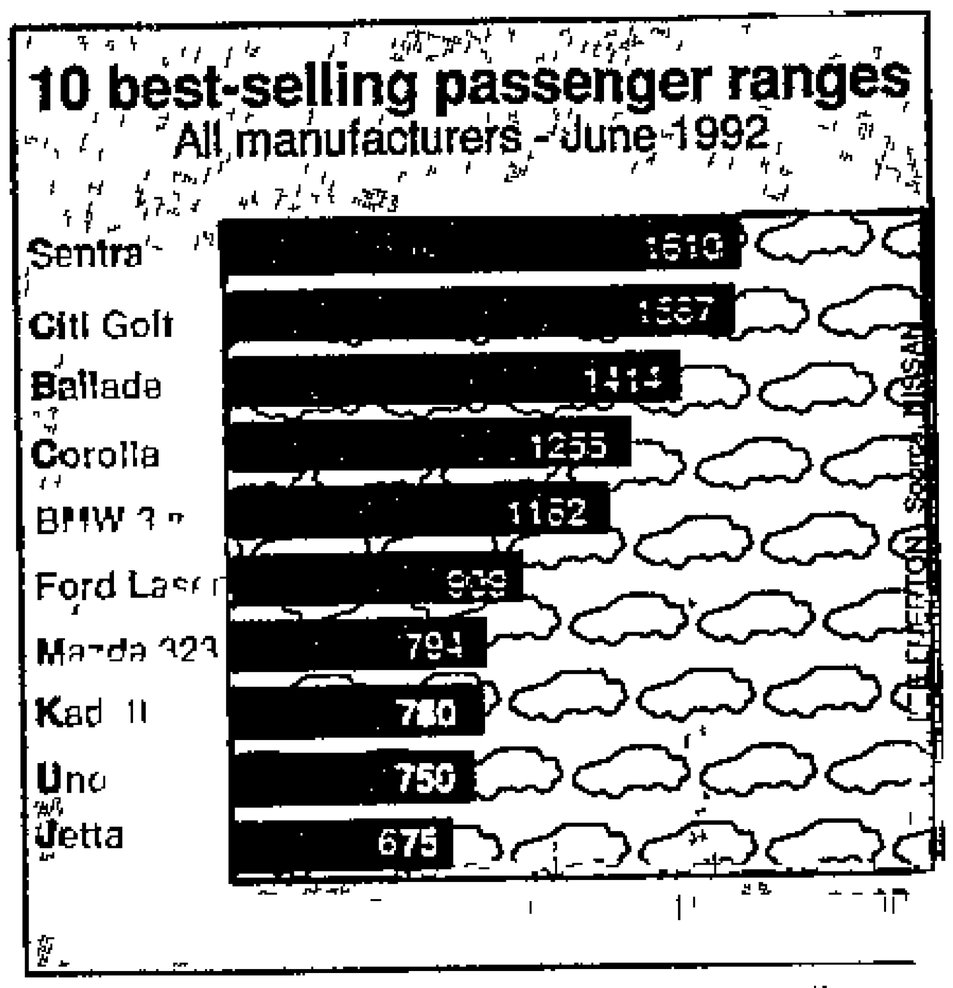
Sales to the mining industry were lower and the four divisions supplying components to vehicle manufacturers were hit by the lower car sales

The interim report said there were "still no signs of an improvement in the general economic conditions in all sectors

"Until there is some progress towards resolving the political problems in SA it seems unlikely there will be any economic upturn."

- A week-long strike in the tyre industry was resolved yesterday, union official Bernie Fanaroff said.

Workers accepted a R1,13 across-the-board rise in hourly rates.



July vehicle sales continue to slide

(192)

EDWARD WEST

TOTAL vehicle sales continued to fall in July, with sales 8,2% lower than the same month a year ago and 3% lower than in June 1992, statistics from the National Association of Automobile Manufacturers of SA (Naamsa) showed yesterday.

While new car sales were better than expected, the overall market dropped by 0,9% against June's sales.

Vehicle sales were affected by industrial action at Toyota Toyota marketing MD Brand Pretorius said the 13,2% market share achieved during July was higher than the original forecast of 11% following the strikes at its assembly plant.

The company held 29% of the total market in the first half of 1992

Pretorius said about 8 700 units would be produced in August, which would bring Toyota closer to a normal stock position in October.

B/DAY 11/8/92

Nissan marketing MD Stephanus Loubser said the strike at Toyota had had a negative effect on total sales, but it had meant that Nissan had increased its overall market share to 20,9% in July from 20% in June.

He said that on a monthly basis, because of the Toyota strike, BMW's share of the car market increased to 10,3% from 8,7%, Mercedes-Benz to 13,3% (13,1%), Nissan to 17,1% (16,5%), Samcor to 17,5% (13,8%) and Volkswagen to 20,5% (16,9%).

The 23 217 vehicles sold in July 1992 were 8,2% lower than the 25 299 sold in July 1991 and were 3% lower than 23 926 units sold in June 1992

New car sales fell 0,9% to 15 328 units

☐ To Page 2

Vehicle sales

B/DAY 11/8/92 (192)

☐ From Page 1

from 15 477 units in June 1992 and 5,6% when compared with the 16 234 units sold in July 1991 Light commercial, bakkie and minibus sales fell 6,5% to 7 154 from 7 652 in June 1992 and 12,6% from the 8 182 units sold in the same month a year ago.

Medium and heavy commercial vehicles (MCV and HCV) sales remained at historically low levels MCV sales improved 1,7% to 289 from 284 the previous month, but were 28,8% lower than the 406 sold in July 1991 HCV sales fell 13% to 446 from 513 sales in June 1992 and 6,5% from 477 in July 1991

Pretorius said the "buy-down" trend towards smaller vehicles would continue into 1993 and the medium car market could show increased activity as new models were introduced

Samcor sales and marketing executive director Sean Bowles said July sales were unacceptably low and there was no sign of short-term recovery

Naamsa forecast economic activity to continue declining in 1992, with vehicle sales remaining under pressure

VW edges out Toyota

STAR 11/8/92.

By Sven Lunsche (192)

Toyota SA lost more than half its share of the new car sales market in July as a result of the prolonged industrial action at its Prospecton plant

July car sales figures, released yesterday by the National Association of Automobile Manufacturers (Naamsa), show that Toyota's market share has fallen to 10,7 percent from just under 21 percent in June

Volkswagen was quick to pick up the pieces, moving from 16,9 percent in June to 20,5 percent last month

However, for the first half of the year as a whole, Toyota still sold most new cars, with 24 percent of the total, followed by Volkswagen (20,4 percent), Samcor (15,7 percent), Nissan (13,9 percent), Delta (9,4 percent), Mercedes Benz/Honda (8,8 percent) and BMW with 7,8 percent

Total new car sales declined marginally by 0,9 percent to 15 328 units (15 477 units in June)

Light commercial vehicle sales dropped by 6,5 percent to 7 154, compared with June's 7 652.

Total sales from the beginning of this year to the end of July fell to 53 022 (60 587 in the equivalent period last year).

Naamsa expects new car sales to reach 182 500 this year (196 736 in 1991)

Car exports 'in balance'

STAR 10/8/92

(TFG) 192

By Leigh Hassall

Car exports are in the balance, says Robert Herbertson, MD of South African Motor Corporation (Samcor), the Anglo American-owned manufacturer of Ford and Mazda

"South Africa is not really the base to compete on a worldwide basis for exports. When the arithmetic is done, it is doubtful that it is profitable," he adds

Samcor's exports of cars to the UK and the EC are currently in abeyance because of tighter emission control requirements, which will affect next year's exports.

Mr Herbertson says they are working on a new model to cope with the requirements

However, the continued export programme will depend on the ruling car price levels in the UK and the EC.

If car prices come down, these markets will be out of Samcor's reach, says Mr Herbertson

Samcor's exports into the rest of Africa are doing well.

Service and parts are covered by the dealers in the export countries and backed up by the central operation in Pretoria.

The manufacturing plant in Pretoria was closed last week by strike action, but management is confident workers will return to work this week and that normal work patterns will resume

Mr Herbertson says the work stoppage has not reduced stocks of completed vehicles to dangerously low levels At this stage it is doubtful that the lost time will have to be worked in

Mr Herbertson estimates a mild upswing in the industry for the remainder of the year, with car sales reaching 175 000 units He expects a further four percent increase next year.

July retail figures are to be released this week Samcor is confident it has increased its market share.

Car ownership set for rebound

192 CT 10/8/92

Business Editor

THE SA economy has tremendous potential "once sufficient political stability has been achieved to let everything settle down", Len Abrahamse, who will take over as chairman of Delta Motor Corporation in September, said at the weekend.

Len Abrahamse

He believes car ownership will progressively increase once the recession is over. "Vehicle ownership at present is totally out of proportion to the size of the population.

"The situation will be totally different in five years"

Discussing the outlook for the SA car industry, Abrahamse said the protection built up over the years would have to be phased out progressively

It was unfortunate that the protection had been built up. But it could not be dismantled quickly because of the amount of investment that had been made

Delta was already exporting to other African countries But expansion in these markets was limited by their shortage of foreign exchange and their ability to pay.

Delta was also exporting parts to Europe and Latin America.

IN BRIEF

Pay deal close

NUMSA has revised its pay demand in the motor manufacturing industry — and five of the seven companies will meet it Resolution of the motor strike now depends on whether the remaining two companies will change their wage offer and if a "job security" agreement can be reached

Numsa claims that 200 000 workers are on strike in the motor, metal and tyre industries.

S Times (BUSS)

Motor employer spokesman Nelis Strydom says about 20 000 workers are not working at five of the seven firms

The parties meet tomorrow and Mr Strydom is "fairly optimistic" a settlement can be reached. An increase of about 11% could be agreed on.

9/8/92

Seifsa economist Michael McDonald says the organisation has been unable to estimate how many workers are on strike. Support for the stike at large companies varies between 30% and 100%.

Numsa demands a 20% wage rise and a retrenchment moratorium Employers offer an 8% pay increase.

Car sale forecast cut

By DON ROBERTSON (192)

THE motor industry has slashed by 20 000 its projections of new-vehicle sales for the year

The National Association of Automobile Manufacturers of SA (Naamsa) has made "one of the sharpest downward revisions ever in the industry's sales projections"

In the second quarter, new-car sales fell by 10,7% to 42 852. Combined commercial sales dipped by 9,9% to 23 753. There are, however, indications that the heavy-commercial sector slump is bottoming out. S/Times (BUSS) 9/8/92

Naamsa forecasts car sales of 182 500 compared with its 201 000 estimate at the end of the first quarter Light commercial sales are expected to be 94 000 compared with 103 500, medium commercials 3 450 against 4 300 and heavy trucks 5 400 compared with 6 100.

Naamsa says in its quarterly report that the recession has gained momentum The low level of consumer and business confidence and socio-political developments will continue to hurt the industry's short- to medium-term fortunes

Average capacity use in the second quarter fell to 57,7% from 58,6% in the first three months Capacity use in the medium and heavy sectors was lower. Employment, excluding Toyota which was hit by strikes, improved slightly.

Since the return to work by strikers at Toyota's Prospecton plant near Durban, production has almost returned to normal

Capital expenditure commitments by the industry increased to R72,8-million in the second quarter from R68,5-million.

New cars to be 'more affordable'

ARG 8/8/92

(192)

DAVID CUMMING and Business Staff

MOTOR manufacturers believe they may be able to bring the price of a new car within the reach of the average South African as a result of changes in the local content programme.

Mr Nico Vermeulen National, Association of Automobile Manufacturers of South Africa (Naamsa) executive director, said manufacturers would be able to introduce new models at more competitive prices under phase six of the programme provided certain conditions were met.

These included the maintenance of stable rand exchange rates, an end to the recession and a return to economic growth of between three and four percent, satisfactory productivity deals with workers, and possible tax concessions from the government

"There is not a motor manufacturer in the country who would not be overjoyed to see the man in thes street back in the market, particularly a market characterised by falling volumes," Mr Vermeulen said.

The turning point would come next year, he said

New models were already coming onto the market at lower prices as the transition from phase five to phase six was completed.

"The effect is immmediately apparent and sales figures reveal that those new models are doing well

"The manufacturers are making use of phase six efficiencies and passing on the benefits"

Econometrix motor industry specialist Mr Tony Twine pointed out that since 1985 the rise in car prices had outstripped the inflation rate by 8,5 percent a year.

"This means that in real terms car prices have doubled since 1985.

"If you could buy two cars for the price of a house then, you will get only one car for that price today"

South African manufacturers were watching the German decision to make recyclable cars, said Toyota's vehicle environmental manager Mr John Nimmo.

The German decision would probably be copied by all EC countries, he said

"The world seems to be divided into definite categories about recycled components for vehicles Europe, at the moment, is at the forefront

"It's the components that must be recyclable, so we don't yet have an everlasting car"

Manufacturers wishing to sell on the European market would have to meet the legal requirements.

"This explains why even Japanese manufacturers are developing recycling techniques even though there is no domestic pressure on the manufacturers

"In America the pressure for recycling also doesn't seem to be so intense and anyone who watches American television programmes will know that the metal is compacted for reuse"

But the fields of old vehicles outside so many African towns are not likely to disappear for a while

Mr Nimmo said other issues were likely to take priority in South Africa before the government decided to tackle recyclable cars

"The affluent societies can afford the luxury of recycled products

"In South Africa, the average lifespan of a motor vehicle is increasing dramatically every year"

Employers go to court on strikes

W/Mail 7/8 - 13/8/92

Employers in the giant metal industries have taken to the courts to stop pay strikes, reports

MONDLI MAKHANYA

EMPLOYERS in three metal sectors this week took the National Union of Metalworkers (Numsa) to court to challenge the legality of its industry-wide strike which began on Monday.

As about 170 000 metalworkers began their strike on the same day as the start of the national general strike, Numsa's legal representatives were engaged in different battle in the Rand Supreme Court as employers tried to halt the strike in the engineering, iron and steel and metallurgical industry.

The Steel and Engineering Federation of South Africa (Seifsa) is arguing that Numsa's ballot was riddled with irregularities and that the union did not get a mandate from its members to embark on the strike It has also lodged a formal complaint with Department of Manpower's Industrial Registrar requesting an inquiry into the "irregularities"

In the motor assembly and in the tyre and rubber industries, however, where 15 000 workers are out on strike, employers are satisfied the action is legal and negotiations are continuing

At the heart of the legal battle in the iron and steel, engineering and metallurgical sectors is Seifsa's contention that there were 856 irregularities at 272 companies The employer body claims that non-union members voted in Numsa's ballot, that some ballots were unsealed or inadequately sealed and that workers were unable to vote in privacy

Following Numsa's announcement of the strike last Thursday, Seifsa immediately said it would contest the ballot and interdict the union from striking Papers were served on Numsa on Sunday morning but at the Monday hearing the union's request for more time to study the papers and formulate a response was granted. Judge R Joffe also declined to force Numsa to suspend the strike for the duration of the case. Since actual arguing will only begin today, the ruling will only be known next Monday And by then the strike will be in full swing

However, Seifsa does seem to have sufficient ground for doubting the result of the ballot. Numsa did not provide information about the outcome of the ballot and it appears the union doesn't yet have comprehensive reports on the percentage of the poll

"We are working that out but we are sufficiently satisfied that the majority of workers voted in favour of strike action," Numsa legal represantantive Amanda Armstrong said

In recent years the ballot has been marred by low voter turnout and this year's has also been a very problematic one for Numsa The outcome was delayed by two weeks due to slow voting, which Numsa attributed to intimidation The union claimed that the Inkatha-aligned United Workers Union of South Africa was harassing members who lived in hostels and that almost 20 people had been killed in clashes related to the ballot.

The dispute in the motor assembly industry may be resolved next week and is unlikely to last as long as last year's damaging strike. Numsa and the National Association of Motor Manufacturers of South Africa (Naamsa) have virtually agreed on an 11 percent wage increase, but the smaller components companies' are unable to give that much

Numsa discuss Naamsa's offer today and the two sides will be negotiating again on Monday.

"I'm confident the dispute will be resolved then," says Naamsa vice-chairman and chief negotiator Charles Strydom

But at Totoyta's Durban plant, workers are tied by an agreement reached with management two weeks ago that they would not strike until November 1 in return for their being reinstated following a seven-week strike

In tyre and rubber about 3 400 workers also came out on strike as employers rejected Numsa's demand of a 20 percent or R1,50 an hour increase and are offering 12 percent or R1,13.

Auto assembly plants lying idle

Sowetan 7/8/92

■ Hit by second industry-wide strike in just over a year:

AUTO assembly lines have stood idle since Monday in the second industry-wide strike in just over a year

Mr Dave Kirby, chairman of the sector's national employer grouping, yesterday confirmed the strike was going ahead and said the National Union of Metalworkers of SA had advised employers its members would strike until further notice

Numsa members on Monday also halted production in the new tyre manufacturing and steel and engineering industries Mr Brian Wilson secretary of the New Tyre Manufacturing Industry industrial council, confirmed legal strike action - *Sapa*

192

Delta chief takes the wheel at Saab

EDWARD WEST (192)

DELTA Motor Corporation chairman and CEO Keith Butler-Wheelhouse has accepted a position abroad as president and CEO of Saab Automobile AB of Sweden.

Saab Automobile, jointly owned by Saab-Scania AB and General Motors, produces passengers cars which it markets in 46 countries

Butler-Wheelhouse, 46, has also been invited to join GM's European strategy board in Zurich He will not relinquish his interest in Delta and will remain on the board Delta's deputy chairman Len Abrahamse will become chairman, while sales and marketing manager Willie van Wyk will be MD

The Delta board said it viewed Butler-Wheelhouse's departure with regret but took great pride in the recognition accorded to its chairman. It was pleased he would retain his ties with the company and SA

Delta said Butler-Wheelhouse's leadership at Delta had led to a turnaround in the company's fortunes after the local management buy-out from GM in 1987.

Butler-Wheelhouse plans to move to Sweden in September. He succeeds David Herman, who was recently appointed head of Opel AG in Germany

Numsa motor strike may be settled

DIRK HARTFORD

A SETTLEMENT of Numsa's strike in the motor manufacturing and tyre and rubber industries could be on the cards, but the prospect of settlement in the metal and engineering sector still looks dim

Numsa started a national strike in these sectors on Monday — the same day the general strike started

Although no figures were available for the number of workers on strike, employers and Numsa confirmed that it had been "widely supported"

No negotiations have taken place in the metal and engineering sector. Seifsa has applied for an interdict against Numsa to stop the strike on the grounds that its ballot was irregular. The interdict will be heard today

Numsa said most companies in the industry locked out workers yesterday These included Dorbyl, Temsa and Lasher Tools, the union said

In addition, Numsa said several companies had dismissed workers "apparently on incorrect advice from Seifsa" that the Numsa strike action was illegal

In motor manufacturing and tyre and rubber sectors, almost all plants are out

Employer spokesman Dave Kirby said motor manufacturing employers had offered a R1-an-hour increase for lower graded workers Employers, had also agreed to establish a fund, financed by the employers and jointly administered with the union, to provide counselling, job evaluation and training to those made redundant Agreement on this fund would replace the moratorium on retrenchment

A Numsa spokesman said employers were not united on this offer, with two companies wanting to break ranks He said Numsa had agreed to meet employers again on Monday

192 182

9/8/94

Top spot at Saab for Delta Motor chief

Finance Staff (192)

The chairman of Delta Motor Corporation, Keith Butler-Wheelhouse, has been appointed president and chief executive of Swedish car maker Saab Automobile

The appointment is widely seen as recognition of the Delta success story since the management buy-out from General Motors in 1987.

Saab Automobile, a producer of quality cars, is jointly owned by Saab-Scania and General Motors STAR 6/8/92

Saab cars are marketed in more than 45 countries

Mr Butler-Wheelhouse, 46, succeeds David Herman, who was recently appointed head of Adam Opel in Germany, another GM subsidiary

Mr Butler-Wheelhouse has been invited to join the European Strategy Board of GM in Zurich

He will, however, remain on the board of Delta

Delta has annouced that Len Abrahamse, at present deputy chairman, will become chairman of the board, while sales and marketing director Willie van Wyk becomes managing director

Car makers want import duties cut

BDay 4/8/92. 1992

EDWARD WEST

THE motor industry has asked government to cut import duties, industry sources said yesterday

They said this would lead to rationalisation in locally made ranges and make luxury cars cheaper

National Association of Automobile Manufacturers of SA (Naamsa) president Bert Wessels said the motor industry had taken the initiative and proposed tariff reductions, rather than wait for government to reduce duties arbitrarily in line with its commitment to GATT's Uruguay Round of negotiations

Naamsa and the National Association of Automotive Component Manufacturers of SA (Naacam) proposed a reduction of import duties on cars from 110% to 100% by the end of 1992. They also called for further annual reductions of about 5% for commercial and passenger cars during the next five to eight years, with an end limit of 60%

Wessels said reduced import duties would rationalise local ranges and make it more cost effective to import high priced models

Mercedes-Benz SA director Peter Cleary said yesterday luxury cars and sports cars should become cheaper in two to three years if import duties were reduced

Naamsa's proposals contributed to Mercedes's decision to defer the local assembly of its latest S-class range

"The reductions proposed by Naamsa mean that the possibility exists for cars with relatively low local content, such as the S-class, to become less expensive as imports in two to three years — and certainly before we have amortised our investment on the car range," said Cleary

He said the reduction would affect low volume vehicles brought to SA with low levels of local content

Phase VI offered manufacturers of these niche market cars the opportunity to average out local content requirements across their entire range of vehicles

Wessels said government had initially indicated that it wished to reduce duties from 100% to 30% on commercial and commercial passenger vehicles and chassis, and leave duties on passenger cars unchanged However, such a reduction would have decimated the commercial vehicle component industry

Wessels said that, although the proposals were being considered by the Board on Tariffs and Trade, he believed government was stalling until the investigation was completed into Phase VII of the local content programme Naamsa believed import duties should be reduced in phases as soon as possible

New legislation on intimidation

TIM COHEN

PRETORIA — Tough legislation aimed at curbing intimidation, banning private armies and providing harsh sentences for the illegal use of certain weapons came into effect at the weekend.

A notice in the Government Gazette published on Friday brought into effect the Criminal Law Second Amendment Act and a separate schedule defined the classes of weaponry prescribed under the Act.

The schedule effectively includes AK-47s, hand grenades, rocket launchers, mortars and mines. A minimum five-year prison term will be imposed if a person is convicted of committing an offence with a weapon possessed unlawfully.

BIDAY 3/8/92

A magistrate may also authorise the detention of people withholding information from the police about such weapons, subject to certain regulations.

The Act criminalises the training or equipping of military or quasi-military organisations which could usurp the functions of the SAP or SADF.

The Intimidation Act is also extended to criminalise indirect forms of intimidation.

Previously it was an offence if someone had been persuaded, with threats, to do something. Now it is an offence if the intimidator fills someone with fear.

Numsa workers jump strike gun

BIDAY 3/8/92 192

DIRK HARTFORD

NUMSA members at several factories in Benoni jumped the gun on the union's national strike — officially due to begin today — and started striking on Friday.

Several Seifsa members have already given notice to the union they intend to lock out workers next week. Numsa is striking in the motor, tyre and rubber, and metal and engineering industries.

It will be impossible to gauge the support for the strike before Wednesday, because of the general strike. Even after that it could be difficult — depending on the extent of the mass action programme.

In the motor manufacturing sector, for example, Samcor has closed for the entire week by arrangement with Numsa shop stewards. So it is not actually clear if the workers are on strike or not.

If all Numsa's 250 000 members in the affected sectors come out, it will be the biggest industrial strike in SA's history.

Meanwhile, Seifsa denied last week that it had "bugged or made use of dishonest means" to get information on Numsa's strike.

Seifsa spokesman Hendrik van der Heever said the suggestion was laughable.

He said Seifsa had learnt of the strike plans through its members, who had received written notice that the strike would start today.

Seifsa also said Numsa was "lying" in alleging that Seifsa had not responded to its inquiries on irregularities in the Seifsa ballot. Seifsa is going ahead with an interdict against Numsa for ballot irregularities.

Sources in the motor manufacturing, and tyre and rubber, industries said they expected to meet Numsa this week to continue negotiation.

Sapa reports from East London that more than 2 000 workers at Mercedes-Benz in East London will strike from today, Numsa said on Friday.

A further 1 300 Numsa members in the region involved in the engineering sector would also go on strike over an industrial dispute concerning wages and working conditions, said Numsa's Border secretary Enoch Godongwana. Godongwana said the strike was separate from the two-day stayaway beginning today and would continue beyond that.

A Mercedes spokesman said the company could not comment on the situation as the dispute had developed in the national bargaining forum representing the seven motor manufacturers.

VW retirement offer in bid to reduce costs

(192)

The Argus Bureau

PORT ELIZABETH — More than 100 employees over 55 at Volkswagen have been offered voluntary retirement.

Retirement has been offered to 152 people across the board

ARG 3/8/92

Public affairs manager Mr Matt Gennrich said the company had asked for a response to the offer by September 1

He said it was no secret that this year would be the second-worst experienced by the motor industry in the past 20 years

In 1984, 172 000 passenger units were sold and expectations for this year were 182 000 The voluntary retirement offer was an effort to reduce costs

Numsa calls national strike

DIRK HARTFORD

NUMSA will strike nationally in the metal, engineering, auto manufacturing, tyre and rubber industries on Monday in support of wage and job security demands (192)

The 270 000-strong union expects the strike to be the biggest yet in SA if many non-members in the affected industries join the strike

The strike is an industrial dispute, separate from and likely to continue after the planned general strike BIDA4

Employer organisation Seifsa said it was seeking a court interdict to declare Numsa's ballot invalid The application will be heard early next week — after the strike has already begun 31/7/92

Seifsa said it had already lodged a complaint with the industrial registrar, asking for an inquiry into ballot irregularities

Seifsa claimed Numsa had not yet provided it with the outcome of the strike ballot in the metal and engineering industry, despite requests It said 856 irregularities — including voting by non-members and unsealed ballot boxes — were reported by 272 of its member companies

Numsa accused Seifsa of failing to provide it with the outcome of its lock-out ballot and said Seifsa had not responded its allegations of irregularities in that ballot

The union yesterday said it suspected Seifsa had either "bugged or made use of other dishonest means" to obtain information from its strike committee meetings after Seifsa's announcement of Numsa's strike action before the union had done so

TOYOTA STRIKE (192)

Taking losses FM 31/7/92

The Toyota strike is over More than 6 000 workers have returned to work at the company's Prospecton plant near Durban, with apparently little to show for the 57 days of disrupted production which cost the motor industry nearly R2bn

However, Ekkie Esau, regional secretary for the National Union of Metal Workers (Numsa), remains unrepentent "The workers had legitimate cause for downing tools " But he concedes that the return to work after the second of two strikes was on management terms, wiping out an agreement brokered at the end of the first stoppage

That's not to say that Toyota won either The car-maker says the country's 320 Toyota dealers lost R1bn in turnover, component suppliers R15m and the Prospecton plant R910m

Workers first walked out on May 6 because of a dispute over assembly line supervisory staff, but the strike spread to two subsidiaries and brought in other issues

This strike was resolved with an agreement on June 2 which most saw as favouring the workers But by June 9, workers had walked out again Their grounds certain shop stewards had been paid during the first strike This is practice in the industry, according to Toyota, Esau disagrees (his view seems to be supported by most labour relations consultants)

Toyota took a tough stance It revoked the June 2 agreement and refused to budge from a "no work, no pay" position In spite of repeated attempts at negotiation and one mediation bid, the impasse continued Then Toyota implemented an ultimatum to dismiss workers unless they returned to work by July 6

Only after management began a "restructured remanning programme" on July 16 did worker resolve weaken Numsa promptly faxed a set of proposals to Toyota, which responded with non-negotiable terms for a return to work by July 23 The workers accepted the terms, with one amendment allowing some leeway for them to take part in Cosatu's mass action programme

In terms of the settlement, those who returned are regarded as new employees with the same status and pay they had before However, provided the plant remains trouble-free — with no industrial action, including procedural and/or lawful action taking place — until October 31, then previous service benefits, such as pensions, will be reinstated on November 1 ■

Toyota and Numsa fail to end strike

Own Correspondent

DURBAN — National Union of Metal Workers of SA (Numsa) representatives and management of the strike-torn Toyota plant in Prospecton failed yesterday to end the six-week strike BDAY 22/7/1992

The strike, which led to the dismissal of 6 000 workers, has cost the company more than R700m in lost turnover

A company statement said a meeting with Numsa took place yesterday, but union officials failed to sign an agreement that would have resulted in the re-employment of the 6 000 workers

Numsa regional secretary Ekkie Esau said earlier revised proposals and an "agreement" submitted to the union by Toyota were discussed with the workers but "certain clauses" had to be clarified before workers decided to return to work

He confirmed that Numsa had dropped a demand for employees to be paid for the duration of a 17-day strike in May Toyota's refusal to meet the demand led to the current strike and the dismissal of most of the hourly paid Durban workers

Numsa says it will hold a meeting with its dismissed members today

DIRK HARTFORD reports about 500 workers from Toyota's Johannesburg division, who went on strike two weeks ago after the dismissal of their Durban colleagues, returned to work yesterday.

Toyota set to roll again

Argus 23/7/92

The Argus Correspondent

DURBAN — The Toyota strike, which cost the company millions of rands in lost production of cars when it began in May this year, is finally over

Six thousand dismissed workers are to resume work at the Prospecton plant today

The reinstatement of the workers follows the signing of an agreement between Toyota and the National Union of Metalworkers of South Africa yesterday

In terms of the agreement employees are bound not to take part in any legal or illegal strike action at the three plants over the next three months

Toyota has in turn committed itself not to be selective in re-employing the 6 000 workers

The company announced that former employees who wished to be re-employed should report to work at 7 am

Both parties agreed that no payment or compensation for the strike would be made

Costly Toyota strike ended

(192) CT 25/7/92

6 000 go back to work today

DURBAN — The two-month-long Toyota SA strike here which led to the dismissal of 6 000 workers and cost the company over R700 million in lost turnover ended yesterday

A return-to-work agreement was signed between the National Union of Metalworkers of SA and Toyota Under the agreement all dismissed strikers will be re-employed at the company's Prospecton plants from today

A Toyota statement did not elaborate on the agreement

The strike lasted 49 working days with a turnover loss of R735m and a loss in production of 430 vehicles a day Strikers lost R800 000 a day in wages

Toyota's statement said strikers would not be paid or compensated for the duration of their industrial action — a Numsa demand that led to the dismissal of 6 000 employees on July 6

A Numsa spokeswoman confirmed the strike had ended and said part of the agreement involved an undertaking by the union that workers would not resort to any industrial action for the next three months They would then be reinstated in the same positions they held when they were dismissed

Yesterday's agreement allows for workers to be re-employed from today but not reinstated immediately

The spokeswomen said that although most of Numsa's demands had not been met, it was significant that all 6 000 dismissed strikers were to be re-employed, as in similar situations companies often re-employed sacked workers selectively

The strike began on May 7 with workers downing tools to protest against an allegedly discriminatory supervisor The strike lasted 17 working days before a settlement was reached and an agreement was signed

A week later, however, workers downed tools again after discovering some of their shop stewards had been paid for the duration of the May strike Management said this was normal practice, Numsa refuted this

Several rounds of negotiations failed to break the deadlock, ending in the company withdrawing the agreement reached at the previous strike and dismissing 6 000 employees on July 6 — Sapa

Toyota strike ends, workers re-employed

STAR 23/7/92

192

Own Correspondent

DURBAN — The two-month Toyota strike, which cost R850 million losses in wages and turnover, has ended, and the 6 000 "dismissed" employees are to resume work today

This follows the signing of an agreement between Toyota and the National Union of Metalworkers of SA yesterday, binding employees not to take part in any strike for the next three months.

In turn, the company committed itself not to be selective in taking back the employees The decision to re-employ the entire workforce after formally sacking them is seen by labour experts as an historic move

No payment or compensation for the strike will be made, but the parties agreed that, depending on workers' behaviour during the next three months, they could be reinstated with full benefits accumulated over the years

The strike began on May 7 in protest against three allegedly discriminatory supervisors.

DIRK HARTFORD

Toyota counts cost as strike is settled

ABOUT 6 000 Toyota SA workers, who have been on strike for more than two months and were dismissed about two weeks ago, are to return to work at Toyota's Prospecton plants in Durban today

Toyota said the strike cost it 49 days in lost production and the union had agreed no worker would be paid or compensated for the strike The strike could have cost Toyota as much as R900m in lost turnover, and the components industry which supplies Toyota lost about R250m

The 6 000 workers lost R40m in wages, which supported up to 65 000 people Tens of thousands of other workers have been on short time, or laid off, because of the effects of the strike on suppliers and dealers

Toyota has delayed the planned year-end launch of its luxury Camry range, and market share is likely to be down 12%

The parties agreed on the relocation of a superintendent and that the company would withdraw legal actions against Numsa But the case of a dismissed shop steward and a dispute about relocating a manager will go to arbitration

Workers will be re-employed until end-September on the understanding they will not engage in industrial action in that period If workers honour the agreement up to November 1, Toyota will reinstate them with full benefits

(192) 21/7/92 BD

Sowetan 23/7/92

Toyota agreement

THE dismissed 6 000 Toyota SA workers may go back to work today depending on whether they sign a unilateral agreement drafted by the company

The regional secretary of the National Union of Metalworkers of SA, Mr Eckie Esau, said Toyota and the union officials had met, with the union seeking some clarification on the agreement.

Flowing from the meeting a few slight changes were made in the agreement and this was to be presented to membership yesterday, he said.

192

Nissan workers walk off job

CT 24/7/92 (192)

Own Correspondent

JOHANNESBURG — The entire workforce at Nissan in Pretoria walked off the job yesterday after a number of Numsa shop stewards were arrested in Rosslyn, a Nissan worker said yesterday

And Samcor is planning to close its plant today because of the tensions that have been generated by the arrests and the mass action campaign in Pretoria, a Samcor source said

Toyota strikers back at work

Own Correspondent

DURBAN — Production at the giant Toyota motor plant was back in full swing yesterday when the 6 000 striking employess dismissed last month came back to work. CT 24/7/92

One worker was shot and others hurt when stones and bottles were thrown during the re-employment debate on Wednesday

Nissan plant at a halt

(192) SOAN 24/7/92 (82)

DIRK HARTFORD

EVERY worker at Nissan's Pretoria plant walked off the job yesterday after a number of Numsa shop stewards were arrested in Rosslyn, a Nissan employee said

And Samcor is planning to close its plant today because of tensions generated by the arrests and the mass action campaign in Pretoria, a Samcor source said

It was reported that about 400 people had surrounded police barracks in Rosslyn with the intention of occupying them Some were Numsa shop stewards from the plant

An unconfirmed number were arrested, which led to the walkout at Nissan

No official comment from Numsa or Nissan was available last night.

Unrest closes Samcor plant

(192)

SAMCOR, which makes Ford vehicles, was forced to close its Silverton plant yesterday when industrial unrest prevented delivery of key components, said company spokesman Ruben Els The shutdown was apparently linked to wildcat strikes which swept through the Rosslyn industrial complex after mass-action protests on Tuesday. The National Union of Metalworkers said workers had been locked out of the Samcor plant yesterday morning and that those in the factory had started a sit-in strike. — Sapa.

STAR 25/7/92

UNDAY TIMES, Business Times, July 26, 1992 3

Toyota tough talk

TOYOTA's tough stance with the National Union of Metalworkers of SA (Numsa) ended a 49-day strike this week. The company was hurt and had the strikers not returned to work on Wednesday, management might have been forced to consider contingency measures, such as a rights issue or assistance from Toyota Japan. (192)

The strike arose from a demand that employees be paid for the days between May 6 and June 2 when they went on an 18-day strike. Toyota rejected the claim and other Numsa demands. S/Times 26/7/92

The illegal strike cost Toyota 19 600 production units worth an estimated R785-million Employees lost R49-million in pay and component suppliers in Natal and Port Elizabeth missed orders worth R220-million

Because dealers have stocks for only a week, Toyota fears its market share this month will fall to between 11% and 12% from 32% before the strike.

MOTOR DEALS MADE SAFER

(192)

THE code for the motor industry covers both new and second-hand cars as well as repairs

Unlike the other sectors covered, the new car industry did not have an existing code, said Nico Vermeulen, executive director of the National Association of Automotive Manufacturers of South Africa (NAAMSA)

"However, individual manufacturers had provisions under which they worked, so our part of the motor code was based on practices existing in the industry

"We believe it covers every conceivable contingency It's based on the relationship vehicle manufacturers have with customers — on real life practice

"The representatives of manufacturers who drafted the code have dealt for years with customer relations and issues

"It's a pragmatic attempt to inform the consumer of his/her rights and obligations, and how to complain And it's also a guide to dealers"

"We endorse the code whole-heartedly and welcome the initiative taken by the government."

How will NAAMSA ensure that staff dealing with the public carry out the provisions of the code?

Mr Vermeulen said he has asked manufacturers to ensure staff know of its obligations, and will carry them through

"If complaints can't be dealt with at dealer/manufacturer level, NAAMSA will handle them," he said

NAAMSA represents manufacturers BMW (BMW and Isuzu), Delta (Opel), Mercedes (Mercedes and Honda), Nissan, Samcor (Ford and Mazda), Toyota, Volkswagen (Golf, Jetta, Audi), AAD (Landrover), as well as three other makers of industrial vehicles and buses

The used car and repair side of the industry is represented by the Motor Industries Federation (MIF)

Executive director Nic Fourie calls it the "automotive after market", and it covers all motor transactions beyond the manufacturing stage — second hand vehicle, tractor and motor cycle sales, automotive engineers, tyre retreaders and the body repair industry (or panel beaters, as we call them)

The MIF has 9 000 members countrywide, and eight

□ Turn to Page 12

Motor deals made safer

(192)

□ From Page 11 S Times (C\moto) 26/7/92

regional offices throughout South Africa It deals with 3 000 customer complaints each year

"When Kent Durr, the then Minister of Trade and Industry announced the codes, we were the first industry to say 'you have our full co-operation'

"We already had our own code, and we tried to create something that should be a norm in the marketplace,' said Mr Fourie

"We also believe that a big advantage of the code is to educate the public as to what they should expect from a dealer

"Full credit goes to Louise Tager and Evert van Eeden, who went out of their way to get concensus between consumer bodies and the industry

"The final result is that we're not afraid of the code and promise to see it honoured"

Mr Fourie recommends, because the MIF only has authority over its members, that consumers deal with MIF members whenever possible — particularly when buying a used car

He also advises consumers to deal with the right person when they have complaints

"Consumers phone me and say they've spoken to the mechanic or the storeman and got nowhere I tell them to go to the top, to the dealer-principal to solve their problems I rarely hear from them again because by doing that their complaint is addressed

"If there's a serious complaint, I arbitrate We're here to look after the interests of the public, which also means looking after the interests of the industry"

Strike losses (192)

MORE than R1bn was lost in turnover by Toyota SA's 320 dealers countrywide during the recent two-month strike, a senior company official said at the weekend The workforce of about 6 700 incurred a further loss of wages of more than R15m CT 27/7/92

Samcor shuts Silverton factory gates

S. Now 27/7/92

STEPHANE BOTHMA and WILSON ZWANE

192

ABOUT 3 000 Samcor workers were locked out of the motor manufacturer's Silverton, Pretoria plant on Friday when a shutdown of operations was forced by a shortage of essential parts

Samcor — manufacturer of Ford and Mazda vehicles — operated on a "just-in-time" system and was forced to close its doors when labour action at the Rosslyn, Pretoria industrial complex on Thursday halted supplies of components

Numsa said at the weekend workers who were locked out on Friday were demanding payment for the hours they would have worked had Samcor not closed the plant

Sapa reports a Samcor spokesman said the shutdown was temporary, but Samcor could not be reached at the weekend to establish when operations would resume

Samcor also told Sapa that it was not aware of any industrial action

The non-delivery of components was apparently caused by the ANC/SACP/Cosatu alliance's mass action campaign

Numsa northern Transvaal regional secretary Peter Dantjie said at the weekend Samcor had told workers on Thursday not to come to work the following day because the plant would be closed

"Since this was a unilateral decision, management had not consulted shop stewards about the closure, workers came to work on Friday But they found the plant's gates closed," Dantjie said

Car makers driven back to basics in quest for profit

BDAY 27/7/92 **STEVEN BUTLER** (192)

NISSAN Motor's new president Yoshifumi Tsuji has a straightforward message to his staff. build it simple Tsuji wants to cut down by half the multiple varieties of parts — such as optional steering wheels — that can go into a Nissan car. He wants to use more common parts among different car models, and is even looking to bring down costs by sourcing major components jointly with rival car makers.

If the '80s was the decade when the Japanese motor companies dazzled the world with rapid expansion and a seemingly endless proliferation of new models, the '90s is forcing the industry back to its engineering basics in an effort to improve profit.

Following last year's dismal financial performance, the industry has come under real pressure for the first time since 1986, when the rapid appreciation of the yen forced the companies into a round of severe cost cutting Operating margins at Nissan Motor's parent company in Japan last year fell to 0,8%, while Mazda was at 0,9% and Honda at 1,8%. Toyota has yet to report for the year ending in June, but it is unlikely to match Honda

The cause of poor profitability is not inefficient manufacturing as such Indeed, Japan's car makers are probably the most efficient in the world Yet the weak state of motor vehicle markets leaves the companies with little choice but to cut costs, and some companies believe that considerable scope for improvement remains.

"Efficiency was number two or three in our priorities, after reducing lead times and improving quality," says Tyuichi Tsukamoto, executive vice-president at Honda Engineering, Honda's production engineering subsidiary "Now we cannot deny the importance of efficiency, because the business is facing tough times"

An engineering solution to the car makers' problems, however, is a tall order because the companies face conflicting pressures that suggest opposite solutions The Japanese industry must cope, for example, with a severe labour shortage, which suggests automation may be the answer Yet automation is expensive And increased use of robots reduces flexibility on production lines at a time when rapidly changing consumer tastes require increased flexibility.

In an attempt to resolve these conflicting pressures, the companies are focusing on two related areas of the manufacturing process final assembly and design

The most recent trend in final assembly technology dates to a small-scale, experimental factory that Honda ran for two years at its Suzuka plant in Japan in the early '80s At the plant Honda introduced what it called general assembly trucks to replace the traditional assembly line.

In the traditional conveyor line, pioneered by Henry Ford, vehicle chassis rode on a platform of fixed height The platforms were spaced evenly and were linked together and pulled along by a chain The line moved at a uniform speed, ideally never stopping, while workers installed parts and components as the vehicle moved slowly by.

Yet the old-fashioned conveyor has proved too inflexible Cars move along at the same speed, spaced evenly regardless of how difficult they are to assemble If one car has to be stopped because of a problem, they all stop, bringing work to a halt on the whole line Because planned stops for the cars are impractical, automation using stationary robots is impossible

Honda's innovation was to dispense with the link between the platforms Instead of being pulled along by a noisy chain, Honda put the chassis on a dolly which moves under the power of its own electric motor The motor draws power by induction from a cable beneath the floor and can also raise and lower the vehicle chassis so that workers never have to bend to install parts

Honda's assembly system also supplies a key that opens the door to automation the dollies can move at different speeds, stop precisely to allow robot installation of components, and accelerate and decelerate quickly to keep an expensive robot used to the maximum And the entire process can be controlled by central computer, which monitors the progress of each vehicle by means of an electronic sensor system on the dolly and tells the robots what is coming

The result is a production line much more pleasant to work on and one which is much more amenable to automation Honda concluded it was technically possible to raise the automation rate on final assembly to 30%, compared with the 5% standard in the industry.

Honda installed the technology on one line at the Suzuka plant, on lines at East Liberty in Ohio, and will open a plant later this year in Swindon using an advanced version of the system Honda Engineering also licensed the basic technology to Daifuku, the Japanese specialist in factory equipment Daifuku has sold the system to both Toyota and Nissan, which have opened separate plants in the past year

The lines are beautiful to watch, when compared with the traditional noisy and disorderly line Nissan believes it will result in smoother operation on the final assembly line, since cars that are complex to assemble can be spaced further apart And if a problem arises, only one car need be stopped, allowing it to catch up later

Yet whether the technology offers a true solution for the industry's problems is another question For one, the line costs between two and three times as much to install as a traditional conveyor system yet by itself does not contribute anything to raising productivity

The improvement in productivity comes only after additional spending on robots When Honda installed its Suzuka line in 1989, it lifted the level of automation to 18% Tsukamoto says this raised labour productivity by 15%-17% But Honda has shelved a plan to install more robots on the line to raise the automation ratio to 30% It is too expensive

Tsukamoto says that to replace one worker with machinery can cost between 10-million yen (R220 000) and 80-million yen (R1,75m) depending on the process Honda is willing to spend the money when it relieves a particularly onerous manual task, or when the investment results in a large improvement in quality

One area where Honda has not skimped is on machinery for automated, simultaneous installation of car suspensions and engines By mounting and fastening all bolts simultaneously, Tsukamoto says a more precise fit is obtained, allowing for improved handling and ride Simultaneous bolt-fastening prevents the accumulation of minor alignment errors

The robots also provide rapid feedback If a single bolt hole is misaligned, the machines stop On a traditional line, a misaligned bolt hole will rarely slow down a worker, who will put the thing together anyway The worker will still have to intervene on Honda's automated line when holes do not match, but because the robots detect quality problems instantly, the source can be traced immediately and corrected

Honda's assembly system offers the potential to save labour, improve quality and increase flexibility Whether this potential can be exploited to the financial benefit of the car makers, however, depends very much on other links in the engineering chain — Financial Times

Volkswagen sales higher

By Sven Lunsche 192

Volkswagen SA (VWSA) lifted sales 16,6 percent to Dm1,304 billion (about R2,5 billion) last year from Dm1,12 billion in 1990. STAR 28/7/92

The 1991 annual report of VWSA's German parent Volkswagen AG says the SA operation returned a small profit during the year, while capital investments were raised from Dm88 million to Dm 95 million

The number of cars delivered to customers fell by 0,5 percent to 48 889, but the group increased its share of the market from 19,5 to 20 percent.

Short-term working was introduced at VWSA in September 1991.

Worldwide sales rose 12,1 percent to Dm76,31 billion from Dm 68,06 billion in 1990, of which Dm29 billion was from outside Germany.

Toyota expects large drop in market share

BDay 29/7/92 (192)

EDWARD WEST

TOYOTA SA expects its share of new vehicle sales in July to slump to 11% — from the 29% it held for the first half of 1992 — as a result of the recent strikes at its Durban manufacturing plant

Toyota SA, which plans to report its interim results in two to three weeks' time, said yesterday its aim was to restore the company to profitability

Marketing MD Brand Pretorius said the group's balance sheet was "fairly healthy" although the slide in turnover would affect interim earnings He ruled out the possibility of increased borrowings or a rights issue to restore profitability

Production was expected to normalise with all facilities operating at optimum levels of 400 to 430 units by the first week in August Production would increase gradually each day On the first day when workers returned production was just over 200 units, he said

29/7/92

Workers had agreed not to partake in possible industrial action relating to the national bargaining forum and had agreed to work extra time at normal pay in the event of participation in mass action, Pretorius said

Dealers who had run out of stock two weeks ago and who had not received a single unit since the start of May, would achieve acceptable stock levels within three months

No dealers closed businesses because of the strike, although a competitor did bid for some of Toyota's rural outlets

With the normalisation of production Toyota could produce at levels significantly higher than current demand which would help shorten waiting lists, he said

He stressed Toyota would not resort to price wars to restore market share

Arrangements had been made to shorten lags between vehicles coming off the line and reaching dealers

Locally made Mercedes S-class at risk

EDWARD WEST (192)

THE local manufacture of a range to replace the Mercedes-Benz S-class hangs in the balance due to political and economic uncertainty in SA, says Mercedes-Benz SA board member Peter Cleary.

Cleary said yesterday the new range launched in Germany in 1991 would not be introduced early next year despite previous indications by Mercedes A decision to go ahead with local assembly would be taken in 1993

He said political and economic uncertainty played a role in the deferment decision A Mercedes spokesman said the manufacturing decision would be influenced largely by government's response to the National Association of Automobile Manufacturers of SA's recommendations to lower import duties and possibly revise the local content programme

Mercedes would not disclose the rand value of setting up and adapting production facilities for the new range The current S-class range has been built locally for the past 11 years and has traditionally held the highest resale value in SA

This range was a top seller in the executive car market with more than 22 700 units sold to date, Mercedes said

Mercedes cancels launch

Finance Staff (192) (68)

Mercedes-Benz has delayed a decision to manufacture its latest S-class series at its East London plant amid "political and economic uncertainty in South Africa".

Mercedes-Benz SA director Peter Cleary says the planned launch of the new series for early next year has been cancelled

A decision whether to proceed with the local manufacture of the cars will be made during 1993

STAR 30/7/92

Mr Cleary emphasises that the decision could be materially influenced by government reactions to recommendations by the National Association of Automobile Manufacturers that import duties be lowered and the local content programme be revised

Mercedes may axe plans for new model

(192) CT 30/7/92

Own Correspondent

EAST LONDON — Political and economic uncertainty has forced Mercedes-Benz of SA to rethink the introduction of its luxury new S-class model early next year

The car that is considered to be the best mass produced car in the world was to have been built at the East London-based plant but the decision to do so has been put on hold

Legislation

The management board member for the MBSA passenger car division, Peter Cleary, said a decision to go ahead with local assembly of the high technology range, launched in Europe in 1990, would be taken next year

Political and economic uncertainty in South Africa had played a role in the company's decision

"The manufacturing decision could be influenced significantly by the government's response to new legislation regarding import duties as well as possible changes to the local content programme," he said

The current Mercedes-Benz S-class range has been built in East London for the past 11 years

They have been top sellers in the executive car market over this period with 22 700 units sold to date

Cleary said the current S-class model was close to its runout and an announcement as to when production would end here would be made in the next couple of months

Smaller model

The new S-class, were it to be assembled in South Africa, would cost between R350 000 and R450 000 depending on the model

Asked about the possibility of MBSA producing the smaller Mercedes-Benz 190 range for the first time in its stead, Cleary said this would be desirable in the range of models offered, but a decision to this effect had not been made and was not likely before 1994

NEW MARKETING MAN AT NISSAN

192

John Jessup, who resigned as BMW's marketing director in March after 17 years with the company, is joining Nissan as head of planning and communications

Jessup, credited with much of the creative and strategic planning that has turned BMW into a major competitor in the local motor industry in recent years, will join Nissan on Monday

His responsibilities cover all cars and light commercial vehicles built by Nissan and include advertising, public relations, motorsport and product planning He will report directly to Stephanus Loubser, MD of Nissan Marketing

Jessup left BMW in March to run a proposed new BMW franchise at Fourways, near Johannesburg Nissan quickly offered him the new job after it became apparent he was reconsidering his change of career

Jessup concedes that he will have to make adjustments, marketing a product aimed primarily at the mass market, rather than the luxury segment to which he is accustomed He insists that after several months away from BMW, he carries few trade secrets from his previous employer

Nevertheless, it is ironic that Jessup should join Nissan, of all companies. Nissan CE John Newbury has made BMW the target of most of his barbs in a long-standing and often bitter campaign against manufacturers of luxury cars, which, he claims, SA can ill afford

FM 31/7/92

Toyota hires staff

(192)

DURBAN — Toyota South Africa yesterday began appointing new employees to replace 6 000 dismissed workers at its plants here after another breakdown in talks with worker representatives. — Sapa

C 17/1/92

Toyota employs new workers

BDAY 17/7/92 (192)

DURBAN — Toyota SA yesterday began appointing new employees to replace 6 000 dismissed workers at its Durban operations after another breakdown in talks with worker representatives on Wednesday

Toyota spokesman Flip Wilken said the company had been interviewing job seekers over the past week and began appointing new employees to start work immediately

Interviews were continuing

Toyota yesterday published large advertisements in Durban newspapers announcing employment opportunities at its manufacturing, automotive components and stamping divisions in Prospecton, Jacobs and Mobeni respectively

The advertisement said preferential consideration would be given to former Toyota employees who applied before next Friday

Wilken added no further talks with worker representatives had been planned

Meanwhile, National Union of Metalworkers of SA regional secretary Ekkie Esau said yesterday the union would be requesting another meeting with Toyota management soon

He said Numsa's latest proposals focused on reinstating employees rather than demanding they be paid for the period of a strike in May which led to the dismissals — Sapa

Strikes put spares firms 'on the line'

(192)

ARG 18/7/92

Weekend Argus Correspondent

DURBAN — As many as 10 vehicle parts manufacturers — two in the Durban area — are in a precarious financial position as a result of the labour dispute at the Toyota SA plant at Prospecton

At the same time, a few small car-dealers trading exclusively in Toyota, have temporarily closed their doors, while others are concentrating on used-car sales as the effects of the two strikes and subsequent firing of about 6 000 factory workers become more evident.

While the country's biggest motor manufacturer has been able to maintain a respectable portion of its market share while dealers have had stock in hand and "vehicles on rubber", businesses up and downstream are being hurt, says John Brandtner, president of the National Association of Automotive Components and Allied Manufacturers (Naacam)

So far the production hiatus has had little effect on the motoring public — either new-car buyers or owners needing spares while fewer new Toyotas are available, fleet customers are understood to have re-scheduled purchases and components are still being produced for the "after market", and for Toyota's parts' division

"The companies most affected are those deriving as much as 50 to 80 percent of their sales revenue from Toyota alone," Mr Brandtner said this week

"Their margins already are paper-thin and I would say about 10 of our 150 members are in a precarious position financially"

Toyota, SABC strikes to end?

Own Correspondent

DURBAN — Hopes for the ending of the protracted strikes at Toyota and the SABC rose yesterday after announcements of further talks next week. (192) (280)

The National Union of Metalworkers of SA submitted new proposals and a Toyota spokesman said a meeting is to take place on Monday

The Media Workers Association of SA, which has members at SABC, said meetings will be held early next week.

CT 18/7/92

STimes 19/7/92

Strikes in two key industries loom

By ADRIAN HERSCH

STRIKES about pay could begin on Wednesday in the motor and metal industries

Conciliation board talks held this week in the motor industry failed to resolve differences — and Numsa immediately held a strike ballot.

The disputes in both industries, affecting about 370 000 workers, enter a critical phase as Numsa's national executive committee meets this weekend

Seifsa, the employer body in the metal industry, has received a vote in favour of a lock-out

The last national pay strike in the metal industry occurred in 1988 and lasted two weeks Numsa members embarked on what it called "strategic strike action".

It occurred at carefully chosen companies, mostly in the PWV area.

There is speculation that Numsa may not get a yes vote for a strike. But even if it does, a strike is not certain.

Given tough economic conditions, Numsa may hesitate to call a strike across the entire metal industry

One of the key advantages of the lock-out is that even if "strategic strikes" occur, employers will be able to act on a broad scale, placing pressure on the union

Seifsa offers an 8% pay increase and Numsa demands 20% The union wants a moratorium on retrenchment Employers say it is impractical.

Seifsa executive director Brian Angus says "we would prefer a settlement — in line with the economic conditions in the industry"

The unknown factor — likely to play a decisive role as many pay negotiations come to a head — is how political events unfold.

The parties in the motor industry are reluctant to comment on what happened in conciliation board meetings this week

But it is believed that there was some modification of position by both parties, which offers some cause for hope

Typists, secretaries, receptionists and clerks keep the production line rolling at the strike-plagued Prospecton plant near Durban

Office staff keep Toyota going right

S Times (Buss) 19/7/92. 192

By DON ROBERTSON

TYPISTS, clerks and receptionists have been keeping the wheels rolling at Toyota's Prospecton plant near Durban, helping to ease the pain of a strike that has cost more than R1-billion in lost production

The strike has lasted 47 days and is costing the company about R15-million a day in lost production and R1-million in wages for workers at the plant and at component manufacturers. Orders worth more than R200-million have been forfeited by component suppliers.

Many suppliers who depend on Toyota have been forced to retrench workers. Other workers have been put on short time.

As a result of the deadlock in the discussions, the 6 000 workforce was dismissed on July 7

Toyota began remanning its factory with novice workers this week, but was giving preference to former employees.

A Toyota spokesman says the response has been good and "we have more people in orderly queues than the personnel department can handle". Recruiting continues.

The timing of the return to full production is difficult to estimate because it depends on the composition of the labour force in terms of new workers and those previously employed.

About 50 Hilux vehicles have been produced each day, equivalent to 40% of normal production. About five trucks are coming off the line with the help of technical staff seconded from the dealer organisation in Natal.

Receptionists, clerks and typists put the finishing touches to vehicles They fit tyres, windows and window-winding mechanisms. More demanding work is carried out by artisans

Managing director of Toyota Manufacturing Ralph Broadley says "Our salaried staff have shown exceptional spirit and stepped into the breach to keep the plant up and running

"We have balanced our priorities by closing down certain administrative areas and moving these salaried staff members to the line alongside our regular plant maintenance, supervisory and management workers"

The National Union of Metal Workers of SA (Numsa) gave Toyota management a new set of proposals on Friday. This followed a meeting between Numsa leaders and members. Toyota will consider the proposals tomorrow.

Today's talks raise hopes that Toyota strike will be settled

(192)

B DAY 20/7/92

DIRK HARTFORD

THE strike and negotiations about 6 000 dismissed workers at Toyota SA's Durban plant could be settled today.

A Numsa spokesman said the union would meet Toyota this morning with a new proposal to end the strike and get the dismissed workers reinstated He said Numsa had dropped its demand to be paid for the strike and had agreed to refer to arbitration two aspects of the agreement reached after its strike in May. These were Numsa's demand for the reinstatement of a shop steward dismissed last year, and the relocation of a manager

Toyota has been insisting that these issues be referred to arbitration

But the company has already indicated it will drop all legal charges against Numsa and consult the union on overtime and production schedules It will also relocate a superintendent the workers wanted dismissed in the first strike.

A source said the key issue at today's negotiations was likely to be whether Toyota reinstated or re-employed the dismissed workers

If the workers were reinstated, they would be entitled to all their benefits — including long-service allowances, an end-of-year gratuity, and pension and medical aid If the workers were re-employed, they would have to start from scratch — or Toyota might agree to maintaining some of the benefits like pension and medical aid, while asking workers to forfeit the rest.

A Toyota spokesman confirmed there was a meeting with Numsa, but would not elaborate

EDWARD WEST reports that Toyota fired the workers on July 6 after losing 47 production days to two stikes The strikes have cost Toyota more than R1bn in lost production In June alone, the company estimated that between 800 and 1 000 car sales opportunities were lost

Component suppliers had lost orders worth R200m, with many of their workers either havng been retrenched or put on short time.

Toyota Manufacturing MD Ralph Broadley said salaried staff had stepped in to help get the plant running However, production was at about 40% of normal

Heavy truck sales unlikely to top 5000 units this year

STAR 21/7/92

(192)

Finance Staff

Heavy commercial vehicle sales would be lucky to top the 5 000 unit mark for 1992, representing a drop of between 10 and 12 percent on the 1991 figures and a 23 percent drop on industry forecasts of about 6 500 units.

So says Mossie Mostert, managing director of Truckmakers, which manufactures and distributes the Iveco and Samag ranges of heavy commercial vehicles. Iveco is Europe's second biggest truckmaker and the world's largest manufacturer of diesel engines.

"Despite this decrease, which is potentially disastrous for the industry, we expect to increase our share of the market segment from about 6,5 percent to 10 percent this year "Towards the end of last year I, along with many others in the industry, was positive that this year would produce a reasonable increase in the commercial vehicle market," said Mr Mostert

However, hopes were fading fast for a number of reasons

"The severe drought the country is experiencing is not only affecting the farming community, but has a ripple effect through just about every business in the country

"The political climate is not encouraging business to make positive decisions so necessary to stimulate the economy."

He added that with some hauliers quoting tariffs as low as between R2,20 and R2,60 per kilometre, which is about the cost of running a truck tractor, one could understand the financial institutions' reluctance to finance new operators wanting to enter the market

"One actually has to take a long term view for the prognosis to improve because the average age of trucks on the road must be approaching the 14 or 15 year mark which must necessitate a significant replacement programme," he said

Toyota strike hurting parts manufacturers

STAR 17/7/92

By Des Parker (192/92)

As many as 10 vehicle parts manufacturers are in a precarious financial position as a result of the labour dispute at the Toyota SA plant at Prospecton

At the same time, a few small car-dealers trading exclusively in Toyota, have temporarily closed their doors, while others are concentrating on used-car sales

Businesses up and downstream are being hurt, says John Brandtner, president of the National Association of Automotive Components and Allied Manufacturers (Naacam).

"The companies most affected are those deriving as much as 50 to 80 percent of their sales revenue from Toyota alone," Mr Brandtner said

"Their margins already are paper-thin and I would say about 10 of our 150 members are in a precarious position financially"

While Toyota will not say what production is taking place, it is believed salaried staff are turning out about 40 or 50 vehicles a day.

Motolek outlets give guaranteed back-up

FRANCHISOR Parts Incorporated Africa faced a major challenge when it pioneered a national warranty system — getting Motolek franchisees to agree to guarantee each other's workmanship

Six years later it can claim to have a highly successful system that provides motor vehicle operators with a unique countrywide back-up service

According to Parts Incorporated's Buks Strydom, the philosophy behind the guarantee is a commitment by Motolek outlets to service what they sell

"It is not good enough to merely supply and install top quality, international, branded auto-electrical products The successful operation of the warranty shows that the various franchisees have faith in the stringent standards which are applied to all Motolek outlets"

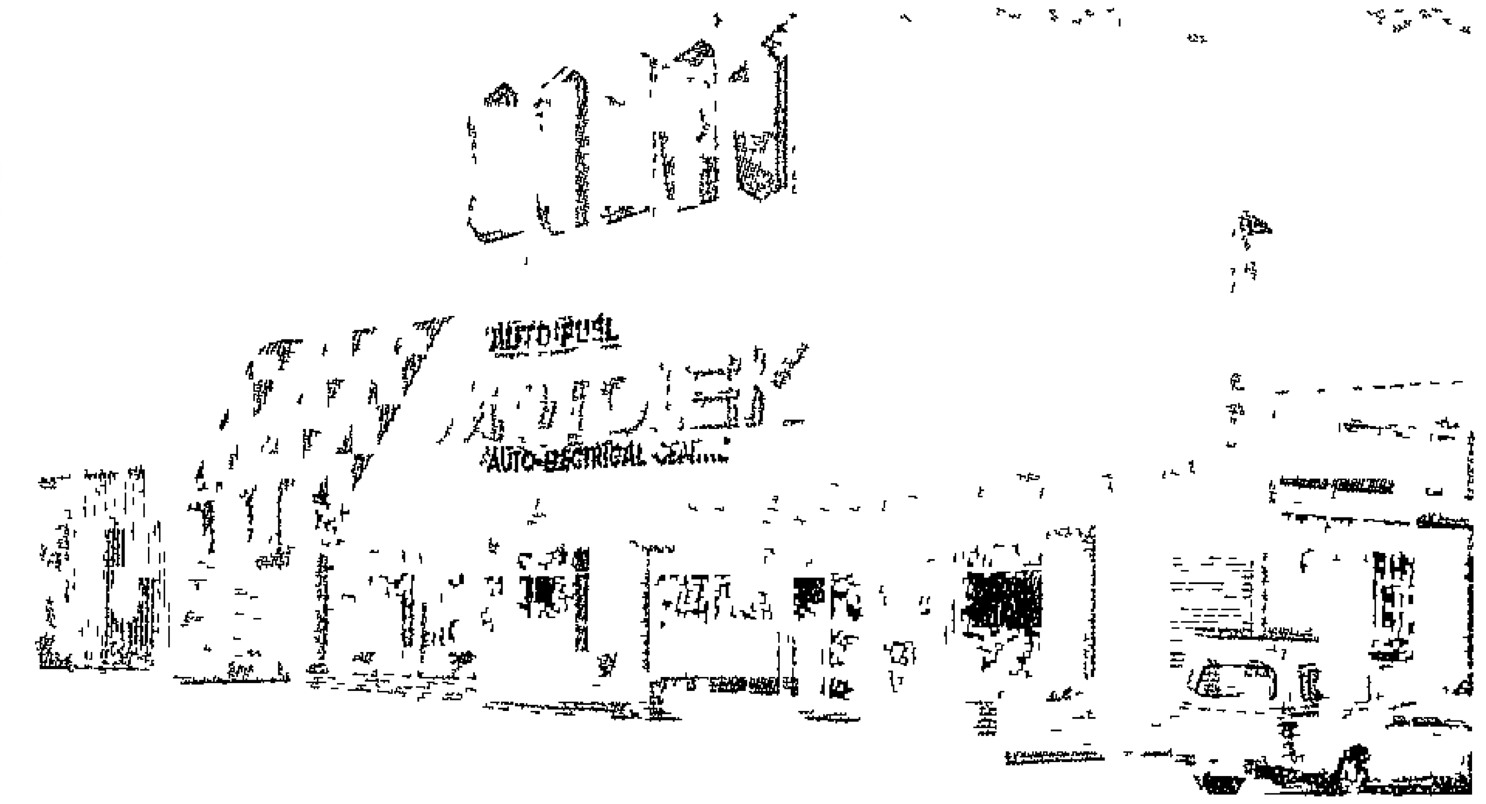
At the heart of the system is a simple tin foil personalised sticker When a repair is undertaken, the relevant component is marked with a job card sticker The owner of the vehicle receives a directory listing all 74 Motolek outlets in SA

Countrywide

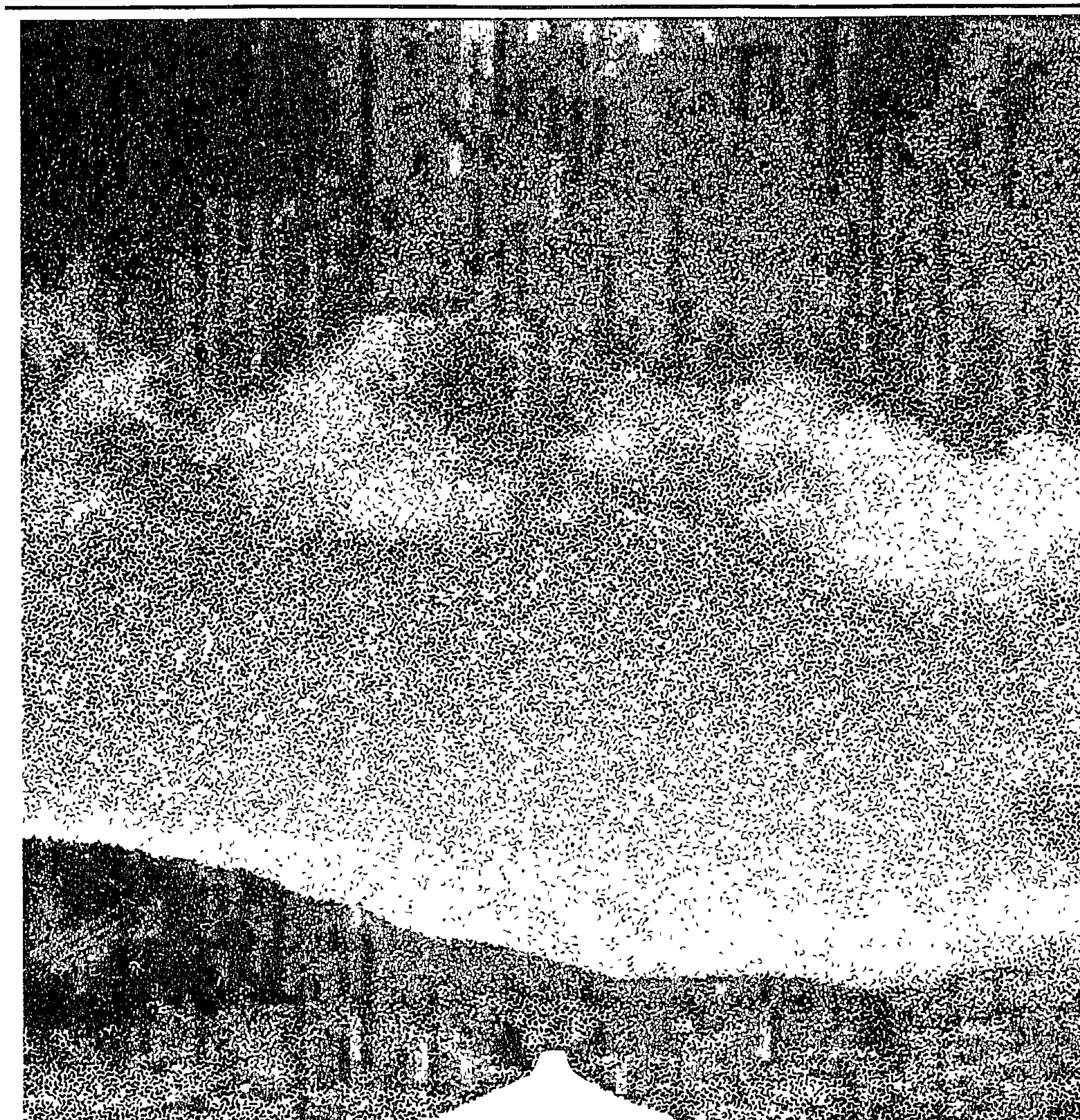
"In the unlikely event of a repair job proving ineffective, he can approach any of the outlets countrywide to have the matter attended to, with only the tin foil sticker, or 'job card', as a reference," Strydom says

"The peace of mind that comes with having parts and workmanship guaranteed countrywide has been one of the important factors leading to the growth of the Motolek network in SA It has also placed Motolek franchisees in a unique position when it comes to benefiting from national parts contracts concluded by Parts Incorporated"

Although the national guarantee normally covers a period of three months, an 18-month warranty is offered for selected Motolek components



One of the 70 Motolek auto-electrical franchises



Adco group sees rapid expansion

MORE than 30 Adco franchised diesel fuel injection and turbo outlets have been established in SA in less than a year, according to Midas subsidiary Parts Incorporated Africa

"This rapid growth in the Adco franchising group, which had its beginnings in the merging of Associated Diesel and the auto electrical division of Midas, is the result of the expertise and range of parts provided by the network," says Parts Incorporated Africa MD Ronnie Norwitz

All Adco franchisees are equipped to offer a comprehensive range of diesel fuel injection units and spares They are able to provide quality parts at competive prices because of bulk buying systems and enjoy the benefits of the corporate marketing effort and national contracts concluded by the company

Norwitz says the rapid growth in the Adco franchise is regarded as most unusual for a technical product "Our goal is to eventually provide a countrywide service for vehicles fitted with our systems in areas with sufficient diesel populations"

Today operators of diesel vehicles and equipment are more conscious of the fuel savings and improved efficiency that can emerge from correctly calibrated fuel-injected equipment

Harsh

"The reasons for inadequate performance vary from SA's harsh conditions and climatic variations to the relatively high sulphur contents in fuels, which can play havoc with the efficiency of fuel-injection systems Because correct calibration is regarded as vital, our Adco franchisees operate in accordance with strict SABS 0166 requirements, and are subject to bi-annual audits," Norwitz says

"They are all well-equipped to fit and service turbochargers which, today, are widely used in altitude compensators in the country's inland areas"

Brake retarders are good back-up system

THE steady evolution of on-highway heavy vehicles has resulted in constant increases in horsepower and road speeds, as well as the reduction of rolling resistance and faster axle ratios.

Ken Simpson of Parts Incorporated says foundation brake development has not kept pace with these improvements in vehicle efficiency This, he explains, is why increasing use is being made in SA of Telma vehicle brake retarders

"Not only do these retarders act as an effective back-up to the service brakes, but they can contribute significantly to improved safety — and they help to save on brake linings.

Telma retarders, he says, are by far the cheapest method for controlling deceleration and are easy to operate and relatively maintenance free.

Tests have shown that up to 80% of braking require-

Franchising the key to building up market share

MIDAS believes the secret to developing market share lies in franchising operations rather than via the branch route

Midas executive director auto parts and accessories Sarel de Vos says "Franchising is one of the most exciting developments in decades As a marketing technique, franchising enables a company to grow without extensive capital outlay and management involvement"

In Midas's case, franchising provided a growth opportunity which extends to independent entepreneurs in the parts industry

"To work with aggressive independents towards the achievement of a common goal without being able to prescribe to them is frustrating at times but immeasureably stimulating

"The chemistry between the corporate head office and the independents must be right to ensure success," says De Vos

For Midas, the future of franchising is promising

In 1885, franchise sales accounted for 34% of all retail sales in the US This figure is projected to expand to 50% by the year 2000

Boost

Growth in conversion franchising, the system used by Midas, has been high and will remain so, mainly because independents want to be part of a large group to enable them to tackle the opposition and boost sales

In a recent Dun and Bradstreet study, it was shown that franchising is an "odds-on" favourite for survival when compared with independent free-standing businesses

About 90% of franchised businesses are still in operation after 10 years, compared with 65% of small businesses after only five years Failures in the retail trade after 10 years are as high as 83%

Midas believes franchising works because it provides the opportunity for incentive compensation and equity increase directly related to the effort and ability of franchisees Franchising fulfils the need of many men to be their own boss without much risk It also works for the franchisor because it allows rapid expansion with limited capital investment

In addition, motivated owner operators are far more productive than company managers because they have time, money and prestige invested in the business and are therefore unlikely to allow it to fail

Car sound prices for all pockets

QUALITY car sound need not cost an arm and a leg, says David Longmore of the Gelhard Division of Parts Incorporated

Longmore, who has spearheaded the drive by Gelhard automotive sound systems into SA, says the well-known European car sound range is not only intended for sound fanatics and the wealthy

"Through our 22 franchised Autolux outlets we now offer a comprehensive range of Gelhard equipment to suit all pockets"

Gelhard's new RDS car radio/tape combination is designed to maintain continuous quality reception of any chosen broadcasting service while travelling

The launch of the unit in SA follows the recent announcement by the SABC that it has introduced a Radio Data System (RDS) service, designed to eliminate confusion of the airwaves and promote road safety

Longmore says the crowding of frequencies in the FM band results in difficulties in tuning and programme identification "There is a choice of frequencies for the same service and it is essential to choose the best one Without RDS this is extremely difficult while travelling"

The Gelhard RDS receiver provides fully automatic tuning A digital display ensures rapid identification of the station and frequency tuned to

Gelhard RDS receivers feature Dolby B noise reduction, PLL synthesisers and double balanced mixed tuners They incorporate FM-stereo, MW and LW frequencies, have a 24-station memory and a facility for a direct connection to the Gelhard CD changer

From small repair shop to major chain

THE Midas history has its origins in a small auto-electrical repair business, Alex Cruickshank, that was established in 1954 in Selby, Johannesburg

Four years later the business changed from the repair to the wholesaling of auto-electrical products and in 1968 the name was changed to Motolek South Africa

In 1973, the National Automobile Parts Association, a co-operative organisation of wholesalers, was formed

Motolek took on the exclusive marketing and distribution rights for Hella lighting products in the aftermarket in 1982, while an export department was established to trade with African countries

The King Midas franchise retail chain was born in 1985, and by the end of that year comprised 24 outlets A year later the Motolek Auto-electrical franchise chain commenced, as did exhaust, towbar and shock absorber fitment chain Fasfit

In May 1986, Midas Ltd was listed in the Retailers and Wholesalers sector of the Johannesburg Stock Exhange The company's name was changed from Motolek South Africa (Pty) Ltd to Midas Ltd

Capital

The following year Midas Ltd acquired the entire issued share capital of Alfa Romeo South Africa The name was changed to Genuine Parts (Pty) Ltd which acquired the net assets of McCarthy Distributors As a result, the McCarthy Group obtained 25% of Midas Ltd

In 1988 Akals, a Natal-based warehouse distributor, was bought, as was Champion Motor Supplies An interest was also acquired in Data Time Holdings, which in turn bought out the East London Computer Bureau A 25% in Quay Buffalo (Pty) Ltd was acquired

Associated Diesel Holdings came into the stable in 1989, while the Midas FS division, handling auto-electrical parts, was merged with Adco to form Parts Incorporated The company also took control of S Silvers Motor Spares and Accessories, and Fasfit was sold

In 1991, a controlling interest in Data Time Holdings was acquired , while the interest in Quay Buffalo (Pty) Ltd was increased to 45%

Parts aftermarket expected to grow ahead of economy

THE R7bn retail parts aftermarket (excluding tyres) can be divided almost equally between the parts and accessories divisions of vehicle manufacturers and the distributors of non-franchised parts, says Midas Parts and Accessories executive director Sarel de Vos

About 45% of all parts are imported and the growth in money terms in the last five years was about 16% a year, compounded, outstripping the growth of the economy.

De Vos points to several factors accounting for this high growth

Firstly, the vehicle park has aged rapidly over the past few years, which means the average life of a vehicle has increased from six (1976) to 11 years (1992).

Secondly, the replacement cycle has increased from 100 000km to 150 000km and this trend is likely to continue

In addition, increases in new car prices have outstripped the growth in personal income and salaries. Down-buying is a direct offshoot of this and there is currently a swing toward smaller, more affordable vehicles

In 1983 about 46% of all vehicles purchased were classified as small and this figure had swelled to 70% by 1991

The SA passenger car park is expected to increase from 3,4-million in 1990 to 4,5-million by the end of the century.

Midas bases its prediction on the assumption that growth in the low-income market will outstrip growth in the high income market by more than three times

SAREL DE VOS

The high income market, at about 450 vehicles per 1 000, is considered to be virtually saturated but the lesser market at 18 vehicles per 1 000 has great potential for growth and is forecast to rise to somewhere in the region of 66 vehicles per 1 000 by the year 2000

These predictions are based on attaining reasonable economic growth and political stability

Changes to the perks tax introduced by the government in the past few years has led to growth in the number of vehicles purchased by private owners as opposed to company purchases, says De Vos

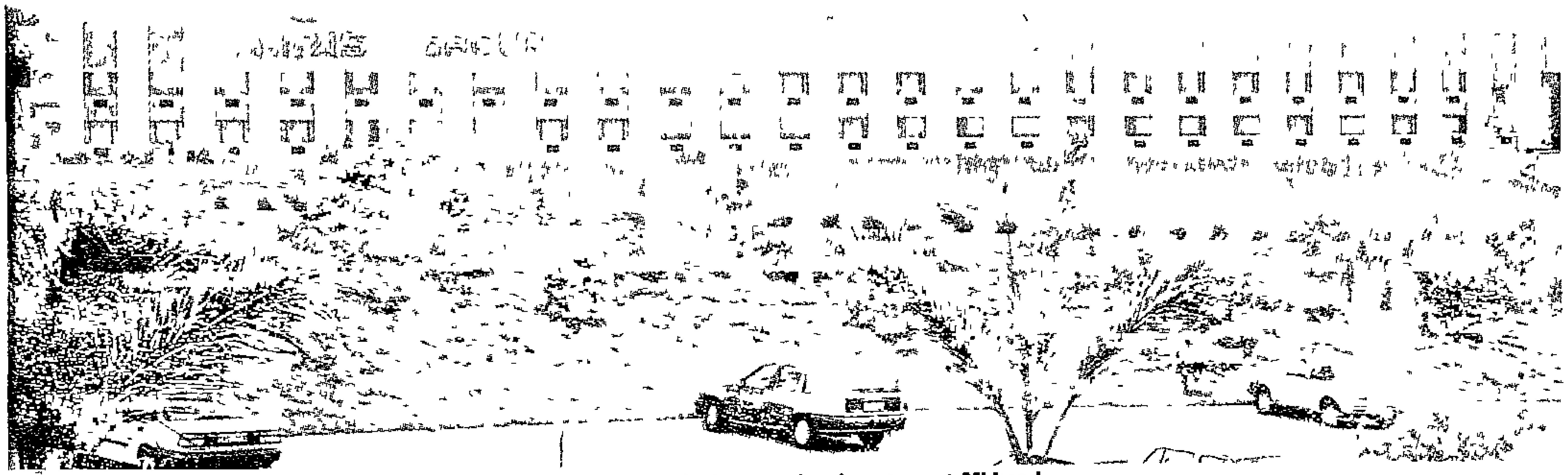
"This augers well for the parts aftermarket since the private owner has a greater inclination to work on his vehicle himself," says De Vos

Formerly known as the East London Computer Bureau, ELCB provides on-line computer facilities to many members of the National Automobile Parts Association (Napa), as well as to Midas and Motolek

Local comp

MIDAS is in no way involved in the pirate part business, says Midas group MD John Rich

"Midas mainly deals with the local component manufacturers, which in turn supply the local car manufacturers For this reason, the parts Midas sells through its franchise network are all quality branded products made to original equipment specifi-



Midas's new-look group headquarters at Midrand whole page

Midas

(192)

Business Day SURVEY

The Midas group comprises of a number of divisions including Motolek, Hella, S Silvers, Quay Buffalo and the Midas Parts Centres. The King Midas chain of automotive parts and accessories retail outlets has more than 125 independent franchised stores countrywide. ***PAUL SHIPPEY** and **JOHANN VAN LOGGERENBERG** report.*

JOHN RICH

Supporting franchisees is a successful philosophy

SUPPORTING independent businessmen forms a major part of the Midas philosophy, says group MD John Rich

And it is this philosophy that has resulted in Midas becoming one of the largest franchisors in the country, with over 300 franchisees.

"A man who runs his own business is more motivated than a paid employee and for this reason we will back him to the hilt," says Rich, who also wants to dispel the misconception that the Midas Group owns the Midas Parts Centre retail shops in SA and Namibia.

Of the 125 shops currently trading, only five are directly controlled by Midas The rest are owned by independent businessmen

Supporting this franchise is the equally strong parts wholesaling and marketing organisation, the National Automobile Parts Association (Napa), which in turn has 70 members, one of which is Akals in Durban, a wholly-owned subsidiary

Quay Buffalo, in both the eastern and western Cape, are associate members and the balance of members are all independents

The traditional franchise chains of Motolek auto electrical workshops, Adco diesel workshops and Autolux car comfort fitment centres, totalling 125 in all, are also run by independent businessmen

Parts aftermarket expected to grow ahead of economy

THE R7bn retail parts aftermarket (excluding tyres) can be divided almost equally between the parts and accessories divisions of vehicle manufacturers and the distributors of non-franchised parts, says Midas Parts and Accessories executive director Sarel de Vos

About 45% of all parts are imported and the growth in money terms in the last five years was about 16% a year, compounded, outstripping the growth of the economy

De Vos points to several factors accounting for this high growth

Firstly, the vehicle park has aged rapidly over the past few years, which means the average life of a ment cycle has increased from 100 000km to 150 000km and this trend is likely to continue

In addition, increases in new car prices have outstripped the growth in personal income and salaries Down-buying is a direct offshoot of this and there is currently a swing toward smaller, more affordable vehicles

In 1983 about 46% of all vehicles purchased were classified as small and this figure had swelled to 70% by 1991

The SA passenger car park is expected to increase from 3,4-million in 1990 to 4,5-million by the end of the century

Midas bases its prediction on the assumption that market by more than three times

SAREL DE VOS

The high income market, at about 450 vehicles per 1 000, is considered to be virtually saturated but the lesser market at 18 vehicles per 1 000 has great potential for growth and is fore-

These predictions are based on attaining reasonable economic growth and political stability

Changes to the perks tax introduced by the government in the past few years has led to growth in the number of vehicles purchased by private owners

Multi-faceted company with a wide network

MIDAS Ltd is a multi-faceted company comprising a number of focused divisions within its structure It embraces well-known brand names such as Kawasaki, Motolek, Hella, S Silvers, Quay Buffalo and the Midas Parts Centres

The company is divided into four sections — Group Services, Exclusive National Distribution, Auto Electrical Diesel and Industrial, and Auto Parts and Accessories There is also an export division

The Midas group office is situated in Midrand and from there all the company's financial, treasury, secretarial, legal and personnel functions are co-ordinated All divisions, however, work on a decentralised basis, with the group office providing a support function

Also falling into the Group Services division are two computer companies, ELCB and Data Time Holdings

Formerly known as the East London Computer Bureau, ELCB provides on-line computer facilities to many members of the National Automobile Parts Association (Napa), as well as to Midas and Motolek franchisees Certain other businesses in the motor industry are also serviced from the bureau

Data Time Holdings is involved in the development of customised computer software for Midas's operating divisions and in the marketing of Motonet, a specially designed in-house programme with a parts catalogue for the Midas franchise network

Five operations slot into the Exclusive National Distribution division Kawasaki Motors SA is the importer and distributor of Kawasaki motorcycles, power products and parts, as well as Bridgestone racing and mountain bicycles and related accessories Motorcycles are distributed through 30 exclusive dealers and bicycles through 50 outlets

The OE Parts division is the importer of original Renault, Peugeot, Daihatsu and Alfa Romeo parts, which are sold by exclusive dealer networks

Created specifically to market concept products to the various chain store groups in SA is Champion Chainstore Services It supplies products such as Motoquip parts and accessories, Homequip do-it-yourself tools, hardware, gardening and security products and Fishingquip, which provides fishing equipment and accessories to chain stores

Packaging is an important facet of Midas's operation Hyperquip Packaging provides various types of packaging such as shrink wrapping, blister packing and high-frequency welding for Champion Chainstore Services and third parties

Embraces

Parts Incorporated Africa, the Auto Electrical Diesel and Industrial division, embraces three franchise chains, as well as the original equipment and industrial divisions

Parts Incorporated Africa was formed as a result of the merger between Midas and Associated Diesel, which was acquired in 1989

This company concentrates on the distribution and warehousing of auto-electrical, diesel fuel injection and turbocharger units and replacement parts, as well as specialised products for the truck and bus market Parts Incorporated is also the exclusive distributor in the aftermarket for Hella lighting products and accessories in SA

In the OE (Bus Body Parts) and industrial division, Parts Incorporated handles highly technical products for the heavy-duty truck and bus-building market

Leading brand names such as Happich fittings and furnishings, Doga wiper motors, Telma brake retarders and Beka-Max automatic lubrication systems are supplied on an exclusive basis

All franchisees are independent operators who have contractual arrangements with Parts Incorporated concerning the marketing and distribution of exclusive product lines

The well-known Adco name has been retained for the recently formed diesel and turbo workshop franchise, and the number of privately owned Adco workshops in the country is expected to rise to between 40 and 50 soon

A well-established franchise chain is Motolek, which has 73 outlets It specialises in the sale and service of auto-electrical systems and components

The third franchise operation in the Parts Incorporated stable is Autolux, a fast-growing chain handling the fitment of car air-conditioning, radios and security systems

Local component manufacturers used for parts

MIDAS is in no way involved in the pirate part business, says Midas group MD John Rich

"Midas mainly deals with the local component manufacturers, which in turn supply the local car manufacturers For this reason, the parts Midas sells through its franchise network are all quality branded products made to original equipment specifications

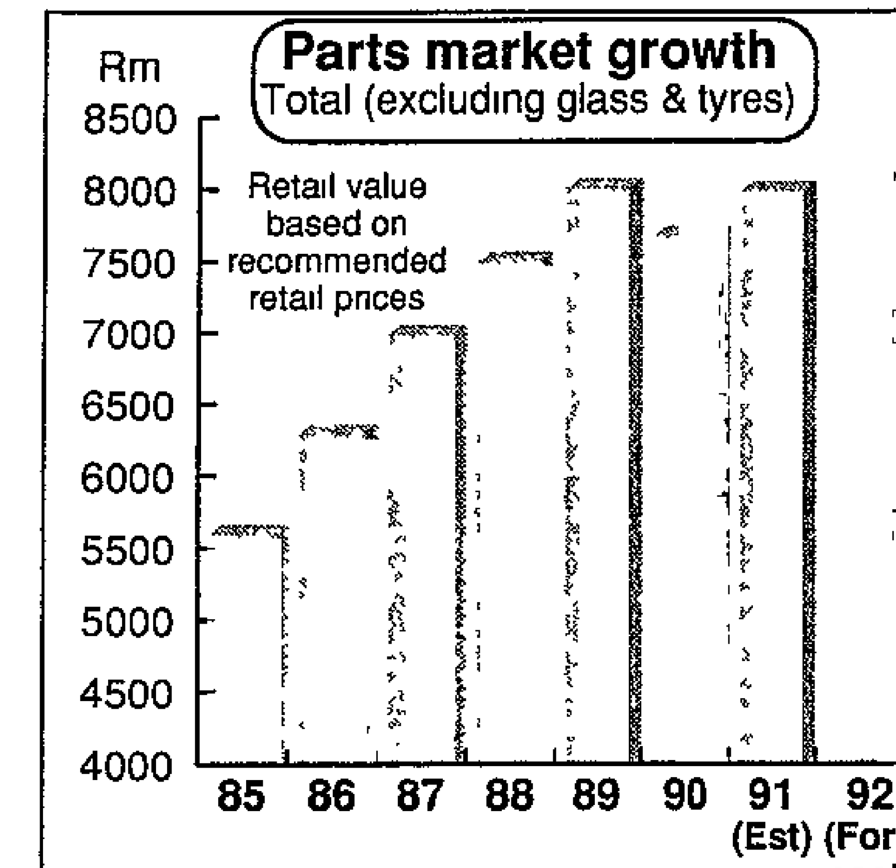
"Where parts are imported, specifically auto-electrical and diesel, they are sourced from the manufacturers which supply original equipment in their respective countries There is no way we will encourage any person or undertaking associated with our group to sell inferior quality parts"

Midas provides strong sales back-up with, in most cases, a 12-month guarantee In the case of batteries this extends to 18 months

Rich says the Midas association with local manufacturers such as Armstrong shock absorbers, Fram filters, Hella lights, Ate brakes, Chloride batteries, Castrol lubricants and the Turner & Newall group goes back a long way

Midas is also the local representative of Peugeot, Renault, Alfa Romeo/Daihatsu, Kawasaki, Bridgestone cycles and Gelhard radios

Despite the poor performance of the economy, the Midas group believes that with its broad and diverse range of products and support of the large franchise network, it is positioned to take advantage of a more buoyant economy



Graphic LEE EMERTON Source AIT

Exporting to African countries is now paying dividends

A DECADE of active exporting of locally manufactured motor vehicle components to African countries is now paying handsome dividends for the Midas group

In June this year the group showed a record monthly turnover, which it partly attributes to increased trade arising from the opening up of new business opportunities to the north

Ties with the rest of the continent have strengthened considerably since Midas hosted a successful export convention in Midrand recently Customers from 12 African countries, including Kenya, attended and had the opportunity to view the latest products on offer from SA's leading local component suppliers

Visits to the Midas headquarters and various other trade-related premises, as well as a trip to the Kyalami Grand Prix circuit, provided the visitors with some insight into the local industry

Delegates were also presented with the first of a 13-part mini-television series, produced under the technical guidance of the Automobile Association, dealing with the repair and maintenance of a motor car

This series is due to be shown on various television stations in both English and French in countries such as the Ivory Coast, Congo, Kenya and Mauritius

Display

Midas further strengthened its African ties with a display stand at the Contact Kenya Exhibition in Nairobi earlier this month The exhibition was exclusively for South African exhibitors and was well attended by East Africans

Foreign exchange and infrastructural problems make trade with the rest of Africa a complex operation However, the experience and knowledge gained by the Midas group over the past 10 years will stand it in good stead for the future

WHAT'S BEHIND THE NAME ?

Kawasaki focuses on niche markets

KAWASAKI has re-established its own identity after shrugging off the Genuine Parts label

Originally owned by the McCarthy group, Kawasaki and other McCarthy distributors became part of the Genuine Parts group, when it acquired the net assets of McCarthy Distributors in 1987

"We've since re-established our own identity in the marketplace, which has tremendous benefits for us", says Kawasaki MD Chris Speight

Kawasaki, whose main business is motorcycles sales, rode the crest of a wave in the early '80s when the market was superbike-dominated, but this changed with time

"With the advent of the recession, smaller motorcycles were suddenly in great demand and the superbike market dropped off. As we do not deal much in the smaller capacity motorcycles, this forced us to concentrate on niche markets, which fortunately paid off," says Speight

Kawasaki SA has successfully tapped the agricultural, commercial, moto-cross, off-road and jet-ski markets

"Instead of just shotgunning the market, we have homed in on certain sectors," says Speight "We're a very committed team of people while others are falling flat, we as a company are moving forward"

Kawasaki has since expanded to form a number of subdivisions

The Kawasaki Power Products division sells generators through the furniture trade, while another division deals exclusively in parts A third, known as Sportsquip Marketing, is the sole importer and distributor of Bridgestone cycles from Japan

Tyres

Avon premium low-profile car tyres are also marketed through this division, which incorporates the sole distribution of many well-known bicycle accessories

Kawasaki was recently awarded the tender to supply the Cape Town and Johannesburg traffic departments with motorcycles.

The entire operation will soon be moving from Jet Park to brand new premises in Strijdom Park, Randburg

Midas 192 BUSINESS DAY, Friday, July 17 1992

Call to make tourist buses more luxurious

THE Original Equipment Division of Parts Incorporated Africa, which supplies sophisticated bus fitment products, is poised to take advantage of the expected tourism boom in SA.

According to the division's Solly Hattia, overseas tourists are not only accustomed to good hotels and other facilities, but also to luxurious buses and, in particular, bus interiors. "They have been raised on graded buses, similar to our hotel grading system If their expectations are not satisfied they will not return to SA"

Hattia says these expectations are in most instances not being met in buses currently used for shuttling tourists around the country

Correct

"In the first place, a bus must have the correct chassis and that means air suspension The days of going for the cheaper option of putting a luxury body on the wrong chassis are over

"Similarly, more attention will have to be paid to air conditioning For each bus it will be neccessary to establish exactly how much in the way of fresh air flow is required by each person Hit and miss cooling and heating is not acceptable

"Toilets will also have to satisfy the highest standards and catering facilities will have to extend beyond a tired old sandwhich and a lukewarm cooldrink"

Hattia says the only way these various tourist requirements will be satisfied is through careful planning at the design stage "Operators, coach builders and equipment suppliers should liaise more closely to ensure that the eventual final product will satisfy the most picky tourists

"Only in this way will all possible options available be closely examined before a final selection of interiors and exteriors is made This will eliminate the use of sub-standard and unsuitable equipment, as well as wasteful fitment options"

On a broader front, he points out, all parties interested in tourism promotion will have to be drawn in to ensure that the message gets across to all involved in transporting tourists

Range

Parts Incorporated provides a complete range of products for luxury buses, as well as fire engines, ambulances and off-road vehicles

The world-renowned range includes Bode plug doors and mechanisms, Happich's innovative hardware and accessories, such as profiles, fittings and locks, Doga wiper and washer systems, equipment from heating, demisting and cooling specialists KL Automotive and Frenzel on-board kitchens, fridges, microwave ovens and hot and cold water boilers

All products are backed by a 12-month warranty and service exchange units are available where required

Business Day, FRIDAY, July 17
1992
192

Parts division forms mainstay of operations

FORMING one of the mainstays of Midas's business is the Automotive Parts and Accessories division, which incorporates the King Midas Parts Centres franchise operation, the National Automobile Parts Association franchise and regional warehouse distributors

Midas Parts Centres are a specialist chain of more than 125 independent automotive parts and accessory outlets operating on a national basis The motto Quality Parts, Professional Service" has been the cornerstone of the chain's rapid growth and success

Another outlet of parts in the Midas Group is S Silver's Motor Spares and Accessories A controlling interest in the company was acquired in 1990, and S Silver is a wholesaler/retailer of parts and accessories in the greater Johannesburg and Transvaal country areas

Three warehouse distributors make up the Midas stable

National Parts Distributors, with branches in Midrand, Cape Town, Port Elizabeth and Bloemfontein, provides local manufacturers with low-cost professional warehousing and supplies parts wholesalers throughout the country Special emphasis is placed on servicing and developing Midas Parts Centres

Akals is a warehouse distributor operating from Durban and supplying mainly Natal The Akals Sports Division supplies mainly fishing equipment and bicycle dealers and Akals also operates six Midas Parts Centre outlets in the Durban area

Based in Port Elizabeth, with branches in Cape Town, George and East London, the Quay Buffalo group also distributes body panels, parts and accessories The company, in which Midas has a 45% stake, operates eight Midas Parts Centres

Established in 1973, the National Automobile Parts Association (NAPA) is a national co-operative buying and marketing organisation with 73 independent members throughout southern Africa and Namibia

Midas holds 56% of the company, with the rest in members' hands The association is controlled by a board of directors which consists of representatives of both Midas and independent members

The Midas Export Division has an important place within the organisation, focusing on trading with African and overseas countries, with a complete range of hard and auto-electrical parts, accessories, tools and allied products

All the corporate identity conversions for the Midas, Motolek, Adco and Autolux franchise operations are handled in-house by the Midas Corporate Identity Division, which has established more than 300 franchised outlets to date

A variety of accessories provided

WHILE the name Midas is most frequently associated with car parts and accessories, little is known about the division that supplies the mass merchandisers with a range of car accessories and parts under the brand name Motoquip, security, hardware and gardening under the Homequip brand and the Fishingquip name

The Champion Chain Store Service division was formed by creating a separate identity and distinctive packaging for motor accessories for the large retail chains in the country

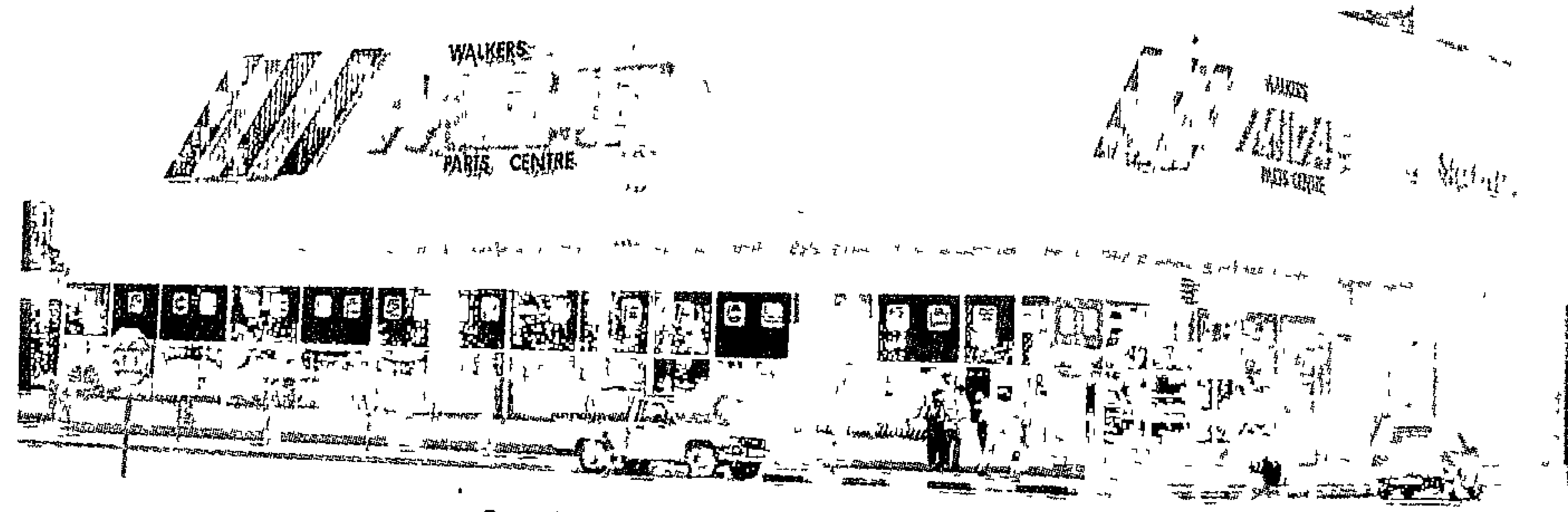
Over the past two years, new ranges have been developed in a variety of spheres that include, hardware security, tools and fishing equipment, all identifiably packed on header cards for merchandising to chain stores

The taking over of operations by one of Champion's main competitors last year, has boosted its operation and it has since expanded its act

tail groups such as Game and Hyperama

Champion Stores also has arrangements to supply well-known branded products such as Viro padlocks and Mitco tools exclusively to most chain stores Supporting the division is a small packaging company that shrink-wraps and blister-packs many of the products on header cards

Most of Champion Stores' products are imported directly, except fishing accessories, which come from



One of more than 125 distinctive Midas Parts Centres

The king turns motor spares into gold

KING Midas is the largest chain of specialist automotive parts and accessories retail outlets in the country, with more than 125 independent franchised stores countrywide carrying the corporate image

As the cost of motoring continues to increase, more and more people are turning to maintaining and servicing their own vehicles This makes the network of Midas Parts Centres countrywide, which offer a full range of branded parts and accessories, a boon to the the do-it-yourself motorist, says franchise MD Wilfried Langenbach

"The Midas Parts Centre concept represents a triumph for the independent businessman who, together with leading local manufacturers like Armstrong, Fram, Luk Repco and Castrol, to name but a few, have formed a powerful team to open up opportunities in the market which otherwise may have not been attainable "

The fundamental principle of the franchisee development strategy is to accept only existing independent parts shops that have been operating for a reasonable period of time, and have proven track records

"As every Midas operator has had years of experience in selling parts, he is able to give expert advice to novice and experienced DIY enthusiasts alike," Langenbach says

"This combination of expertise and the ability to satisfy the needs of the customer is a major factor in the development of the Midas Parts Centre organisation "

On appointment to the franchise, the individual store is completely revamped to conform to the King Midas corporate image in every respect, including the distinctive black and orange stripes and flags

"The in-house Midas Corporate Image Division, run by Basil Gay, is able to offer the franchisee a complete service, which includes architectural design, floor plans, shop layouts and signage "

A computerised user-friendly vehicle parts catalogue has been developed for the benefit of the end user

The catalogue enables the franchisee to locate, within seconds, any part required for a specific job to be done by the consumer

If, for example, a do-it-yourself person wishes to do a minor tune-up on his car, the catalogue will instantly list the parts and quantities required, as well as the price and the availability

Since the information contained in the catalogue has been tried and tested over many years, the likelihood of the wrong parts being supplied is greatly reduced

More than 700 vehicles are presently listed, and the installation of the catalogue is progressing well, Langenbach says

Advertising plays an important role

EXTENSIVE national advertising plays a major part in maintaining a high consumer awareness in Midas Parts Centres The total amount spent on advertising is presently more than R3m and more than a million brochures are produced and inserted in newspapers and magazines four times a year

Television and radio campaigns also form part of the advertising effort, as do Midas sponsorships

The Jomo Midas Cosmos soccer team sponsorship is now in its fifth year, while the Midas Under-20 Rugby series has also attracted valuable television time

"The spirit of entrepreneurship is carried as far as board level," says King Midas chairman Cas van Zyl

The franchise is administered by a board of 14 directors, 10 of whom are independent operators, representing various regions in southern Africa

"In this multi-faceted and ever-developing market, product knowledge and business skills are fundamental in satisfying our customers' needs, as well as to the development of the franchise," says Van Zyl

To this end, staff and management training sessions, regional seminars and an annual convention are held Midas's suppliers play an important part in training

A cornerstone of the Midas operation is the distribution of quality branded parts

"Gone are the days of the image of pirate parts," says Midas franchise company MD Wilfried Langebach

"Most of the parts stocked in the Midas Parts Centres are supplied by leading manufacturers, in many cases components approved as original equipment by vehicle manufacturers These parts are guaranteed for a full 12 months against manufacturer's defects, on a national basis," he says

Association responsible for survival and growth

THE once booming automotive aftermarket industry changed drastically when hit by the repercussions of the OPEC oil embargoes of the '70s

Suddenly profit margins and marketing disciplines were thrown out of the window as a bout of furious discounting came to the fore, with large retailers also getting in on the act

The consequence of the discount war was that a multitude of service stations, spares shops, wholesalers and warehouse distributors vanished from the scene overnight

While some surrendered to the big discount kings, most of the leading independent parts and accessories wholesalers in the country got together under the leadership of Midas and formed the National Automotive Parts Association (NAPA) as a buying and distribution organisation

At the same time, Midas's regional National Parts Distributors (NPD) warehouses were appointed as the back-up supplier to NAPA wholesalers

Today 70 NAPA franchisees supply workshops, fleets and retailers from 140 outlets This provides local manufacturers with a formidable national distribution chain

By linking up with NAPA, manufacturers are assured higher volumes and, based on economies of scale, further increase their profitability and efficiency

The industry recognises that NAPA has, over the years, helped suppliers achieve their market share objectives while ensuring the survival of independents A 42% growth over the past two years can be attributed to the success and dynamism of NAPA

TOYOTA FM 17/7/92 (192)

Losing the lead

Toyota SA is casting anxious glances over its shoulder as rivals cut into its 11-year market lead Clearly, the two-month-old strike at its Durban assembly plant is largely responsible for Toyota's diminishing market share But management is uncomfortably aware that a resumption of production will not automatically bring that share back to former levels

Even if full production starts up quickly, it could be three months before stocks are back to normal But that doesn't mean pre-strike sales will automatically follow

By the end of last week, the strike had cost Toyota production of about 14 000 vehicles Of those, Toyota Marketing MD Brand Pretorius reckons that 4 000 could be permanently lost sales In other words, while most customers are prepared to wait for their new Toyotas, some aren't

At an average of R40 000 a vehicle, that's R160m in lost turnover On top of that is the estimated R3 000 the company earns on parts and accessories over the life span of each car it sells That could add up to another R12m lost to Toyota

As the June sales figures show, Toyota lost its leadership of the light commercial vehicle market to Nissan, and slipped badly in the heavy truck market While sales of Corollas and Cressidas held up well, the company used most of its stocks to meet demand

Pretorius is particularly worried about the Corolla, which represents about 45% of all Toyota sales Stock shortages make it vulnerable to market newcomers such as the latest Honda Ballade and Nissan Sentra, which are both selling well And with car-hire companies moving towards their peak seasons, the pressure is building

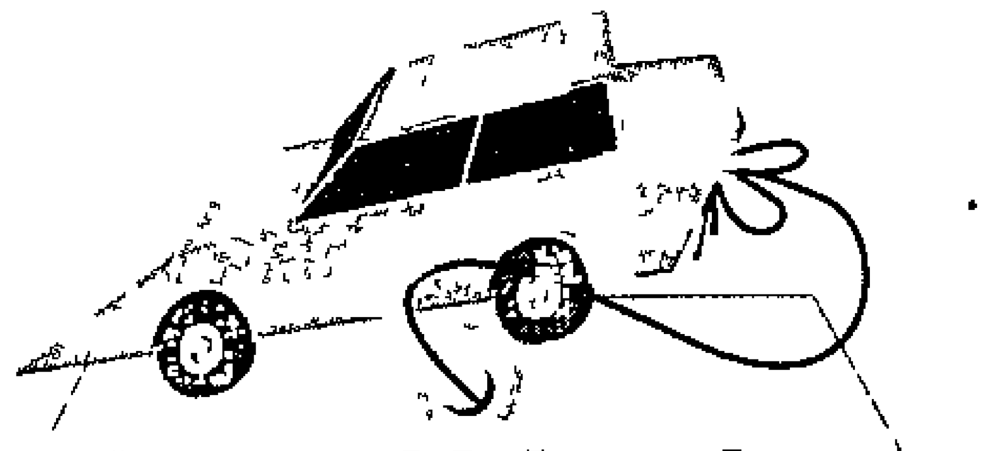
The company also has Cressida assembly commitments to meet before the range is phased out later this year, and doesn't want to lose business in that category, either

Nevertheless, Pretorius remains optimistic that, once production resumes, Toyota can repair much of the damage He concedes that once a sale is lost, it's gone for years until it's time for the vehicle again to be replaced In some cases, having broken the buying pattern and experienced an alternative, the buyer may stick with it

But many of Toyota's major fleet customers have agreed to reschedule delivery of new vehicles The company has prepared what Pretorius calls a structured recovery plan once the Prospecton plant is working again He says it will take six to nine months for Toyota to regain its pre-strike market levels

Meanwhile, two other companies are preparing to move into a niche market that has been almost exclusively Toyota's until now Nissan and Ford are both about to launch double-cab, four-wheel-drive bakkies

While a Nissan version has been available for some months, it has been built independently by another company Now Nissan is to make the vehicle itself and, with Ford, will challenge Toyota's popular Twin-Cab According to Nissan, the company's new vehicle is aimed at the leisure market ■



June vehicle sales

Cars		Total	%*
Toyota	Corolla 2 478, Cressida 609, other 39	[illegible]	20,1
VW	Golf I 1 053, Golf II 250, Jetta 764, Fox 277, Audi 278	2 622	16,9
Nissan	Maxima 131, Skyline 121, Sentra 1 620, Fiat Uno 632, 200SX/300ZX 46, other 2	[illegible]	16,5
Samcor	Ford Laser/Meteor 609, Sierra 177, Sapphire 367, Mazda 323 755, Mazda 626 197, other 40	2 145	13,9
M-Benz	Honda Ballade 1 424, M-Benz W124 458, W125 39, other 109	2 030	13,1
Delta	Rekord 338, Kadett 799, Monza 515	1 652	10,7
BMW	3-Series 1 018, 5-Series 293, 7-Series 39	1 350	8,7

	1992	1991	% Change
June	15 477	18 016	-14,1
January–June	90 847	104 614	-13,2
May(13 729) –June			+12,7

Light commercials

Nissan 2 069 (27% of the market) Toyota 2 019 (26,4) Samcor 1 647 (21,5) Delta 1 321 (17,2) VW 568 (7,4) AAD 34 (0,4) M-Benz 4 (0,1)

June	7 662	8 866	-13 6
January–June	45 878	52 405	-12,5
May(6 859) –June			+11,7

Medium commercials

Toyota 110 (38,7%), Delta 52 (18,3), Samcor 45 (15,8), Nissan 43 (15,1), M-Benz 34 (12,0)

June	284	423	-32,9
January–June	1 660	2 100	-21,0
May(13 729) –June			+17,8

Heavy commercials

M-Benz 192 (38,9%) Nissan 126 (25,6) Toyota 64 (13,0) MAN 58 (11,8) Delta 50 (10,1) AAD 3(0,6) ERF (Figures not available)

June	493	486	+1,4
January–June	2 605	2 891	-9,9
May(380) –June			+29,7

Total vehicle sales

Toyota 5 319 (22,2%) Nissan 4 790 (20,0) Samcor 3 837 (16,0) VW 3 190 (13,3) Delta 3 075 (12,9) M Benz 2 260 (9,4) BMW 1 350 (5,6) MAN 58 (0,2) AAD 37 (0,2)

June	23 916	27 791	-13,9
January–June	140 990	162 010	-13,0
May(21 209) –June			+12,8

*% of the total car market

Source NATIONAL ASSOCIATION OF AUTOMOBILE MANUFACTURERS OF SA

FM 17/7/92 (192)

New staff for Toyota

Sowetan 16/7/92

MOTOR manufacturer Toyota is to employ new workers because no end is in sight to the dispute between the company and 6 000 dismissed workers

(192)

Sowetan 16/7/92 (192)

A Toyota spokesman said yesterday that discussions between the company and representatives of the workers failed to produce any breakthrough

"Toyota finds it impossible to accede to demands associated with an illegal and unprocedural strike which would prejudice the company"

Toyota to replace sacked strikers

(192)

ARCT 16/7/92

SHARON SOROUR
Labour Reporter

TOYOTA SA will go ahead with plans to re-man its vehicle assembly plant near Durban after the failure of further talks to reinstate the 6 000 workers who were dismissed after striking illegally.

The company said informal discussions with representatives of dismissed employees yesterday did not achieve any breakthrough

The representative reiterated previous "unacceptable" demands which would prejudice the company and Toyota would now proceed with its re-manning programme.

"Toyota finds it impossible to accede to demands associated with an illegal and unprocedural strike which would prejudice the company," the company said

The 6 000 members of the National Union of Metalworkers of SA (Numsa) were dismissed two weeks ago after ignoring an ultimatum to return to work

They were demanding to be paid for the duration of the strike because certain shop stewards who had helped with negotiations had been paid.

The company has refused to pay the strikers, sticking to its "no work, no pay" policy

Earlier this week, chaos erupted at the plant when people applying for work were intimidated by dismissed employees.

Mediation and several rounds of talks between the two parties failed to resolve the dispute, which began on May 6

The industrial action has cost the company more than R675 million in lost turnover.

The company said applications for employment to fill positions at Toyota SA Manufacturing, Toyota Automotive Components and Toyota Stamping Division would be processed from today to July 24.

"Toyota will give preferential employment to former employees who apply for positions in the re-manning programme on or before July 24," the company said

Toyota to hire new workers

(192)

DURBAN — Motor manufacturer Toyota is to employ new workers because no end is in sight to the dispute between the company and 6 000 dismissed National Union of Metalworkers of South Africa members. CT 16/7/92

Discussions with representatives of dismissed workers had deadlocked, a Toyota spokesman said yesterday.

Applications for employment to fill the newly-vacant positions would be processed between July 16 to 24, and Toyota would give preferential employment to former workers who applied. — Sapa

Car makers count the cost of fancy new plants

BDAY 15/7/92 (192)

TOKYO — Nissan's new state-of-the-art assembly plant in Kyushu was designed several years ago when the market was strong and interest rates low The goal to increase capacity and attract choosy Japanese workers

It was a success on both levels

But now Nissan and other Japanese vehicle makers face the bills for costly plants that are coming on line just as sales are sagging

"We would be very unlikely to begin building such a plant now," said Nissan production engineering GM Kazutaka Kobatake

He said Nissan spent about 1,5 times as much on its new Kyushu "dream factory" than it would have on a more traditional plant.

The state-of-the-art plant substitutes conveyor belts in the assembly process with dollies that at each work station adjust their height automatically for workers' comfort

The plant also allows Nissan to use adaptable robots that let a single assembly line handle any combination of up to four models and as many as eight body types Workers can slow down cars to fix a problem without shutting down the whole line while the robots take over unpleasant or difficult assembly tasks

The $780m plant boosts Nissan's Kyushu manufacturing facility capacity by 240 000 to 600 000 vehicles a year, while increasing the number of workers by only about 20%

In recent years, several Japanese car makers have invested in highly automated plants because of strong demand and worker shortages caused by Japan's declining birth rate and the difficulty of attracting affluent Japanese to factory jobs

Toyota has a $1,1bn factory under construction in Kyushu, near the new Nissan plant Mazda's $475m, 160 000-units-a-year capacity plant was completed in Hofu during February

But car sales in Japan fell 3,9% last year to 5,74-million vehicles Some manufacturers' operating profits dropped by more than 60%

As a result the industry, which accounted for about 20% of all Japanese manufacturing investment, was slashing investment as much as possible by cutting projects that were not already under way and postponing others

Honda had decided to shut down its Suzuka line for three days, while Mazda was ending the night shift at its new Hofu plant

Toyota, meanwhile, decided to stop hiring part-time workers and to roll back production of luxury cars at its new $606m Tahara plant, where it was operating only one shift Depreciation costs among the carmakers were expected to reach a record $1,2bn next year, with prospects for a sales recovery uncertain

"From a 30% growth in capital investment in fiscal 1990, investment is likely to fall by about 10% this year," said an analyst

The sudden turnabout in Japan's car industry had transformed business strategy "In the past, they tried to build a competitive edge through continued growth in production capacity Now the attention is on profits rather than market share," he said

Although Japanese car makers have amassed impressive technological and marketing powers, they have had to survive on razor-thin profits because of fierce competition Capital investment repayment costs are slicing further into those margins In response, Nissan and other manufacturers are trying to boost profits by raising prices, cutting costs and extending the time between some model changes

"Our biggest concern is the labour shortage," Kobatake said "At first, our cost will be somewhat higher because of the larger investment, but over the years this plant will be much more efficient" — Sapa-AP

No brakes on dispute

(192)

CT 15/7/92

DURBAN — The labour dispute at Toyota SA's plants remained unresolved yesterday although there was a possibility of further talks, said a company spokesman

Toyota's public affairs general manager Mr Flip Wilken said talks with the National Union of Metalworkers of SA on Monday were inconclusive

Chaos as sacked strikers fight job-seekers

DURBAN — Chaos reigned at the Toyota plant in Prospecton yesterday when more than 500 job-seekers were allegedly hit, chased and threatened by about 2 000 dismissed workers whose positions they were seeking BDAY 14/7/92

Police intervened, firing teargas to disperse the workers

The company sacked its 6 000 striking workers last week after they failed to comply with an ultimatum to return to work

Toyota started its recruitment drive

192 Own Correspondent 232

yesterday and hundreds of people arrived, some as early as 5am, looking for work

There was panic when they were attacked, witnesses said

"People scattered in all directions I had to run for about 150m and jump over a high wall to escape," Anthony Naidoo said

Police spokesman Capt Bala Naidoo said job-seekers who had arrived at the plant were intimidated and hit with bottles and stones by dismissed workers

"In an effort to prevent a confrontation and to disperse the striking workers, the police were forced to fire teargas," he said

However, Numsa organiser Douglas Mbambo claimed "police intimidated the workers"

He added that negotiations with the company were continuing

Toyota public affairs GM Flip Wilkin said talks took place but no agreement was reached He confirmed interviews with prospective employees were being held

Toyota job-seekers stoned

Own Correspondent (192) (188) CT 14/7/92

DURBAN — Job-seekers took flight when dismissed workers allegedly attacked them at the strike-torn Toyota plant in Prospecton yesterday

More than 500 people arrived to apply for jobs, but were intimidated, hit with bottles and stoned, police spokesman Captain Bala Naidoo said

Police had fired teargas to disperse about 2 000 dismissed workers, he added

The company fired 6 000 strikers earlier this month

Several job-hunters said they had arrived as early as 5am, but there was panic when they were attacked

"I had to run for about 150 metres and jump over a high wall to escape," one said

A National Union of Metalworkers of South Africa organiser, Mr Douglas Mbambo, said the "police intimidated the workers" He said negotiations with the company were continuing

Toyota's general manager for public affairs, Mr Flip Wilkin, said no agreement had been reached in talks and applicants were being interviewed

Hundreds of job-seekers filled in application forms.

Toyota strikers stone job seekers

192

Sowetan 14/7/92

■ **Police fire tearsmoke to disperse dismissed workers after white and Indian job seekers are attacked at Toyota plant:**

Sowetan Correspondent

PANDEMONIUM broke out at the Toyota plant in Prospecton, south of Durban, yesterday and police fired tearsmoke to disperse ex-workers who had stoned and chased people seeking employment.

Hundreds of job seekers arrived at the motor plant after Toyota announced at the weekend that it would start recruiting new workers yesterday following the dismissal of 6 000 workers who had been on strike for more than a month

Talks between management and the National Union of Metal Workers of South Africa on Friday ended in deadlock.

From early yesterday hundreds of people, mainly whites and Indians, lined the gates at Toyota waiting for interviews

According to police spokesman Captain Bala Naidoo, a group of ex-employees who arrived at the plant stoned and threw bottles at the would-be workers. They also chased them away

"Intimidation was rife and the police were called Repeated calls to those who were not seeking employment to leave the area were ignored The mob jeered at police, who then fired tearsmoke to disperse the crowd," said Naidoo.

It is believed a number of people were assaulted by ex-workers who did not want them at the gates.

Toyota management and personnel staff were taking down particulars of job seekers.

Last week Toyota called out its administrative staff including women to operate the plant to get out urgent orders.

Numsa regional secretary Mr Eckie Esau was busy at a meeting yesterday and not available for comment.

Council of Trade Unions, discriminatory practices Joe Botha announced last night

Body to fight 'corruption, murder'

STAR 14/7/92

By Michael Sparks

A coalition of nearly 50 organisations was formed yesterday to fight Government "corruption and State-sponsored murders"

Dubbed the Coalition against State Murder and Corruption (Casmac), it was formed at Wits University and plans to send a representative to Harare to address a United Nations group investigating human rights violations

Casmac comprises a broad spectrum of trade unions as well as political and religious groups, including the ANC, Congress of SA Trade Unions, SA Catholic Bishops' Conference, SA Council of Churches, Lawyers for Human Rights, Human Rights Commission, Black Sash, Pan Africanist Congress and Five Freedoms Forum, among others

Ramaphosa .. urged vigorous public outcry.

Addressing the launch of Casmac yesterday, ANC secretary-general Cyril Ramaphosa urged the public to act to force the State to be more accountable for its actions

He challenged the public to take part in a more vigorous public outcry so that the Government could not "get away with denials of complicity in the violence".

Casmac, in a document distributed at the launch, called for the dismissal and prosecution of all Government ministers and officials who had been involved in murder or corruption.

It also called for the full disclosure of secret projects and covert operations — and the creation of a multiparty commission, involving the international community, with full powers of access and investigation into the security forces

Casmac plans to meet Mr Justice Goldstone to voice its concern that recommendations by the Goldstone Commission are not being acted upon by the Government

Members also hope to meet President de Klerk

Casmac intends writing to the UN Committee Against Apartheid and the British Anti-Apartheid Movement

Among the 18 members elected to the steering committee are Cheryl Carolus of the ANC, Kallie Hanekom of Five Freedoms Forum, Brian Curren of Lawyers for Human Rights and John Lamola of the SA Council of Churches.

Dismissed Toyota workers stone job-seekers

192

STAR 14/7/92

Own Correspondent

DURBAN — Pandemonium broke out at the Toyota plant in Prospecton south of Durban yesterday and police were called in and fired teargas to disperse dismissed workers who had stoned and chased away people seeking employment

Job-seekers arrived at the plant after Toyota's announced at the weekend that it would start recruiting new workers after the dismissal of 6 000 workers who had been on strike for more than a month

Talks between management and the National Union of Metalworkers of SA (Numsa) deadlocked on Friday

From early yesterday, hundreds of people queued up at the gates to seek interviews Police spokesman Captain Bala Naidoo said a group of former employees stoned and threw bottles at the job-seekers

"Repeated calls to those who were not seeking employment to leave the area were ignored"

Toyota public affairs managing director Phil Wilkon confirmed the incident.

Numsa regional secretary Eckie Esau was unavailable for comment.

Fired Toyota workers will 'defend their jobs'

BIDAY 13/7/92 (192)

RAY HARTLEY

DISMISSED Toyota workers planned to "defend their jobs" when the company began re-employing in Durban today, Numsa spokesman Gavin Hartford said yesterday

"It seems to us the company is hell-bent on escalating conflict Our members will make every possible effort to defend their jobs," he said

"Toyota is setting a dangerous precedent that mass dismissals are the way to resolve strikes "

Toyota fired 6 000 workers on July 1 following a dispute with Numsa over compensatory pay for strikers

But Toyota spokesman Flip Wilken said yesterday the strike was illegal and his company could not be expected to pay people for not working

Wilken said talks at the weekend broke down around the compensation issue because "no clarity emerged"

Numsa sought to "unconditionally reinstate an agreement which fell away as a result of the illegal and unprocedural actions of its members," he said

The agreement included the reinstatement of a dismissed shop steward and a halt to pending litigation against the union

Hartford said "Dismissed workers are not applying for their old jobs because they don't believe they have lost their jobs."

He would not say what action was planned by workers

Toyota to start hiring

192

Own Correspondent

DURBAN — The giant Toyota motor assembly plant at Prospecton is to start recruiting new workers today in a determined bid to get production back into full swing after labour problems crippled the factory for more than a month

Talks aimed at resolving the dispute with the National Union of Metal Workers of South Africa (Numsa) concerning the dismissal of 6 000 employees ended in deadlock on Friday CT 13/7/92

● Radio Zulu announcers, who had been working in spite of the Mwasa strike, decided to suspend their services indefinitely on Friday.

Phase Six adds R1,3bn to cars

S/Times (BUS) 5/7/92 (192)

By CIARAN RYAN

THE Government's controversial Phase Six local content programme has cost buyers of new cars an extra R1,3-billion.

An alleged fraud totalling R600-million under the programme by provisionally liquidated CET Trading of Randburg is estimated to have added about 2% to the cost of every new vehicle sold between June 1989 and December 1991

The Office for Serious Economic Offences confirms that the CET Trading case is being investigated A spokesman says other cases have been brought to his attention.

Review

The R600-million alleged fraud is nearly half the amount of the total rebates earned by the industry in support of the programme.

CET is alleged to have claimed rebates after falsely inflating invoices Vehicle and component manufacturers are entitled to a rebate of 50c in the rand on all exports.

Finance and Trade and Industry Minister Derek Keys has said Phase Six is to be reviewed because it has increased car prices and led to job losses and fraud

Johan van Vreden, of the Automobile Association's vehicle technology division, says. "The motor industry is slowly strangling itself, pricing cars out of reach of the average motorist.

"Each time prices go up, the market shrinks, forcing manufacturers to raise them again."

Component manufacturers say they have been forced to shed 20 000 jobs since Phase Six was introduced They say the scheme allows assemblers to buy components abroad where economies of scale are greater

Johan Meyer, vice-president of the National Association of Automotive Components and Allied Manufacturers (Naacam), says "We estimate that the first five models introduced in SA since Phase Six began represented a loss of R100-million to component manufacturers

"When Phase One was introduced around 1960 it had several aims — to create jobs, encourage the transfer of technology, rationalise the number of vehicles and save foreign exchange The same aims still exist, but are not being achieved under Phase Six "

Critics say Phase Six is contributing to the continued demise of SA's car industry Phase Six added 7,5% to the price of new cars since June 1991, says Toyota chief executive Bert Wessels

The industry expects sales of fewer than 185 000 cars this year compared with 197 000 last year This is 5 000 fewer than projected a month ago and the lowest since the 1960s More than 200 000 cars were sold in 1971 and 301 000 in 1981

Economists and the AA have called for deregulation of the motor industry to reduce the cost of new cars They say scrapping import duties of 110% and Phase Six will reduce inflation by allowing cheaper imports, thereby freeing funds for more productive investment

But manufacturers say up to 60 000 jobs could be lost by deregulation

Economist Tony Twine of Econometrix says "If the car industry is deregulated, there will be job losses in the short term But the stimulus of deregulation to the economy means many unemployed motor workers will find jobs elsewhere But there are political consequences to raising unemployment at a time like this "

Stimulus

Increases in Phase Six excise duties from 27,5% to 40% have added R1,6-billion to the price of new cars

Many of the industry's problems are blamed on high import tariffs and the cost of Phase Six Manufacturers have asked the Government for lower import and excise duties in order to bring down prices and stimulate, the market.

They want the Government to reduce import protection from 110% to 60% over five to eight years They have called for a study of the industry's long-term prospects in the light of SA's obligations in terms of the Gen-

● To Page 3

JOHAN MEYER Five new models cost component makers R100-million Picture COBUS BODENSTEIN

Phase Six (192)

● From Page 1

eral Agreement on Tariffs and Trade (Gatt) which outlaws export incentives such as Phase Six

Nico Vermeulen, executive director of the National Association of Automobile Manufacturers of SA (Naamsa), says "Complete deregulation will mean the end of the car manufacturing and associated industries

"If we do away with tariff barriers completely we will have to import cars, causing serious balance of payments problems, not to mention job losses "

Among the Phase Six scams was one to export ordinary nuts and bolts and claim rebates Another was "round-tripping' of export consignments so that rebates could be claimed a second or third time S/Times

Another was overinvoicing (BUS) 5/7/92

The car industry, measured in terms of units sold, is 60% of its size in 1981 New-car prices, with a 5,51% weighting in the consumer price index, rose by a compound annual average rate of 23,5% since 1985

Vehicle assemblers employ 38 000, component manufacturers 50 000 and the service industry about 150 000

Toyota set to fire up to 6 000

BDay 6/7/92 (192)

DIRK HARTFORD

TOYOTA is set to dismiss up to 6 000 employees today after mediation efforts on Friday failed to end the three-week strike at the company's Durban assembly plant

"The breakdown in talks came about through National Union of Metalworkers of SA's (Numsa's) intransigence in its demand for payment for no work during the current 19 day strike In the light of this our ultimatum that striking workers face dismissal if the do not return to work by Monday stands."said Toyota MD Ralph Broadley

A Numsa spokesman said Toyota had continued to insist that workers return to work today and raise their grievances, including those that led to the initial strike, through the proper channels

Workers went on strike after they learned that some shop stewards had been paid for the duration of a strike in May

He said the union had offered to shelve its demand for payment to workers for the second strike if the agreement reached after the first strike could be reinstated

In addition, it wanted Toyota to consider a series of ex-gratia payments to the workers in lieu of the second strike once production and relations at the plant had returned to normal

Numsa's members will meet today to discuss their next step

The possibility of "solidarity action" from Toyota workers in the Transvaal and at other motor assemblers could not be ruled out, the spokesman said

Strike to go on

(192)

THE 18-day old "illegal" strike at Toyota SA's Durban manufacturing plants seems set to continue despite last ditch mediation on Friday between the company and the National Union of Mineworkers of SA (Numsa) to resolve the crisis

Sowetan 6/7/92

Toyota SA Manufacturing managing director Mr Ralph Broadley in a statement on Saturday blamed the breakdown in talks on Numsa's "intransigence" in its demand for payment for no work during the current strike

Sowetan 6/7/92 192

Bid to end dispute

A CONCILIATION board will be convened in Port Elizabeth on July 13 in an effort to resolve the dispute declared by motor industry employers, the National Union of Metalworkers and the Iron and Steel Workers Union against the Delta Motor Corporation on June 22

The corporation said in a statement a dispute meeting had been held between the parties involved on Friday to discuss wages, job security and workers' rights

Toyota talks fail 192

Last ditch mediation between Toyota SA and the National Union of Metalworkers of SA aimed at resolving the strike at the company's Durban manufacturing facilities failed to bring an end to the strike, the company said on Sunday "We regret the fact that mediation which took place in Durban on Friday, July 3, was unsuccessful in obtaining a solution which would bring our plants back to normality," Toyota SA managing director Ralph Broadley said

STAR 6/7/92

ARG 7/7/92 (192)

6 000 refuse to be fired

Toyota car workers 'still on strike'

SHARON SOROUR
Labour Reporter

THE 6 000 Toyota strikers sacked after they ignored an ultimatum to report for work have vowed to disregard their dismissals.

They say they will continue striking "indefinitely" until the car company enters into bona fide negotiations aimed at ending the dispute

The workers' action has crippled the company's vehicle assembly plant and has cost R675-million in lost sales

Members of the National Union of Metalworkers of SA (Numsa) stopped work on June 9 — a week after a 17-day strike which began on May 6 and ended on June 2

A company spokesman said the Prospecton plant, near Durban, had been plagued with continual industrial action before May 6, costing the company eight days in lost production and R120-million in lost turnover

On May 6 "unprocedural" strike action began again, costing the company a further 18 days in lost production and R270-million in lost sales.

"Following this strike production was not normalised and was hampered by go-slow actions and unauthorised meetings in the workplace A further strike followed on June 9, which has now resulted in the dismissal of the strikers," said the spokesman

The latest strike has brought the total number of production days lost to 45 and has cost Toyota R675 million in lost turnover this year

The spokesman said management was developing contingency plans for the future operation of the plant and vehicles were being assembled on a limited basis at the moment

"It is important to note that the current dispute is not a wage dispute but rather an issue where Numsa is demanding that Toyota disregards the universally-accepted principle of no work, no pay".

The spokesman said the union's reason for the latest strike was that certain shop stewards who had helped to negotiate a settlement had been paid during the initial strike

"This — and here the union agrees — is a common practice in the motor industry and has been applied by Toyota in the past

"The union has chosen to again disrupt production at Toyota by claiming compensation for all the workers during the unprocedural strike"

While Toyota had made "exhaustive efforts" to resolve the dispute, the union continued to be unwilling or unable to secure a return to work, proposing mediation only after the company had issued an ultimatum

But union spokesman Mr Gavin Hartford said th union had made a "series of moves and compromises to try to create movement" found four bodies in Kagiso near Krugersdorp and a man who had been hacked to death in Alexandra

Tax 'hitting car industry'

192

B/Day 7/7/92

THE tax element in the pricing structure of cars was killing the industry and the motorist, the Automobile Association (AA) said yesterday, Sapa reports.

The AA said if the motor industry was to survive, consideration would have to be given to a complete revision or scrapping of Phase VI of the local content programme and a drastic lowering of the import duties of 110%.

"The duties should be phased down to a level of 60% over five to six years."

CHARLIE PRETZLIK reports the AA said increases in traffic fines — up to 300% in some cases — which took effect nationwide on July 1 were not the answer to SA's road safety problem.

It said the courts would not be able to cope with the increase in cases that would be defended.

Cameroo

armbands

He said the 15 m team had all agreed because they suppo and democracy

Meanwhile Natio Congress (NOSC) T Ramovha warned would disrupt next the Wallabies and

He said people w comments attribute cial rugby boss Lo

Luyt said he woul to wear "peace and if they were select

Ramovha said ye rugby tours would n they went ahead, t ride

"We'll make it

PEANUT

Sowetan 7/7/92. (192)

Toyota fires 6 000 workers

TOYOTA SA announced yesterday dismissed 6 000 striking workers at its Durban plants following an ultimatum ordering them to return to work or be fired

The company said the workers had failed to comply with an ultimatum to return to work issued on June 29

However, the strikers said they would defy their dismissals and continue "striking" until the company returned to bona fide negotiations

6 000 strikers sacked at Toyota's Durban plants

STAR 7/7/92

DURBAN — Toyota SA announced yesterday it had dismissed 6 000 striking workers at its Durban plants in terms of an ultimatum delivered to them at the end of last month, ordering them to return to work or be fired

"Toyota regrets to announce that 6 000 workers have been dismissed follow ing their failure to comply with an ultimatum to return to work, issued on June 29 1992," a statement, issued by the company, said yesterday

The dismissals follow two strikes at Toyota's Durban plants over the past two months

The first strike, in May, lasted 17 working days Workers returned to work after it was resolved but downed tools a week later, on June 9, after discovering some shop stewards had been paid for the duration of their first strike

The National Union of Metalworkers of SA described the payment of workers as a breach of Toyota's "no work, no pay" policy and demanded that all strikers be paid for the duration of the work stoppage

Toyota, however, said the payment of shop stewards for negotiations during strikes was common practice in the motor industry and had been applied by the company in the past without any argument from Numsa

Unwilling

Toyota said 45 days had been lost in strikes at Toyota's Durban plants, costing the company R675 million in lost turnover Strikers lost R800 000 a day in wages

"Toyota has made exhaustive efforts to resolve the situation However, Numsa has continued to be unwilling or unable to secure a return to work," the company statement added

The statement also said it was important to note the current strike was not a wage dispute, "but rather an issue where Numsa are demanding that Toyota disregards the universally accepted principle of no work, no pay"

Numsa national organiser Gavin Hartford said early yesterday that Toyota had been intransigent during mediation on Friday and had been more concerned about the ultimatum than settling the dispute

"Their position is workers must return to work with nothing after seven weeks They seem more committed to their ultimatum than the process of mediation," he charged

Neither Mr Hartford nor other Numsa officials were immediately available yesterday afternoon to comment on the dismissals — Sapa

Motor industry pay talks deadlock

(192) AOG 20/6/92 (ICD)

A DISPUTE has been declared in the motor industry after employers failed to table improved wage offers yesterday, said National Union of Metalworkers of South Africa official Mr Les Kettledas.

The white Motor Industry Employees Union also had declared a dispute, while the Motor Industry Staff Association reserved its position.

"There was an all-round feeling that employers were not negotiating in good faith We broke off the last meeting on June 3 to enable employers to go back and get a revised mandate

"To propose that petrol pump attendants will not get an increase is incredible."

Mr Kettledas said that up to 40 000 petrol attendants at over 5 000 filling stations were covered by the negotiations for a new industry agreement for some 200 000 workers

Employers also did not take up union offers for joint discussions on the future and viability of the industry

Numsa had tabled demands for a R2 or 25 percent wage increase, maternity and workers rights and an end to discrimination.

The industrial council would convene on June 29 to deal with the dispute.

Meanwhile, a looming deadlock in metal industry pay talks was defused yesterday after union negotiators threatened a sit-in until Seifsa improved offers on pay and job security.

Seifsa's negotiating team agreed to seek a revised mandate from its council after the 35-member Numsa threatened to occupy the Seifsa boardroom in Johannesburg

"Absolutely no progress was made at the meeting," said Mr Kettledas.

Seifsa spokesman Mr Hendrik van der Heever said hopes for a settlement before June 30, when the industry's agreement expired, were remote. He said most of the 12 unions party to the talks revised their demands in response to Seifsa's final offer of eight percent

Numsa would take part in a march in Johannesburg on Monday to highlight its demands — Sapa

Toyota dismissals prompt new strike

DIRK HARTFORD

TOYOTA SA yesterday fired 6 000 striking workers at its Durban assembly plant, prompting nearly 500 workers at Toyota Marketing in Midrand to go out on strike

The Midrand workers were demanding that Toyota negotiate a solution to the Durban strike, a Numsa spokesman said

Toyota dismissed the 6 000 strikers after they failed to return to work

Toyota said the dispute was not a wage dispute, but one where Numsa was demanding Toyota disregard the accepted principle of "no work, no pay" The company said it was developing contingency plans for the future operation of its plants

Numsa rejected the "no work, no pay" allegation "It was Toyota who chose to unilaterally break the principle and pay a minority of shop stewards This is what provoked the strike"

The union also said nine of its members had been forced at gunpoint into the Durban plant and three had been arrested It condemned the presence of police

The union added that its members regarded themselves as still on strike and called on Toyota to return to negotiations

It said it had made a number of moves at mediation to break the deadlock — including offering to drop the demand for immediate payment for the strike

● Picture. Page 3

New Toyota staff 'within weeks'

B/Day 8/1/92

DIRK HARTFORD

THE strike at Toyota SA could be resolved if Numsa reconsidered its position and put forward a reasonable stance, Toyota MD Ralph Broadley said yesterday.

Management had reluctantly resorted to mass dismissals But after two months of lost production and the impact of the strike on suppliers, dealers and customers, Toyota had to bring its facilities back on line

Numsa was demanding payment for no work for the second strike Accession to this demand would ripple through the economy and set unacceptable precedents for labour relations, giving a wrong signal to workers nationally, Broadley said

Toyota chairman Bert Wessels said getting the work force back was "first prize" But Toyota would have to employ new workers within weeks if there was no settlement

Numsa said it was willing to negotiate and called on Toyota to move from ultimatums to negotiations It said it had made moves at mediation which were rejected by the company without any counter-proposal

A spokesman said Toyota's industrial relations system was in tatters

Toyota stands firm on firing of 6 000

192 (8) ARG 9/7/92

SHARON SOROUR
Labour Reporter

TOYOTA SA has not given in on its "no work, no pay" policy and the sacking of 6 000, but has indicated the situation could be resolved if unionists changed their approach.

Commenting on this week's mass dismissal — criticised in some quarters — managing director of manufacturing Mr Ralph Broadley said the company could not accede to worker demands to be paid while on strike as it would set unacceptable precedents for future labour relations

The repercussions would "ripple through the entire economy".

But Mr Broadley said the company hoped the National Union of Metalworkers of SA (Numsa) would reconsider its position as many of the dismissed workers had had long service with the company.

"It is our sincere hope that Numsa will reconsider its position Providing a reasonable stance is adopted by the union the current situation can be resolved," he added

Workers had refused to accept the dismissals and had vowed to "carry on striking", a union spokesman said

The prolonged, illegal and unprocedural strike action had cost the company R680 million in lost turnover and 45 lost production days at the Prospecton plant near Durban.

Toyota had dismissed the workers with "deep regret and a great deal of reluctance", but after two months of lost production, amounting to 270 000 man days, the company had little option but to exercise a legal right to bring facilites back on line

"At the core of the stayaway action that precipitated the dismissals is a union demand for payment for no work during the strike Toyota remains firm on its stance that in no circumstances will the company consider payment for no work," he said

To violate the principle of "no work, no pay" would give a totally wrong signal to workers countrywide and create a whole new set of problems It would also be "grossly unfair" to salaried staff

He said Toyota had had to consider the impact of the strike on suppliers, dealers, customers and the community

"Aside from the losses to the company we cannot distance ourselves from a situation where losses to the community continue to build at the rate of R1 million a day," Mr Broadley said.

Mr Broadley said salaried staff had stepped in to maintain plant maintenance and limited production

● The union could not be reached for comment

DAF to enter local truck and bus market

STAR 10/7/92

By Stephen Cranston (192)

A complete range of DAF trucks and buses will be assembled at Associated Automotive Distributors' (AAD) plant in Blackheath, near Cape Town, the two companies said yesterday

AAD, formerly Leyland South Africa, is already DAF's sole importer and distributor in South Africa, Namibia, Swaziland and Lesotho

In terms of the agreement, a 3,5 ton van, a new series of medium-weight haulage vehicles, a heavyweight truck and a luxury coach will be available from July 1993

AAD chairman Roman Szymonowicz said the vehicles would conform to Phase Six of the local content programme, which requires 55 percent of the vehicle to be locally sourced

Mr Szymonowicz said Phase Six might well be substantially altered by Trade and Industry Minister Derek Keys, but that as long as it was in place DAF and AAD intended to conform to its requirements

DAF chairman Cor Baan said DAF was optimistic about opportunities in the South African market, despite the difficulties it was encountering

DAF and the commercial vehicle division of British Leyland merged in 1987 which, Mr Baan said, made AAD the logical partner for the assault on the local commercial vehicle market.

Mr Baan said that DAF was the long-time market leader in Holland and Belgium and since mid-1991 had been the market leader in the British market

"The heavyweight truck market in South Africa represented just 6 000 vehicles last year," said Mr Baan,"but ten years earlier more than 24 000 vehicles were sold"

He said that DAF vehicles were known for their fuel efficiency

DAF had pioneered turbocharging for truck diesels and other fuel-saving technological advances

He said DAF engines emitted particularly low nitrate levels and were known for their quietness

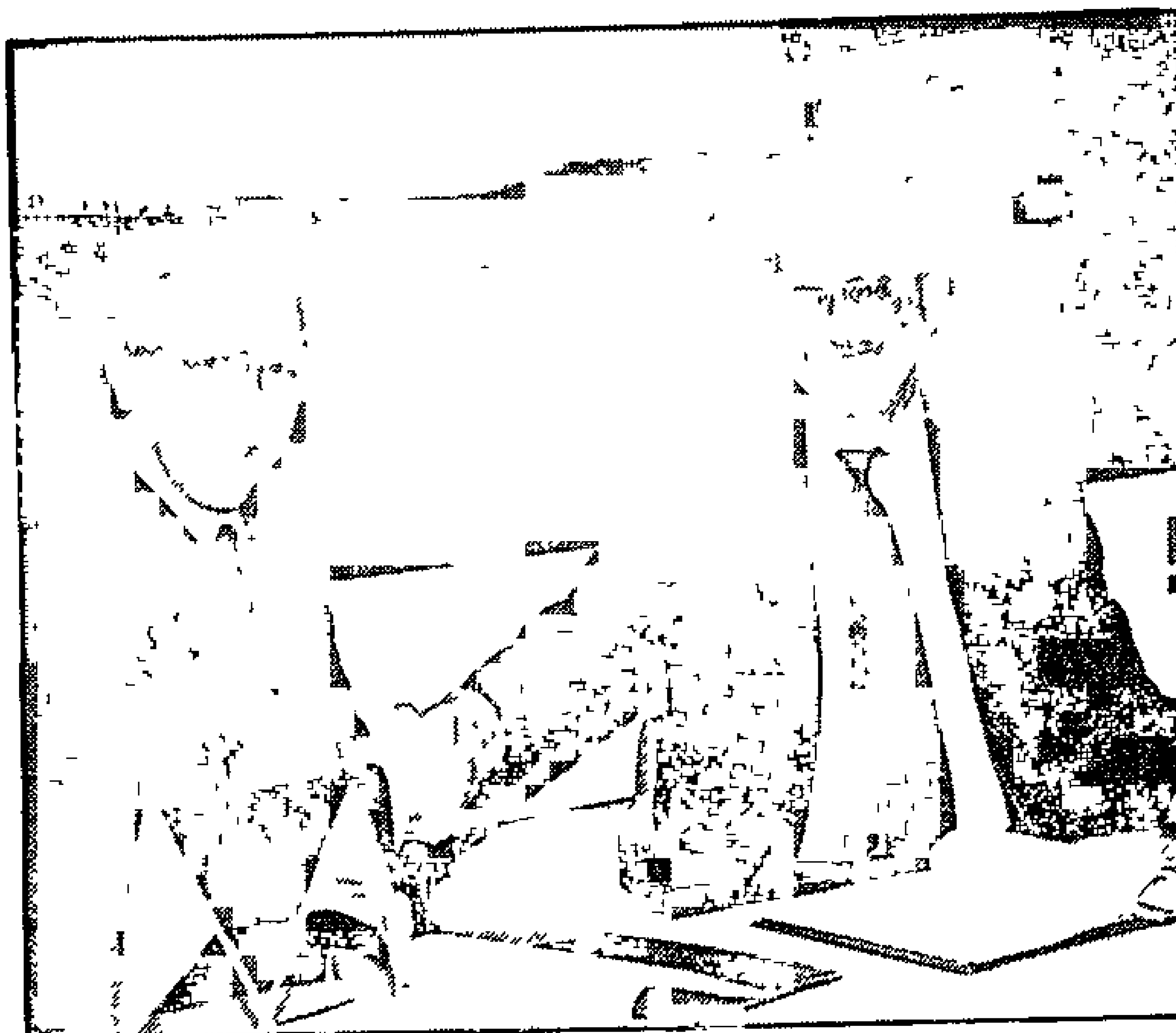
DAF International MD Arthur Zammit said vehicles would be shipped from Europe in kit form

He said it was too early to say which components would be sourced locally, but promised to offer local component manufacturers maximum support.

Mr Zammit said the DAF 85 series, designed to meet new European emission legislation, would be launched simultaneously next year on the South African and British markets.

He said that more vehicles would be launched in 1994 and 1995 in the second phase of DAF's entry into the South African market.

Neither AAD, which is a private company, nor DAF were prepared to comment on the amount of money DAF was committing to South Africa



AAD chairman Roman Szymonowicz (left) and DAF managing director Art Zammit after signing the agreement.

No. R. 1941 **10 Julie 1992**

WET OP ARBEIDSVERHOUDINGE, 1956

INTREKKING VAN GOEWERMENTSKENNISGEWING MOTORNYWERHEID

Ek, Glen Morris Edwin Carelse, Adjunkminister van Mannekrag, trek hierby, kragtens artikel 48 (5) van die Wet op Arbeidsverhoudinge, 1956, Goewermentskennisgewing R 10 van 3 Januarie 1992 in met ingang van 1 September 1992

G. M. E. CARELSE,
Adjunkminister van Mannekrag

No. R. 1942 **10 Julie 1992**

WET OP ARBEIDSVERHOUDINGE, 1956

MOTORNYWERHEID WYSIGING VAN HOOFOOREENKOMS

Ek, Glen Morris Edwin Carelse, Adjunkminister van Mannekrag, verklaar hierby—

(a) kragtens artikel 48 (1) (a) van die Wet op Arbeidsverhoudinge, 1956, dat die bepalings van die Ooreenkoms (hierna die Wysigingsooreenkoms genoem) wat in die Bylae hiervan verskyn en betrekking het op die Onderneming, Nywerheid, Bedryf of Beroep in die opskrif by hierdie kennisgewing vermeld, met ingang van die tweede Maandag na die datum van publikasie van hierdie kennisgewing en vir die tydperk wat op 31 Augustus 1992 eindig, bindend is vir die werkgewersorganisasies en die vakverenigings wat die wysigingsooreenkoms aangegaan het en vir die werkgewers en werknemers wat lede van genoemde organisasies of verenigings is, en

(b) kragtens artikel 48 (1) (b) van genoemde Wet, dat die bepalings van die Wysigingsooreenkoms, uitgesonderd die vervat in klousules 1 (1) (b) met ingang van die tweede Maandag na die datum van publikasie van hierdie kennisgewing en vir die tydperk wat op 31 Augustus 1992 eindig, bindend is vir alle ander werkgewers en werknemers as die genoem in paragraaf (a) van hierdie kennisgewing wat betrokke is by of in diens is in genoemde Onderneming, Nywerheid, Bedryf of Beroep in die gebiede in klousule 1 van die Wysigingsooreenkoms gespesifiseer

G. M. E. CARELSE,
Adjunkminister van Mannekrag

BYLAE

DIE NASIONALE NYWERHEIDSRAAD VIR DIE MOTORNYWERHEID

HOOFOOREENKOMS

ooreenkomstig die Wet op Arbeidsverhoudinge, 1956, gesluit deur en aangegaan tussen die

South African Motor Industry Employers' Association

en die

South African Vehicle Builders' and Repairers' Association

(hierna die "werkgewers" of die "werkgewersorganisasies" genoem), aan die een kant, en die

No. R. 1941 **10 July 1992**

LABOUR RELATIONS ACT, 1956

CANCELLATION OF GOVERNMENT NOTICE MOTOR INDUSTRY

I, Glen Morris Edwin Carelse, Deputy Minister of Manpower, hereby, in terms of section 48 (5) of the Labour Relations Act, 1956, cancel Government Notice R 10 of 3 January 1992 with effect from 1 September 1992.

G. M. E. CARELSE,
Deputy Minister of Manpower

192

No. R. 1942 **10 July 1992**

LABOUR RELATIONS ACT, 1956

MOTOR INDUSTRY AMENDMENT OF MAIN AGREEMENT

I, Glen Morris Edwin Carelse, Deputy Minister of Manpower, hereby—

(a) in terms of section 48 (1) (a) of the Labour Relations Act, 1956, declare that the provisions of the Agreement (hereinafter referred to as the Amending Agreement) which appears in the Schedule hereto and which relates to the Undertaking, Industry, Trade or Occupation referred to in the heading to this notice, shall be binding, with effect from the second Monday after the date of publication of this notice and for the period ending 31 August 1992, upon the employers' organisations and the trade unions which entered into the Amending Agreement and upon the employers and employees who are members of the said organisations or unions, and

(b) in terms of section 48 (1) (b) of the said Act, declare that the provisions of the Amending Agreement, excluding those contained in clauses 1 (1) (b), shall be binding, with effect from the second Monday after the date of publication of this notice and for the period ending 31 August 1992, upon all employers and employees, other than those referred to in paragraph (a) of this notice, who are engaged or employed in the said Undertaking, Industry, Trade or Occupation in the areas specified in clause 1 of the Amending Agreement

G. M. E. CARELSE,
Deputy Minister of Manpower

SCHEDULE

THE NATIONAL INDUSTRIAL COUNCIL FOR THE MOTOR INDUSTRY

MAIN AGREEMENT

in accordance with the provisions of the Labour Relations Act, 1956, made and entered into by and between the

South African Motor Industry Employers' Association

and the

South African Vehicle Builders' and Repairers' Association

(hereinafter referred to as the "employers" or the "employers' organisations"), of the one part, and the

National Union of Metalworkers of South Africa

Motor Industry Employees' Union of South Africa

en die

Motor Industry Staff Association

(hierna die "werknemers" of die "vakverenigings" genoem), aan die ander kant,

wat die partye is by die Nasionale Nywerheidsraad vir die Motornywerheid,

om die Hoofooreenkoms, gepubliseer by Goewermentskennisgewing R 2321 van 27 Oktober 1989, soos verleng, gewysig en hernieu deur Goewermentskennisgewings R 2081 van 31 Augustus 1990, R 2305 van 28 September 1990, R 2840 van 30 November 1990, R 449 van 1 Maart 1991, R 1973 en R 1974 van 16 Augustus 1991, R 2154 van 30 Augustus 1991, R 2856 van 29 November 1991 en R 10 van 3 Januarie 1992, te wysig

AFDELING A

WOORDOMSKRYWING EN BEPALINGS WAT OP ALLE BEDRYFSINRIGTINGS IN DIE NYWERHEID VAN TOEPASSING IS

1. KLOUSULE 1: TOEPASSINGSBESTEK

(1) Behoudens subklousule (3) van hierdie klousule en klousule 1 van Afdeling B van die Hoofooreenkoms moet hierdie Ooreenkoms in die motornywerheid nagekom word—

(a) oral in die Republiek van Suid-Afrika (uitgesonderd die hawe en nedersetting van Walvisbaai en die gebied wat geokkupeer word deur die Cape Explosives Works Ltd, Somerset-Wes), en

(b) deur die werkgewers en die werknemers in die Motornywerheid wat lede is van onderskeidelik die werkgewersorganisasie en die vakverenigings

(2) Ondanks subklousule (1) is hierdie Ooreenkoms van toepassing op—

(a) vakleerlinge slegs vir sover dit nie onbestaanbaar is met die Wet op Mannekragopleiding, 1981, of voorwaardes wat daarkragtens gestel is nie, en

(b) kwekelinge wat opleiding ingevolge die Wet op Mannekragopleiding, 1981, ondergaan, slegs vir sover dit nie onbestaanbaar is met daardie Wet of voorwaardes wat daarkragtens gestel is nie

2. AFDELING B. KLOUSULE 9: JAARLIKSE VERLOF

Voeg die volgende by aan die einde van subklousule (5)

"en in die geval van 'n motorvoertuigverkoopspersoon of 'n leweransier-verkoopspersoon moet dit bereken word op 'n bedrag gelyk aan twee maal die basiese maandelikse besoldiging betaalbaar, maar altesaam hoogstens R4 000 "

3. AFDELING C: HOOFSTUK IV: KLOUSULE 4: LONE

In Opmerking (2) van subklousule (1), vervang "R225,45" en "R5,01" deur onderskeidelik "R227,70" en "R5,06" vir die lone voorgeskryf vir Werkman graad B

Namens die partye op hede die 28ste dag van Januarie 1992 te Kaapstad onderteken

T NIEWOUDT,

President van die Raad

C. S. ROBERTS,

Visepresident van die Raad

H. C. L. LOOCK,

Hoofsekretaris van die Raad

National Union of Metalworkers of South Africa

Motor Industry Employees' Union of South Africa

and the

192

Motor Industry Staff Association

(hereinafter referred to as the "employees" or the "trade unions"), of the other part,

being the parties to the National Industrial Council for the Motor Industry,

to amend the Main Agreement published under Government Notice R 2321 of 27 October 1989 as extended, amended and renewed by Government Notices R 2081 of 31 August 1990, R 2305 of 28 September 1990, R 2840 of 30 November 1990, R 449 of 1 March 1991, R 1973 and R 1974 of 16 August 1991, R 2154 of 30 August 1991, R 2856 of 29 November 1991 and R. 10 of 3 January 1992

DIVISION A

DEFINITIONS AND PROVISIONS WHICH APPLY TO ALL ESTABLISHMENTS IN THE INDUSTRY

1. CLAUSE 1: SCOPE OF APPLICATION

(1) Subject to the provisions of subclause (3) of this clause and of clause 1 of Division B, the terms of this Agreement shall be observed in the Motor Industry—

(a) throughout the Republic of South Africa (excluding the port and settlement of Walvis Bay and the area occupied by the Cape Explosives Works Ltd, Somerset West), and

(b) by the employers and the employees in the Motor Industry who are members of the employers' organisations and the trade unions, respectively

(2) Notwithstanding the provisions of subclause (1), the provisions of this Agreement shall apply to—

(a) apprentices only in so far as they are not inconsistent with the provisions of or any conditions fixed under the Manpower Training Act, 1981, and

(b) trainees undergoing training under the Manpower Training Act, 1981, only in so far as they are not inconsistent with the provisions of or any conditions fixed under that Act

2. DIVISION B: CLAUSE 9: ANNUAL LEAVE

Add the following at the end of subclause (5)

"and in the case of a motor vehicle sales person or supply sales person it shall be calculated on an amount equal to twice basic monthly remuneration paid, not exceeding R4 000 in the aggregate"

3. DIVISION C: CHAPTER IV: CLAUSE 4: WAGES

In Note 2 of subclause (1) substitute "R227,70" for "R225,45" and "R5,06" for "R5,01" for the wages prescribed for an Operative Grade B

Signed at Cape Town, on behalf of the parties, this 28th day of January 1992

T. NIEWOUDT,

President of the Council

C. S. ROBERTS,

Vice-President of the Council

H. C. L. LOOCK,

General Secretary of the Council

Bleak outlook for car sales

(192) CT 10/7/92

By MAGGIE ROWLEY
Deputy Business Editor

NEW vehicle sales in all four sectors rebounded in June but still remained well below figures achieved in the same month last year and further difficult months lay ahead, according the National Automobile Association of South Africa

Thanks to strong demand for recently introduced new models, new car sales in June — traditionally the best month for car sales — rose 12,7% to 15 477 units against May's 13 729 unit sales but were still more than 14% down on June 1991 when 18 016 new cars were sold

Sales of light commerical vehicles, bakkies and minibusses were up 11,7% on May at 7 662 units but showed a 13,6% decline against June 1991 sales

Medium and heavy commerical vehicle sales notched up welcome gains in June although off a very low base in May rising by 17,8% to 284 from 241 and by 29,7% to 493

Heavy trucks and buses also showed a nominal improvement in sales compared to the corresponding month a year ago — 493 against 486 — despite the fact that one manufacturer failed to disclose sales figures for June resulting in a lower figure than would otherwise have been the case, said Naamsa

Year to date sales in all four sectors also remained well below corresponding levels achieved during 1991 New car sales for the first half of 1992 remained 13,1% below the sales level recorded during the first six months of 1991 Light commercial vehicles sales were down 12,5% while medium and heavy commercial vehicles recorded declines of 21% and 9,9% against the corresponding six-month period last year

Naamsa warned that in spite of the modest rebound experienced during June trading conditions in all segments of the market would remain extremely difficult during the months ahead

Declining private consumption expenditure and sharply lower fixed investment trends as a result of the prevailing low levels of consumer and business confidence, coupled with tight monetary and fiscal policy as well as the adverse effect of the drought and continued uncertainty about socio-political developments would continue to have a negative effect on the short- to medium-term performance of the industry

"Moreover the negative impact of the prolonged industrial action at Toyota SA Manufacturing is expected to be reflected in the industry's aggregate July 1992 sales figures"

Toyota MD Brand Pretorius said in a statement it was clear from the figures there was little hope of a turnaround in the market in the immediate future

These figures, he said, had to be seen in perspective as June was traditionally the best sales month and this year had three more selling days than May

"Traditionally sales for the six months to June are 48,5% of the total for the year and if we apply this statistic to the current year we are looking at a market of 187 000 but this may be an optimistic figure The market could dip as low as 180 000 units"

While it was impossible to quantify the effects of the strike on Toyota and the market as a whole, Pretorius estimated that Toyota lost between 800 and 1 000 passenger car sales opportunities in June and that the strike would distort the market for some months

AAD, DAF sign deal for city plant

192 CT 10/7/92

From EDWARD WEST

JOHANNESBURG. — NETHERLANDS-based DAF International yesterday signed an agreement with SA's Associated Automotive Distributors (AAD) for the assembly of a complete range of DAF vehicles at AAD's plant in Blackheath.

The agreement followed DAF International's appointment in March of AAD as the sole importer and distributor for SA, Swaziland, Lesotho and Namibia.

Neither company wished to disclose the value of agreement, but AAD chairman Roman Szymonowicz said it represented a vast investment from both companies.

AAD's Blackheath plant, currently the biggest assembler of Land Rovers in the world outside the UK, would need upgrading plus restructuring and its distributor network needed to be enlarged, he said.

The first SA-assembled DAF vehicles, including 3,5-ton trucks, a new series of medium-weight haulage vehicles, 296kW maximum-weight trucks and luxury coaches, would be launched in July 1993.

DAF export sales MD Arthur Zammit forecast SA's commercial vehicle market, which topped 6 000 units in 1991, would double by 1995 AAD planned to sell about 2 400 DAF vehicles within three years. Certain models would be exported.

DAF would also contribute to a pilot scheme to train SA commercial vehicle drivers in better vehicle handling.

FM 10/7/92 (112)

SAFICON (192) FM 10/7/92

Taking precautions

Activities: *Trades motor vehicles and makes motor vehicle components*
Control: *Sakers 51,4%*
Chairman: *S Borsook, CE K J Hipper*
Capital structure: *31,1m ords Market capitalisation. R124,6m*
Share market: *Price 400c Yields 3,3% on dividend; 13,3% on earnings, p.e ratio, 7,6, cover, 4,1 12-month high, 725c, low, 400c Trading volume last quarter, 13 000 shares*

Year to Mar 31	**'89**	**'90**	**'91**	**'92**
ST debt (Rm)	12,8	57,8*	66,8*	54,8*
LT debt (Rm)	16,1	22,1	17,0	17,8
Debt equity ratio	0,07	0,49	0,51	0,39
Shareholders' interest	0,44	0,41	0,29	0,30
Int & leasing cover	10,6	4,3	2,1	2,0
Turnover (Rbn)	1,3	1,46	1,46	1,53
Pre-int profit (Rm)	66,0	84,2	55,3	44,8
Pre-int margin (%)	5,1	5,8	3,8	2,9
Earnings (c)	220	149	49	53
Dividends (c)	63	43	14	13
Net worth (c)	680	550	542	586

* From 1990 includes capitalised finance leases

Increasing the dividend cover despite the lower gearing suggests management believes the outlook remains gloomy In fact, in what must be one of the more comprehensive annual reports published, economic, motor and building industry outlooks are given It does not suggest rosy prospects

The review assumes GDP growth will not exceed 0,5% for fiscal 1993, while passenger car sales are predicted to increase by 2 150 units to 195 000, still well down on 1991's 210 000

Given the marginal growth in car sales expected this year, it was probably prudent to have increased cover

In the 1992 year, trading margins decreased to 2,9, as turnover declined in real terms and economies of scale worsened Chairman Sidney Borsook notes management has to evaluate carefully the implications of taking a short-term outlook through relinquishing infrastructures that took years to build up

For instance, giving up prime locations in downturns amounts to long-term suicide, as good sites are difficult to come by But the need to ensure that a suitable infrastructure is available in upturns may mean that economies of scale deteriorate in recessions, as fixed costs represent a fairly high proportion of total costs

Saficon's Borsook *a bigger stake in housing*

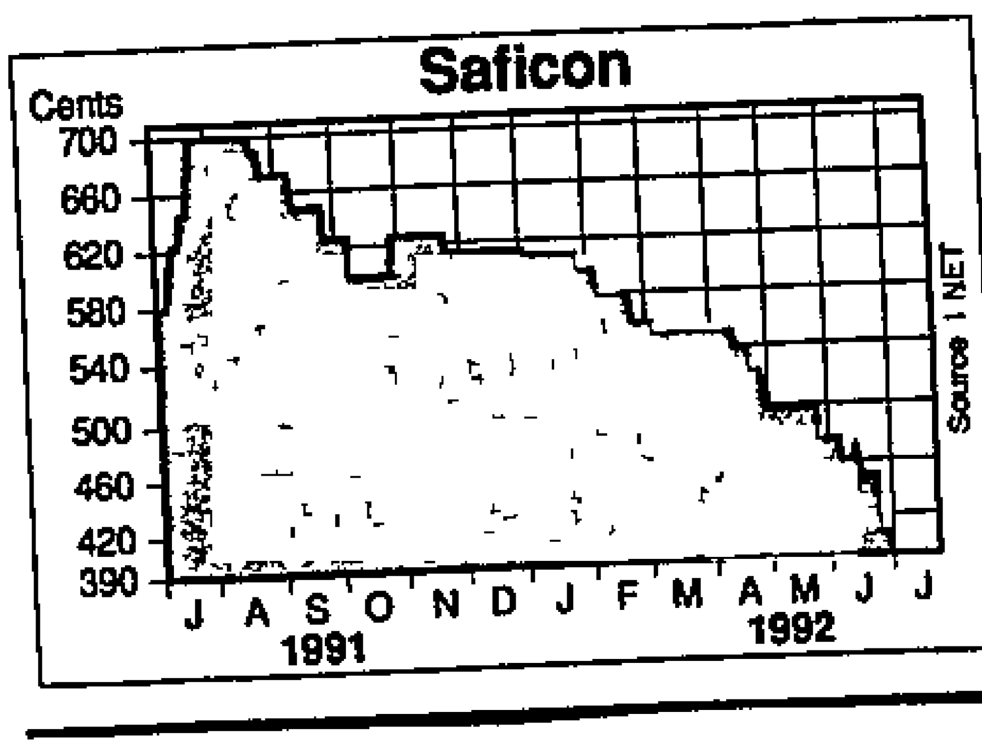
Apart from sales volumes, though, profitability was restrained by a narrowing of gross profit margins owing to competitive pricing pressures.

Turnover of Cargo group, a Mercedes-Benz and Honda franchisee, dropped R2,65m to R655m, with its contribution to group turnover decreasing to 43% (46%) Turnover at the Volkswagen and Audi franchises, held through Lindsay Saker, jumped 8% to R680m Its contribution to group turnover, at 44%, was the largest since at least 1988.

Borsook says the Porsche and Jaguar operations, accounting for 5% of last year's turnover, are "a difficult part of the business," particularly with the crippling import surcharges But the picture presumably differs at trading profit level, as it's likely the Cargo operations work on higher margins

The 19% drop in trading profit was partially offset by the lower interest charges, the result of careful attention to working capital Year-end stocks dropped to R181m (R193m), a creditable accomplishment, while accounts payable rose 16% to R157m Lower interest charges were not sufficient to reverse the narrowing of the cover, which has dropped to 2,0 times from the previous year's 2,1 and 1990's 4,3

Had it not been for the sharply increased equity accounted contribution from the former associate Boumat, a supplier of materials to the building industry, EPS would have dropped



Boumat became a subsidiary after Saficon increased its holding from 32% to 51% from April 1 Saficon management has recently given great attention to developing a strategy for the new subsidiary Borsook justifies increasing the stake through his bullish outlook, explaining housing is in a "massive deficit "

This acquisition elevates the group to the big league Had the results been consolidated last year, turnover would have been R2,7bn, with trading profit at R84m EPS, on the other hand, would have declined to 50c on the increased issued shares, while net worth would have fallen to 572c Gearing also drops

The SA motor industry is unusual Though a passenger car is made almost essential by the poor public transport system, the man in the street has to work three times longer than his German counterpart to pay off a car, such is the price of the local content programme and inflation Insurance costs are similarly skewed

However, the business sector accounts for as much as 80% of Saficon's car sales Parts and service help to reduce the vulnerability to economic cycles

After the volatile business climate of the past year, which remains enigmatic, management has abandoned giving a specific EPS forecast Borsook does say trading conditions are not expected to recover, though productivity and profitability are expected to improve

EPS has plummeted to 53c from 1989's 147c, a significant drop in both real and nominal terms, and the market believes the outlook is still bearish, indicated by the 325c drop in the share price over the past 12 months, to 400c The 13,3% earnings yield is marginally higher than McCarthy's 11,8%, which may be explained by McCarthy's wider spread of franchises The rating is probably fair

William Gilfillan

FM 10/7/92 (192)

BUS INDUSTRY (192)

Ready for the tourists?

How good are the R1m locally made luxury coaches? Tour bus operators say the quality is poor and they want the duties scrapped on the cheaper — and they say better — imported coaches But local coach builders say that, while they may cost more, their products meet a high standard and they want the effective 88% tax on imports left alone

The operators took the issue to government a few months ago and Trade & Industry Minister Derek Keys cut the 110% tariff in half But the gesture doesn't mean much because, after the import surcharge and VAT are added, imported coaches still cost about R300 000 more than those made locally The operators plan to plead their case for a second time with Tourism Minister Org Marais FM 10/7/92

But Keys, who must approve all tariff changes, is not expected to reduce the protection further, he believes that the tourism-industry jobs created by more satisfied overseas travellers would not offset the jobs lost if SA stopped making the small number of coaches it produces now For the time being, however, most operators are not buying locally made coaches, instead they're hanging on to their ageing fleets and hoping that soon they'll be able to buy European, American or Japanese units

The debate is important because, if the impasse isn't resolved soon and operators don't begin buying more coaches, they may not be able to cope with the flood of overseas tourists expected after October when Europeans flee south to escape their winter, says Riccardo Dell'Erba, MD of Springbok Atlas, one of the biggest operators

Hotels, now operating at about 50% occupancy, and other under-used tourism facilities, will not be strained by an influx of tourists But according to the National Association of Automobile Manufacturers of SA, there are only about 400 coaches on the roads in SA now, probably not enough to cope if hordes of British and German tourists, with their hearts set on Garden Route or wine country tours, materialise

"Unfortunately, some operators own outdated and unreliable fleets and will not cope with the demand when tourism picks up," says Christo Bester, GM of Autonet's Coach Express, a Transnet subsidiary and probably the biggest SA touring-coach operator "Those that have been updating their fleets continuously will cope with any increase in demand"

Dell'Erba says Springbok Atlas's business was up 90% in the first quarter of this year, compared with the same period last year, "and 99% of those who boarded our buses were from overseas" The SA Tourism Board's latest figures show a 20 990, or 15,6%, increase in the number of overseas visitors in the first quarter of the year, compared with the same period last year It expects a 12% increase in overseas visitors overall this year This outlook has dimmed slightly in recent weeks because of the wide international publicity given to the Boipatong massacre and the ANC's break off of talks at Codesa, some visitors may decide to cancel their trips

Dell'Erba would like to buy European coaches, at R650 000-R700 000 apiece But the duties put the imported price out of reach "We would have to charge fares that would be unacceptable to foreign tourists, and certainly to local tourists, to get a decent return"

But he doesn't see an alternative in buying locally made coaches "There isn't a coach in SA that a European would regard as a luxury coach They are luxurious by SA standards, but not by European standards, and tourists compare them with what's available overseas

"Our products are poor adaptations We cannot expect people skilled in building commuter buses to be skilled also in building luxury coaches And the chassis they use here for our semi-luxury buses are meant for other uses and have been modified"

He says five coaches that Springbok Atlas had built in SA were too heavy over their front axles and had to be redesigned and rebuilt A competitor's locally built double-decker touring coaches don't have enough luggage space, so they haul trailers Builders say this is because the vehicles were built for inter-city commuter work, not to take tourists around game parks

His scathing criticism has understandably met with a fierce reaction from builders, who construct the coaches over chassis and engines supplied by manufacturers such as Mercedes-Benz Rob Duff, MD of Dorbyl Transport Products, which owns Busaf, the biggest coach builder, says the local industry makes coaches that are every bit as good as any imported used coach — which he fears tour operators will buy if duties are eliminated — "and very close to the quality level of any new imported coach"

He adds "Considering the small local demand, the industry has taken quantum leaps forward in its own quality levels"

Neville Roome, a spokesman for Mercedes-Benz SA, says that, though the bodies obviously differ, a large percentage of overseas coaches "are built on the same Mercedes-Benz 0303 chassis we use in SA"

ERF MD Di Davies agrees that price is an obstacle to buying locally made coaches, that's why he believes operators want to import used equipment Builders say they could reduce their prices if they had greater volumes

"However," Davies says, "the vehicles the industry is producing now are far superior to the older coaches that tour operators are offering to tourists" Springbok Atlas's fleet, for example, is three to 12 years old

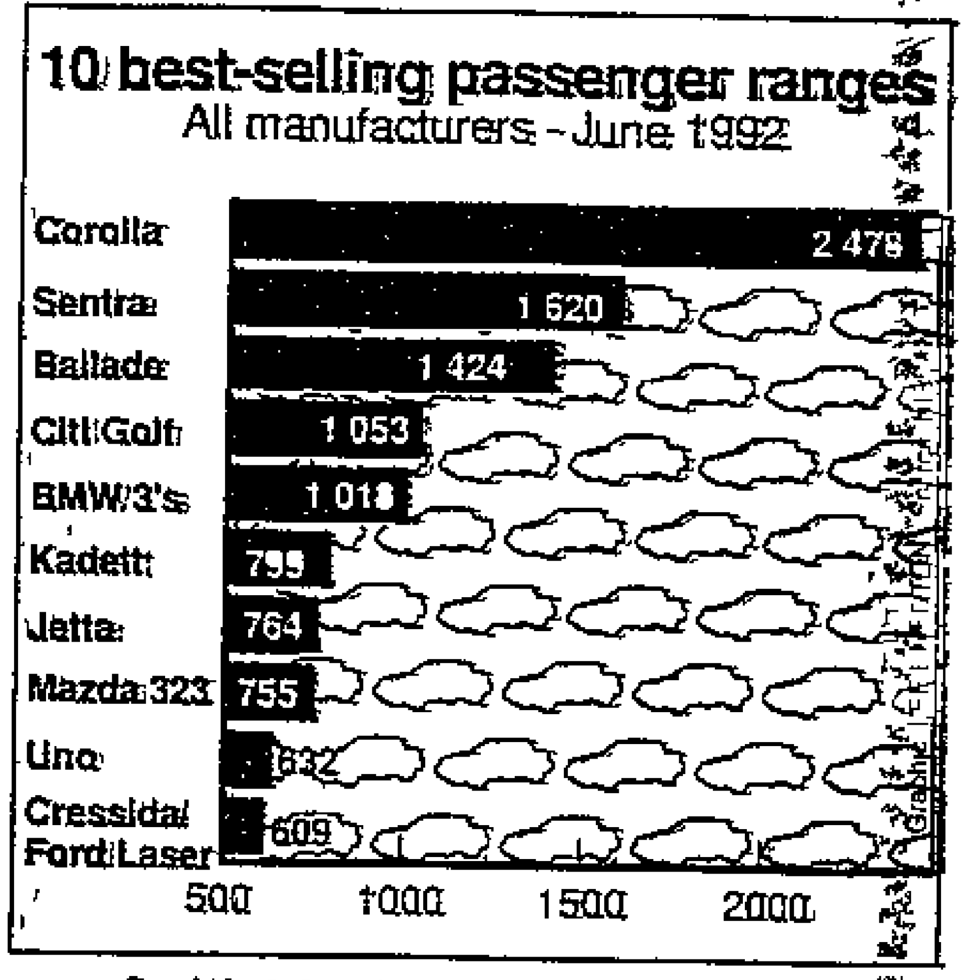
Coach Express, for its part, is siding with the locals — last week it took delivery of 12 new locally built units Says Bester "Their quality has improved so much that they now compare favourably with the imported products" ■

New car models boost June sales

(192)

B/Day 10/7/92

EDWARD WEST



THE launch of new car models in the first half of 1992 set the stage for the 12,8% increase in June vehicle sales over May, but year-on-year monthly sales were still down 13,9%

Total vehicle sales in June were 23 916 compared with 21 209 in May and 27 791 in June 1991. Year to date sales of 140 990 units were 13% lower than the 162 010 sold in the first six months of 1991.

While the monthly improvement in sales was encouraging, trading conditions would remain difficult in the months ahead, the National Association of Automobile Manufacturers of SA (Naamsa) said. The impact of the strike at Toyota SA was expected to be reflected in July sales figures, it added.

Toyota marketing MD Brand Pretorius said between 800 and 1 000 sales opportunities were lost in June because of the strike. The strike would distort the vehicle market for some time to come, he said.

Supported by demand for new models, car sales in June increased 12,7% to 15 477 from 13 729 units sold in May, but fell 14,1% when compared with the 18 016 units sold in June 1991. Light commercial vehicle sales improved 11,7% to 7 662 compared with 6 859 in May, but declined 13,6% when compared with 8 866 sales last June.

Albeit off a low base, medium and heavy commercial vehicle sales in June climbed 17,8% to 284 and 29,7% to 493 respectively compared with May.

Sales of heavy trucks and buses recorded a nominal 1,4% improvement compared with the same month a year ago.

Naamsa said a number of factors would continue to have a negative effect on the

☐ To Page 2

Car sales

B/Day 10/7/92

(192)

☐ From Page 1

industry These included falling consumer spending and sharply lower fixed investment levels as well as tight monetary and fiscal policy, the drought and socio-political uncertainty

Despite the strike, Toyota's Corolla remained the best-selling car with 2 478 sold. Nissan sold 1 620 of its recently launched Sentras while 1 424 of the newly launched Honda Ballades were sold. Volkswagen sold 1 053 Citi Golfs while BMW sold 1 018 3-series units

Pretorius said June sales did little to reverse the downward trend in the market June was traditionally the best sales month of the year and this year had three more selling days than in May.

Nissan SA Marketing MD Stephanus Loubser was similarly pessimistic about prospects He predicted that sales in the second half of 1992 would be only slightly higher than the first six months because of the introduction of new models

Toyota and Numsa begin talks on dismissals

192

Sowetan 10/7/92

■ **Workers' jobs now hang in the balance:**

TOYOTA SA's management and union leaders are to meet in Durban today to discuss the dismissal of 6 000 striking workers, according to a company spokesman

The announcement of the talks follows a letter from Toyota to the National Union of Metalworkers of SA advising them that unless the union presents reasonable proposals for the re-employment of the dismissed workers by 4pm today the company will start employing replacement workers on a permanent basis

Numsa's national organiser Mr Gavin Hartford said yesterday that the tone of management's letter was "a request to reopen negotiations"

Hartford said union leaders would meet workers at the plant this morning before meeting management.

— *Sapa*

TOYOTA STRIKE (192)

Digging in

FM 10/7/92

The Durban community is losing R1m a day as a result of industrial action, which by the beginning of this week had resulted in 270 000 man-days in lost production at the Prospecton vehicle assembly plant on the outskirts of the city

In short, everything is still stalled at the facility Toyota has dismissed 6 000 workers for failing to obey a return to work ultimatum Workers, on the other hand, are adamant that they are still on strike

And it is a dispute that one side simply cannot afford to lose and the other must believe it can win Outside the industry the feeling is that if the impasse continues the wrangle is likely to degenerate into an "ugly affair" — particularly if Toyota begins recruiting replacement workers.

Even eleventh-hour mediation failed to resolve the quarrel — the second since the workers walked out on May 6 when car workers, members of the National Union of Metal Workers (Numsa), downed tools for 18 days in a dispute about supervisory staff

A week after the issue was resolved, the current stoppage began over worker demands for strike pay during the first dispute — a claim based on the fact that some shop stewards were paid during the first stoppage Toyota concedes that it paid the stewards but maintains this is accepted practice in the industry

(192)

Losses mount

By the beginning of this week, 45 days' production had been lost through the two disputes Furthermore, Toyota says it has lost more than R675m in turnover, while workers' lost wages run to more than R30m The components industry, which depends on Toyota for about 30% of its market, has lost some R190m.

What can be done to restore production?

One labour relations consultant believes the only answer is to press ahead with mediation until the issue is resolved "So far it's only been tried once and then only for a day Get new mediators, turn the issues around and whittle them away until there's an agreement The alternative is too ugly to contemplate"

Toyota says in the light of the dismissals it is currently drawing up contingency plans However, perhaps understandably, it hasn't divulged any details. Numsa regional secretary Ekkie Esau says the union is standing firm on its demand for compensation, though the level is negotiable He adds that the union is to meet with workers today (Friday) to discuss a possible resumption of negotiations.

"Workers don't consider themselves fired even though Toyota has already started trying to re-recruit some of them," says Esau

Pat Stone, senior partner at labour consultants Andrew Levy & Associates, believes the impasse arose because the "band aid" settlement of the first strike gave the union the false impression that Toyota would go to any lengths to avoid industrial action They, therefore, chose to take the power route to gain advantage over the company But Toyota cannot accept the principle of pay for people on strike. It would be a precedent which would result in anarchy

This view is endorsed by Toyota Manufacturing MD Ralph Broadley "The dynamics and repercussions would ripple through the entire economy and set unacceptable precedents in future labour relations"

He has a point ■

Numsa, Toyota seek solution to strike

NUMSA and Toyota representatives were to meet today to seek a solution to the strike by 6 500 workers in Durban and Johannesburg after Toyota told the union it would begin recruiting permanent workers next week.

Numsa said Toyota's letter amounted to a request to reopen negotiations. BDAY 10/7/92

Meanwhile, Numsa yesterday rejected Toyota's assertion that sections of its plant were running at up to 40% capacity.

DIRK HARTFORD

A Numsa spokesman said even if it were true, customers should be warned that most of the production would have to be scrapped. (192)

He said when workers returned to work after the first strike, not one car had been produced. During the second strike the company tried to produce a car, but it was "overburnt and crudely spraypainted and headed for the scrapheap".

BUSINESS

Wheels fall off the Volksmobile myth

wlmail 10/7 - 16/7/92

Making cars cheaper is harder than it looks. People who think that all they want is a Volksmobile are kidding themselves, argues **REG RUMNEY** (192)

"I DON'T really care what I drive, I only want something to get me from A to B," has been included among the world s great lies, along with "Your cheque is in the post"

There must be some deep-rooted disposition in human nature to think of ourselves as more Spartan than we really are

This is the only conclusion to be drawn from the oft-repeated idea that motor manufacturers are foisting vehicles of unecessary sophistication and luxury on an unwilling public

The fancy that people would rush to buy a car stripped down to its barest essentials is an enduring myth The continued production of a basic model of the Hitler's revenge, the Volkswagen Beetle in Mexico is often mentioned To save costs it comes without heaters or sunvisors, or the emission control now required in the US and is the epitome of a Third World Car

I, personally, have heard this theory from many middle-class people, somehow usually drivers of upmarket German marques I have never heard it advanced by the poor, whose idea of a good car tends to be a second-hand Cressida or Rover I suspect the poor would rather have a flashy *"iskorokoro"* or lemon than a Trabant, the underpowered, papier-mache-bodied, smoke-belching two-stroke East Germans gladly deserted for Volkswagen Polos when the Wall fell

The idea first raised its head in the PW Botha dark years when an embargo on new car parts seemed possible It has resurfaced from time to time over the past few years in reaction to surging motor car prices

A writer in a Sunday newspaper recently even linked luxury to tax concessions Removing the company car tax perk, he suggested, would make cars less expensive

It's difficult to know what the effect on the car market would be of making cars tax neutral for managerial employees

Possibly putting a brave face on it, Peter Cleary of Mercedes Benz SA reckons the tax the car perk already attracts means that not much more could be done to tax company cars and car allowances

Assuming an end to buying of cars with company assistance would cause a cut back, it's likely the only pillar now holding the passenger car business up would be knocked out from under the motor industry

An estimated 75 percent to 80 percent of new vehicles are bought through either a company car allowance or are company cars It could exacerbate a move already under way to cheaper vehicles

Indeed, Toyota has welcomed a more "rational" attitude to car buying that has accompanied the switch to car allowances, which give employees a wider choice of car

Cheaper doesn't mean cheap Motorists tend to "buy down", as prices rise, from German performance or luxury vehicles to cheaper but still advanced (and expensive) Japanese vehicles with "executive options" such as fuel injection, airconditioning, electric windows, power steering and leather seats

If it came to the crunch, and no tax relief was available, Toyota marketing managing director Brand Pretorius reckons employers would merely adjust their compensation packages to pay people more to buy cars out of after-tax money

Pretorius points out "The cost realities are very stark, and there for everybody to see"

Well-documented by now, they include high labour costs, high inflation in locally produced components, and an exchange rate that has previously been on a downward slide against the currencies of the countries where the technology and still many of the parts come from, and a complex and costly local content programme

He adds that if the motor industry was profiteering, it would be seen in the financial statements of market leader Toyota, the listed motor dealers, or the component manufacturers None, he suggests, are making exorbitant profits

This is slightly misleading, in that inefficiencies within the firm could absorb extra prices And indeed wage increases that outstrip inflation and outpace productivity must add to prices, however sympathetic one might be to the workforce However, Pretorius is correct in arguing that looking at financial ratios it is hard to see why motor men are in the business at all, except that making cars is a bad habit formed in the heyday which ended in the 1980s

The argument that buyers would buy el cheapos neglects the reality of competition for new cars from second-hand cars Motor industry research suggests that many people would rather buy upmarket second-hand cars than el cheapo new ones

So many things are taken for granted by a car buyer now they would be nonplussed if they were not available Those who drove the bangers of yesterday forget the petrol guzzling and lack of passive safety, for instance head rests and back-supporting seats What were regarded as luxuries, like wing mirrors, are now almost standard

Crucially, the motor industry knows too that buying a car is about more than rational decisions In one of the major banking head offices the grade of higher ranking employees can be precisely distinguished by the model badge on their BMWs It may strike us consumers in our more lucid moments as ridiculous, but the homage and envy a luxury car commands in South Africa is real enough, and a subject for a serious psychological study

Car ads, such as the latest Honda Ballade ads, which juxtapose moving dinosaur skeletons on wheels with the new car shape are no more outlandish than, say, ads which feature talking margarine tubs

To suggest that the motor industry thinks we're idiots gainsays the success such ads have in moving motor cars off sales floors

Like it or not, the modern car is by no means a commodity Would-be car owners buy with the "brand name" a whole set of aspirations and an image with their wheels

Nevertheless, pricing is a problem, and if motor manufacturers along with other companies in South Africa are making up for smaller volumes by putting prices up they are at least aware they are in the volume business

Volkswagen SA has taken the plunge and produced a cheaper version even than their Citigolf, the Shuttle, at R27 990 At the launch of the car public affairs manager Ronnie Kruger pointed out the nearest equivalent in Germany, the Polo Fox, retails for DM17 255, or around R30 000

Another sticking point for anyone advocating a return to the Beetle is that the domestic industry is driven by parent companies in the First World Those companies are geared to produce First World vehicles

The nearest to a purely functional car on the market is the two-door 1 100 cc Fiat Uno, not a basic car by any means The Uno range, which includes more powerful and expensive models, now has around five percent of the South African car market, according to Nissan marketing managing director Stefanus Loubser

That s a respectable figure, but doesn't approach the market leader, Toyota Actual figures in May were 4,2 percent for the Uno as opposed to the Conquest and Corolla's 17,6 percent It shows people, particularly private buyers, will buy cheaper cars But it's not so conclusive as to show that price is everything

Making a really cheap car, Loubser stresses, would mean more than taking out the unnecessary "extras" like ashtrays It would also need greater economies of scale, and a manufacturer would need to fit in with the local content programme "Nobody can bring in a new car cheaper than the Uno"

Fibreglass cheapies can be produced using reconditioned engines Many people will first have to show they want such vehicles by swarming to manufacturers of beach buggy-type cars before the industry is convinced

The argument against the fairytale of the dirt-cheap, really basic car is axiomatic if the demand really existed, wouldn't one of the motor manufacturers have supplied it by now? Or has the South African car market managed to escape the realities of market economics entirely?

BUSINESS BAROMETER

wlMail 10/7-16/7/92

Financial rand dives

THE key indicator of foreign investor confidence in South Africa, the financial rand discount, plunged further yesterday in response to the continued collision course between government and the African National Congress Midweek the finrand discount — the gap between the financial and commercial rand — rose to 32,5 percent as the finrand hit a two-year low at R1 = US0,2469c

Shares come under pressure wlMail 10/7-16/7/92

LOCAL investors s fears about South Africa's future were reflected in falling share prices on the Johannesburg Stock Exchange The JSE overall index closed midweek at 3 514,0 down 3,7 percent on the week Industrial shares midweek at 4 304 were more than four percent down in a week

Business indicators point downwards

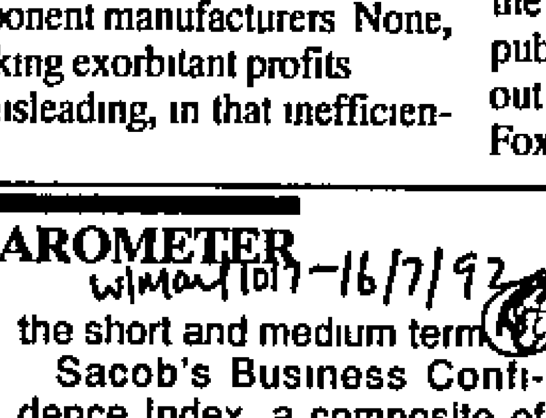
THE South African Chamber of Business (Sacob) Manufacturing Survey for June showed how badly business confidence has been affected by mass action threats, violence and the political impasse wlMail 10/7-16/7/92

The Survey of Confidence Levels in its Manufacturing Survey shows an industrialist expect conditions to worsen in the short and medium term

wlMail 10/7-16/7/92

Sacob's Business Confidence Index, a composite of leading indicators also dropped, but only slightly, showing that aside from the political factor, recent economic improvements have laid a good foundation for an upturn — and that the BCI is lagging the gloomy political events that have hit business confidence

BUSINESS CONFIDENCE INDEX



and car sales outlook still bleak wlMail 10/7-16/7/92

AN important economic indicator on their own, passenger car sales increased 12,7 percent in June as against May Despite higher June sales the overall market is still down by 13,2 percent for the year to date compared to 1991 June's sales are 14 percent down on the same month last year On the basis of the first six month sales, Toyota SA has forecast sales for the year around 187 000 but says the market could dip as low as 180 000 units this year

(192)

Strike wave set to engulf SA

W/Mail 10/7-16/7/92.

192

Tension between employers and workers in the giant metal, auto and tyre industries could spill over into strikes over pay and retrenchments. By

Weekly Mail Reporters

MORE than 400 000 workers in three industries organised by the National Union of Metalworkers (Numsa) are teetering on the edge of strike action over wages and job security.

Numsa strike ballots are currently being conducted in the giant metal and engineering industries, and are due to be finalised by next Thursday. At the same time, the metal employer body, the Steel and Engineering Industries Federation (Seifsa), is conducting a lockout ballot.

Balloting is also in progress in the tyre industry, while in the auto assembly sector, a conciliation board is due to sit next week If this fails to settle the dispute — and Numsa's Les Kettledas said the two sides were so widely separated settlement was "highly unlikely" — a strike ballot will begin at once

In all three sectors, the disputes revolve around Numsa demands for a R1,50-an-hour or 20 percent increase, whichever is higher, and for a moratorium on retrenchments. The union's opening demand was for R2.

Nearest to accommodating the demand are tyre employers, who in their final offer in the industrial council offered 12 percent and the 12-month extension of the watershed retrenchments moratorium agreed last year — but with conditions the union rejects These include employers' right to rescind the retrenchments agreement if unprocedural industrial action undermines productivity

Seifsa has offered an eight percent rise and has told unions party to the metal industrial council that proposals for a retrenchments moratorium are impracticable.

Auto assembly employers are among the highest-paying in South African industry, but their tough stance in this year's talks — their final wage offer is 6,4 percent — bears out depressed conditions in the sector

Geting restive ... Numsa workers may soon go on strike

On retrenchments, the flashpoint is an employer proposal of voluntary retrenchment packages Numsa argues that as employers will select suitable candidates for redundancy, it cannot be voluntary.

Also in dispute are union demands for worker rights such as immunity from dismissal during procedural strikes, picketing facilities and paid time-off for general meetings on company premises

Auto employers have told Numsa that poor market conditions have forced them to revise projected vehicle sales this year from 220 000 to 190 000.

Denying that Numsa's demands were unrealistic in the light of the sector's current woes, Kettledas said employers continued to "duck and dive" on union proposals, tabled last year, for industry restructuring to promote growth and create jobs.

"We understand that Naamsa (the Nation Association of Automobile Manufacturers) are unilaterally devising a strategy for the industry's future, and are to invite overseas experts. We are not involved," he said

The union was also pressing for full disclosure of information, but no details of companies' financial positions had been provided

Toyota strike talks collapse

DURBAN — Talks between Toyota and the National Union of Metalworkers of South Africa to end a strike at the company's plant here broke down again yesterday afternoon and the company will now start employing replacement workers CT 11/7/92

Toyota dismissed 6 000 workers on Monday when they failed to meet an ultimatum to return to work after an "unprocedural" strike — Sapa

We'll hire new men, says firm

192

DURBAN — Talks between Toyota and the National Union of Metalworkers of SA aimed at ending a strike at the company's Prospecton, Durban, plant broke down yesterday The company now will start employing replacements

NRCT 11/7/92

A spokesman said the union presented new demands

Toyota dismissed 6 000 workers on Monday when they failed to return after an "illegal and unprocedural" strike — Sapa

Toyota strike toll R16m a day

(192)

(ITimes [Buss] 12/7/92.

By DON ROBERTSON

TOYOTA is losing R15-million in revenue and employees of the company and its suppliers forfeit more than R1-million in wages every day

That is the cost of the strike at the Prospecton plant near Durban which could seriously damage the company and impair labour-employer relations

The illegal strike and subsequent dismissal of hourly paid workers has left both sides in a no-win position

The strike, which the National Union of Metal Workers of SA (Numsa) prefers to call it in spite of the fact that workers have been fired, has lasted more than 40 days.

Toyota has lost more than R700-million in production and employees have given up more than R40-million in wages

The effects of the strike have spilled over into the component industry Toyota has withheld orders worth R170-million in the past two months, about 10% of the figure being the labour content

Longest

The company buys components from more than 150 suppliers and about half of them have been so badly affected that they have had to put workers on short time Some have retrenched employees

Before the strike started on May 6, Toyota workers had been away for eight days, resulting in lost sales of R120-million and R8-million in wages

Toyota was producing 430 vehicles a day, suggesting a loss in production of at least 15 000 units, or 16,9% of last year's sales

The strike is the second-longest in the history of the motor industry, beaten only by the 10-week stayaway at the Mercedes-Benz plant in East London two years ago

The first Toyota strike started on May 6 and lasted 18 days It resulted from worker dissatisfaction with management in certain areas of the plant

An agreement was reached on June 2, entailing a compromise about the position of three managers and the re-employment of a shop steward dismissed by a supplier, Metlink, last October Metlink was taken over by Toyota in April

Principle

Toyota says that although the allegations against the managers had "little substance", transfers were agreed to Numsa members agreed to return to work

Production did not return to normal and union members went on a go-slow at Metlink

The second strike began on June 9, union members complaining that some shop stewards were paid during the negotiations It asked for all workers to be paid. This strike has lasted 25 days and cost R360-million in lost production

Toyota says the dispute does not concern pay Toyota refuses to pay striking workers on the principle of "no work, no pay"

Toyota Manufacturing managing director Ralph Broadley says "To violate the principle of no work, no pay would give a totally wrong signal to workers countrywide and cause a whole new set of problems It would also be grossly unfair to salaried staff

"An agonising aspect of the strike is that a large number of workers have long service with the company and their security of employment has been jeopardised by Numsa's intransigence

"It is our sincere hope that Numsa will reconsider its position Providing a reasonable stance is adopted by the union, the current situation can be resolved"

Toyota Marketing managing director Brand Pretorius says vehicle stocks at the plant and at dealers are equivalent to about two weeks' supply compared with a more normal six to eight weeks

Mr Pretorius says the company's interim results for the six months to June, due to be published in August, could be affected by lower sales in May and June

Toyota has been able to continue production on a limited scale with the use of salaried staff Technical staff from dealers in the Natal region are helping the truck plant

For the past two weeks at least, about 50 vehicles have been produced each day

The sympathtic strike by about 350 workers at the parts warehouse in Sandton, has also largely been overcome and all daily requirements are being met

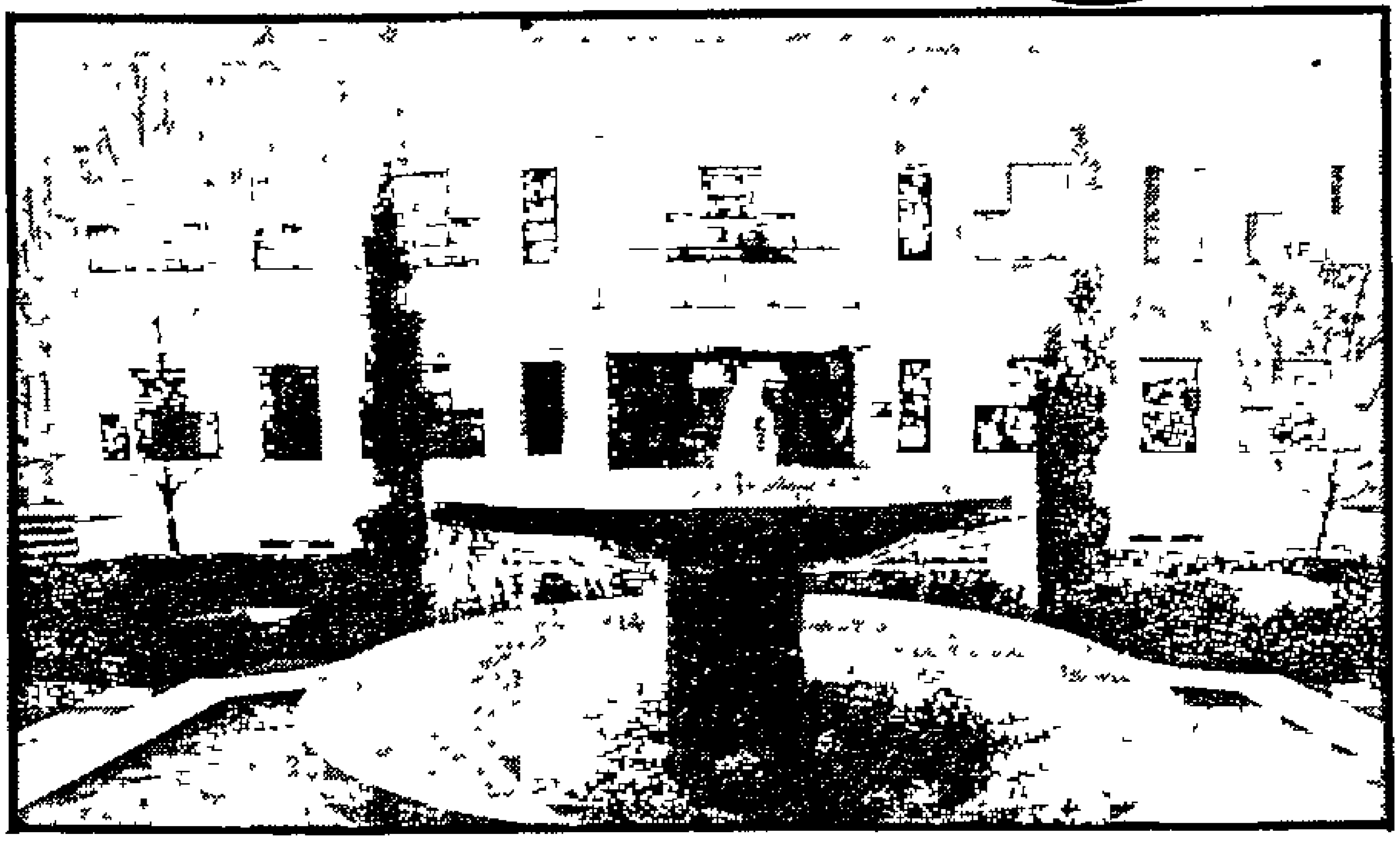
Toyota warned Numsa on Friday that if the matter had not been resolved by the weekend, it would begin employing new staff with no further response to the union

R551m from deals in nuts and bolts

ST Times (Buss) 12/7/92

(192)

Prices of all new cars are said to have increased last year because of one gigantic fraud. CIARAN RYAN reports how CET Trading made millions from the export of nuts and bolts.



HEADQUARTERS OF ALLEGED SCAM CET Trading's offices in Randburg Picture COBUS BODENSTEIN

"I'M INNOCENT," claims Heinz Jurgen Rohde, managing director of provisionally liquidated CET Trading, from his mother-in-law's house outside Hamburg in Germany.

Mr Rohde and CET are being investigated for an alleged R551-million fraud — possibly more — by the Office for Serious Economic Offences.

Industry senior executives say the scale of the fraud was so great that it increased all new-car prices last year

Hendrik Malan, one of the liquidators who works for Pretoria attorney Ross & Jacobs, says "He allowed us to interview him in Germany

"He claims he is innocent and was misled by others. He seems a little perturbed at any suggestion that he has done wrong."

Mr Malan and fellow-liquidator Laurie Pereira went to Germany, Switzerland and the UK to unravel the web of transactions which enabled Mr Rohde and CET to allegedly spirit R551-million out of the country by claiming huge export rebates in terms of Phase Six of the local content programme for the motor industry

Years

Mr Rohde left SA in January when the Reserve Bank, Customs and Excise and the Department of Trade and Industry started to investigate how the nuts and bolts exporter managed to generate such huge export sales.

The Reserve Bank became suspicious when export earnings were left abroad

"We are not sure how it happened," says Johann Lambrechts, deputy director-general at the Department of Trade and Industry

The CET investigation will take years and creditors can expect a fraction of what they are owed It is still uncertain how much CET owes creditors, says Mr Malan

Phase Six started in 1989 and allows SA component manufacturers to claim a rebate of 50c in the rand for exports

To claim the rebates, component-makers must export under the aegis of a vehicle assembler. It receives a percentage of the rebate, generally between 10% and 30% By overstating the value of the nuts and bolts, export figures can be inflated by as much as 13 times.

The liquidators believe CET was a scam operation from the day it opened about seven years ago

CET sold its Phase Six exports through Toyota.

"No fraud has been proven," says a Toyota spokesman "The investigation is to establish whether fraud was committed

"Whatever the outcome, we can state categorically that Toyota acted honestly and in good faith When the first allegation was made of possible fraud by CET, Toyota immediately suspended its agreement with it."

Real

CET stockpiled the nuts and bolts in a Rotterdam warehouse

Mr Malan says Mr Rohde exported the nuts and bolts to his own companies in Jersey and Germany, overstating their worth by an average of between three to three and a half times Sales of R551-million represented goods worth about R150-million By overinvoicing to the tune of about R400-million Mr Rohde was able to claim rebates of R275,5-million

It seems CET was exporting the nuts and bolts to foreign companies owned by it. The inter-company transfer is said to have involved fictitious invoices

But the export earnings were never repatriated, says Mr Malan. It appears that Mr Rohde had accomplices in Germany and the UK.

He is believed to have fallen out with his German accomplices a year ago and opened another company in Jersey called Industrade It became the offshore headquarters for CET

The nuts and bolts continued to be warehoused in Rotterdam. Some stocks were sold to bone fide end users, but at roughly the same price at which CET bought them in SA It did not matter because the real money was being made on the Phase Six rebates

The liquidators sold what remains of CET's stocks in Rotterdam for R13-million last month. The proceeds were placed in an escrow account abroad for distribution to creditors That, and about R15-million in vehicles, antiques and properties, is all that remains of Mr Rohde's and CET's SA assets

Mr Malan says Mr Rohde, aged about 50, is a giant of a man who left Germany in the early 1980s without a cent. Within a few years he had become a multi-millionaire with a fleet of 41 cars, including classics, Porsches and Jaguars.

He sent 10 vehicles to the UK before leaving SA. The liquidators are trying to recover R2-million worth of vehicles in the UK

He lived at 263 Bryanston Drive in Johannesburg and operated from plush premises in Randburg

He had a weakness for antiques, but no idea of their worth. He bought one piece of antique furniture for R98 000 It was later sold by a dealer for R7 500

Border

There is no extradition treaty between Germany and SA. The liquidators have issued summons against Mr Rohde in Jersey in an attempt to recover funds allegedly accumulated by CET's foreign company

Mr Rohde allegedly withdrew DM1-million from a Jersey bank account belonging to CET

Mr Malan says "We are looking for other possible contraventions in Germany or elsewhere We will try to sequestrate his estate We believe that withdrawal of some cheques from the CET offshore accounts constitutes a criminal action But cross-border insolvencies are difficult matters and this one will take years to sort out"

● See page nine

The dubious working of Phase Six local content

The controversial Phase Six local content programme has raised car prices and destroyed jobs. But hardly anyone knows how it works. **CIARAN RYAN** reports.

S I Times (Buss) 12/7/92. (192)

BUYERS of new cars are charged an excise duty of 40%, but up to 37,5% of it returns to the manufacturer as a rebate

The Government collects excise of 2,5% and any duty not claimed by manufacturers falling short of local content targets

Critics say Phase Six is killing the car industry and South Africa needs a deregulated market

The scheme was designed to benefit vehicle manufacturers But because of complaints that those who failed to meet the local content target ended up subsidising their competitors, the Government changed the rules, making itself the only beneficiary

One critic suggests the only reason Phase Six has survived so long is that it is so complicated that only a handful in the industry — and hardly anyone in government — understands it

The new-car market last year was worth R12,7-billion — this year it will be about R13-billion

Penalties

Excise is charged in proportion to the manufacturer's shortfall on the local content requirement The gazetted excise is 40%, but companies which meet the 75% local content requirement pay only 2,5% to the State

Unlike normal excise, Phase Six's is notional if manufacturers meet local content requirements If they do not, they incur penalties

Car-makers say they receive no benefit from Phase Six, only penalties for not meeting requirements

Manufacturers argue that when Phase Six was introduced in 1989 a notional excise duty of 27,5% was rebatable to manufacturers who met the 55% requirement — which everybody did It was decided that the "simplest" way — from a legal point of view — to legislate Phase Six in terms of the Customs and Excise Act was to rebate a notional excise duty to the manufacturers equal to half of their local content Local content was defined as the wholesale price less foreign currency used

How is it that an "excise" of 27,5% means no revenue to the State or to manufacturers?

Because all manufacturers satisfied the 55% local content target when Phase Six was introduced, the difference between the duty and the rebate — 27,5% — was zero It did not represent an actual source of revenue for the State at this local content target and had no effect on vehicle pricing

If a car's wholesale value is R100 000 and foreign currency spent on its manufacture is R40 000, it is deemed to have a local content value of R60 000, or 60% Excise duty is charged at 40% of the wholesale price of R100 000, ie R40 000, 2,5% of which goes to Customs and Excise and is non-rebatable

The balance of 37,5% — R37 500 — is rebatable if the manufacturer meets the 75% target

The rebate is calculated at 50% of local content value — in this example R60 000 The manufacturer can therefore claim back R30 000 of the R40 000 excise duty, so the actual excise payable is R10 000

Companies can also increase local content targets by exporting Net export earnings can be used to reduce total forex used

So a company with a local content of 60%, may increase its exports and use net earnings to offset total forex used, thereby raising local content to 75% or more

Nico Vermeulen, executive director of the National Association of Automobile Manufacturers of SA (Naamsa) says "we are now beginning to see the impact of Phase Six on exports"

In the first year after Phase Six was introduced, vehicle and component exports were R401-million, in the second year R649-million and for the third year are projected at R1,2-billion

Freedom

Phase Six is intended to save foreign currency and promote employment and investment By allowing manufacturers to claim excise rebates for exports, it was hoped that the greater economies of scale would restrain unit price increases and boost employment

Phase Six allows greater freedom to buy cheap components and it was hoped that this would help to reduce inflation

In December 1991, Phase Six was changed so that companies exceeding local content targets could not be subsidised by the underperformers The self-funding pool mechanism ceased to operate Since December each company may claim rebates only on excise paid on cars sold by itself and not on those of its competitors

Mr Vermeulen says the pool was bled dry

"Some manufacturers were able to reach their targets more easily than others This meant that they were subsidised by competitors Excise duty and local content targets had to be continuously increased to raise the revenue for the pool It was like a dog chasing its tail"

Between December 1989 and December 1991 the local content requirement was raised in stages from 55% to 75% and excise (by exactly half the local content requirement) from 27,5% to 37,5% plus 2,5%, which is retained by the State This 12,5% increase in excise was passed to car buyers

Split

The average local content for the industry is about 69%, according to Mr Wessels, if one includes the benefits of exports This means the average rebate claimed is 34,5% (half of 69%) Excluding exports, the average local content is about 60%, says Toyota chief executive Bert Wessels

Economists say the scheme is inflationary and puts new cars further out of reach of the average person

Vehicle assemblers are allowed to export components on behalf of SA manufacturers and split the excise rebate with them, while claiming the full benefit of export earnings to raise local content targets The general split is 70% to the component manufacturer and 30% to the assembler

There is also an incentive for cars valued at under R29 000 A car valued at R28 000 receives a R420 incentive, valued at R25 000 the incentive rises to R1 500

The National Association of Automotive Components and Allied Manufacturers (Naacam) says Phase Six has cost it 20 000 jobs and income of R100-million

Another flaw in Phase Six is the method of calculating local content It is the vehicle's wholesale price less foreign currency spent By raising the vehicle's price from, say, R100 000 to R120 000 — assuming forex used of R40 000 — local content increases from 60% to 66% That allows the manufacturer to claim a higher rebate

Local content includes profit margin, product development costs, quality control, raw materials, amortisation of plant, advertising and marketing and inefficiencies It is not a true local content, says Naacam, which ought to be direct material costs without indirect costs and profit margin being heaped on top

The AA's Johan van Vreden says "Local content can easily be increased by raising the selling price Every R1 increase in selling price represents a R1 increase in local content This is inflationary"

Naamsa counters that this is true only in theory In reality, competitive forces keep prices down and only cost increases are passed to buyers

Doubt

Mr Wessels says Phase Six requires fine tuning in the short term and should not be scrapped In the longer term, the number of SA-made models should be cut

"It would be better if we were given quotas to import completely built-up units (CBUs), say, between 10% and 20% of our total requirements

"We should continue to make the higher-volume cars and import CBUs for models with low production runs We will have to follow the world trend and drop our import tariffs"

But it is doubtful whether the Government has the stomach for a "Big Bang" solution — scrapping incentives and import tariffs overnight The political cost of adding to a critical employment problem will prolong the motor industry's protection

Angry clashes at Toyota plant — police fire teargas

(1912)

ARG 13/7/92

The Argus Correspondent

DURBAN — Pandemonium broke out today at the Toyota plant in Prospecton, south of here

Police called in to restore order fired teargas to disperse sacked workers who had stoned and chased people seeking employment.

Hundreds of job-seekers arrived at the motor plant after Toyota announced at the weekend it would start recruiting new workers today.

This followed the dismissal of 6 000 workers who had been on a strike for more than a month.

Talks between management and the National Union of Metal Workers of South Africa on Friday ended in deadlock.

From early today hundreds of people lined the gates of Toyota, waiting for interviews

A police spokesman said a group of former employees stoned and threw bottles at the job seekers. They then chased them away

"Intimidation was very rife and the police were called. Repeated calls to those who were not seeking employment to leave the area were ignored.

"The mob jeered at police, who fired teargas to disperse the crowd."

There were unconfirmed reports that people were assaulted by ex-workers.

Toyota management and staff were taking down particulars of job-seekers.

Toyota spokesman Mr Phil Wilkin said the company was processing the applications for jobs

Last week Toyota called out its administrative staff, including women, to operate the plant to get out urgent orders.

Numsa regional secretary Mr Eckie Esau was at a meeting and not available for comment

SA shows trade flag in Kenya

S1 Times (BUSS) 5/7/92

ZILLA EFRAT reports on Contact Kenya, South Africa's largest-ever exhibition which opened in Nairobi this week.

THE South Africans are coming, said the large posters — and arrive they did

Representatives of nearly 500 SA companies streamed into Nairobi this week for Contact Kenya.

Their products ranged from footwear, wines and chocolates to luxury cars, chemicals and electronic products

Some say the show was one of the major topics of conversation in Nairobi About 700 people were expected to attend the opening on Monday night — 1 400 arrived

The show also drew business delegations from Ethiopia, Uganda, Tanzania and Burundi

Indeed, a Burundi-based company was formed on Wednesday to facilitate trade among Burundi, Ruwanda and Zaire

Called Bursa, it has been given the blessing of Safto and SA's Department of Trade and Industry

The reports from standholders were mixed The first day was characterised by a rush of visitors, many offering dollars for goods at the stands But more serious buyers arrived later and exhibitors said they had made some important contacts

Deputy Foreign Minister Renier Schoeman says trade between SA and Kenya is estimated to be running at between R25-million to R35-million and could rise by as much as 500% in the next year or so

Mr Schoeman says Kenyans received the South Africans with open arms

To improve business contacts between the two countries, the Kenyan Government this week waived visa requirements for SA passport holders visiting SA representative in Nairobi Dries Venter

Mr Venter says SA offers goods and services for between 15% and 30% cheaper than Kenya's industrialised trading partners Its major trade is with the EEC SA's proximity to Kenya reduces delivery lead times

Mr Venter says SA has developed technology suited to African conditions

Kenyan Government officials say major imports from SA could include fertiliser, farming machinery, household appliances, high-quality clothing and textiles, wines and spirits, catering equipment and surgical and hospital goods

Among the Kenyan products SA can buy are coffee, tea, cashew nuts, curios, sisal, soda ash, salt, fruit, cut flowers and soya beans

Kenyan import duties range from 5% to 70%, but are about 35% on average, says a customs and excise official

VAT of 18% is applied on imports, but it is zero rated or exempt in some cases

Importers require licences to bring in goods The allocation of licences is divided into orders of priority

There is some concern among SA exhibitors about whether they will be paid for their goods

Kenya's foreign-currency earnings have been hit by low commodity prices Foreign currency has also been limited by the suspension of donor aid since November last year, a move designed to force the government to introduce multiparty rule

* * *

A FESTIVAL of Kenya culture and art is planned for Johannesburg in March

Chairman of the festival committeee Lady Wood says it could spearhead the opening of more communication and trade between SA and Kenya

Kenya's Festival of Africa will include a costume pageant, modern Kenyan music and exhibitions of art, photography and jewellery The programme will also include nightly discos featuring Kenyan bands and a street market

Lady Wood says one focus of the festival, expected to be held at the Market Theatre Complex, will be the export of handicrafts to SA

"It is also hoped that the festival will attract further trade and tourism interest in Kenya among SA businessmen," she says

The festival aims to make a statement about modern Kenya and show the rich variety of art and culture in its mixed society

The project is expected to cost about $500 000 Lady Wood leaves this weekend for London and New York to raise funds She will speak to the Rockefeller and Ford foundations She is also looking for SA sponsors

US Expo for Johannesburg

S1 Times (BUSS) 5/7/92

By ZILLA EFRAT

A MADE in the USA exhibition will be held in Johannesburg in May

About 200 American companies are expected to take part Show organiser David Altman says it will be the largest US Expo in Africa

It is expected to attract businessmen from SA and other Southern African countries, including Kenya and Tanzania It will be marketed to more than 35 000 companies in the US, says Mr Altman

Mr Altman has already received more than 100 serious inquiries from US companies

He says the exhibition at the World Trade Centre has the backing of Amcham (US Chamber of Commerce)

Mr Altman, who put together this week's Contact Kenya show, is also organising a SA pavilion at the biggest exhibition in Africa, the Cairo International Fair in April next year

He expects about 100 SA companies to take part in the two-week fair, which is usually visited by a million people, mostly from the Middle East and North Africa

The fair is expected to have about 1 700 companies exhibiting and there will be 31 national pavilions.

Mr Altman says the show will be launched to SA businessmen in September The SA Government has indicated support

In other developments, Mr Altman says he has been officially approached by officials from China to mount an exhibition

Natal Parks Board gets R18m slice of R600m for ecotourism

S1 Times (BUSS) 5/7/92

By MANDY JEAN WOODS

THE Natal Parks Board (NPB) is to become the first beneficiary of some of the R600-million set aside by the Government to help ecotourism development

The Industrial Development Corporation (IDC) has been given responsibility for allocating the funds

The IDC confirms that the NPB applied for an R18-million loan to upgrade its Hilltop camp in Hluhluwe nature reserve Approval of the loan is expected to be given on July 13 by the IDC board

IDC senior general manager Jan de Bruin says six other applications for a total of R150-million are being processed and 300 inquiries have been received since the Government announced its plan

Mr De Bruin says "Most of the inquiries are from private and public game parks near the Kruger National Park"

IDC rules say projects have to be either the development or the upgrading of accommodation with the specific intention of attracting foreign tourists

Funding for new parks or reserves will be considered only if they cover more than 10 000 hectares In addition, new projects must cost more than R3-million Owners or shareholders have to put up at least 30% of the money

The 30% provision falls if the money is for projects which are being upgraded No money will be lent for the purchase of land or game

Mr De Bruin says that although he expects most of the money will go to national parks, applications from private reserves are also being considered

NPB administration head Phil Evans says the development at Hilltop — the NPB's oldest camp — will increase the number of beds available from 68 to 220 The upgrading will include the construction of restaurant facilities self-contained units simplexes and improvements to existing rondavel and ablution facilities

The project will cost R22-million and is expected to be completed by the middle of next year

Happy

Mr Evans says that with dwindling funds from the Government it has become necessary for the NPB to explore other avenues of revenue Because of growing enthusiasm internationally for ecotourism the development of tourist facilities in the parks seems the best way to earn money

"Last year we made R1,3-million from tourism in our parks and this year we expect R1,6-million

With improved facilities to attract not only the lucrative foreign tourist trade but increase domestic trade, this figure could improve

Mr Evans says the NPB is not aiming to attract the top level of foreign tourist as do private reserves like Londolozi and Mala Mala

"We believe that many tourists will be happy with something a little less glamorous and expensive Those are the tourists we hope to attract"

Hilltop is the NPB's second development project to be undertaken in the past year

Last year the Ntshondwe camp in Itala nature reserve was completed It includes restaurant and conference facilities

Traditionally NPB camps do not have restaurant facilities and accommodation ranges from rustic to comfortable camping The move to upgrading accommodation to include en-suite ablutions, self-contained units and restaurant facilities is an indication the NPB hopes to capture a large slice of the foreign tourist trade

Better deal in pensions, but . . .

S1 Times (BUSS) 5/7/92

By JULIE WALKER

A SPELL of high investment returns has allowed pension funds to increase benefits to members, says Sanlam's biennial survery on retirement

But, says actuary Chris Bosenberg, employers are shifting away from having an open-ended liability in the three-legged equation determining final benefits This means final pensions are not defined years in advance

Pension on retirement is mostly based on a formula The pension relates to the number of years' membership of the fund, multiplied by a salary figure

Abuses

The norm used to be the average salary over the last three years, but this has been improved to two years or shorter in two-thirds of the funds surveyed Only 2% of funds base the formula on the average of the last five years' service

Mr Bosenberg says 11% of funds indicated they were considering changing from a defined benefit system to one of defined contribution This would limit employers' liabilities to the pension funds and is seen as a reflection of

strong pension fund sample A total of 99 provident funds replied

The survey's objective is to allow employers and trustees to compare their benefits with those of other funds

The survey observed certain trends when compared with the previous one in late 1989

There has been a swing to providing the same benefits for both males and females A smaller reduction factor is applied when early retirement is taken in good health

Spouses' pensions have generally improved, as have disability income benefits They are more widely based on a percentage of salary rather than past or potential service

Fringe benefits are being increasingly incorporated in pensionable remuneration Companies are also adopting policies on AIDS

Funds provide for greater future increases in pensions in the course of payment Finally, there is a strong move to enhanced withdrawal benefits — previously the

CHRIS BOSENBERG Companies worried about the future

tions to the fund to the departing worker

Mr Bosenberg lists some abuses in the past and no doubt how New York's municipal employees boosted their pensions, which were based on the final year's salary including overtime by fictional overtime entries The increased pension liability almost bankrupted the city

In SA government employees pensions were based on the last month's salary In addition to the buy-back scheme. In some cases people were promoted to absurd positions and salaries before retiring

SA prefabs for export

S1 Times (BUSS) 5/7/92

By DON ROBERTSON

ENTERPRISING businessman David Poole plans to export SA made prefabricated houses to Europe and the US

Using an A-frame design developed by his company, PMM Holdings, Mr Poole plans to market the houses in Britain for £65 000 a single unit and £100 000 a double unit

Mr Poole says this is about half the price of a modest brick house The price includes shipment from SA

Ahead of an international marketing programme, orders for two houses have been received from the UK and eight from Los Angeles

The Country Lodge houses consist of a lounge, bedroom shower kitchen and upstairs recreation room By adding a second A-frame module with connecting walkway, a four-bedroomed house can be built

The prefabricated houses will be delivered to the site and put up by an SA team on a concrete slab in about three weeks The houses are equipped with all electrical appliances made in SA and the windows have double glazing

Underfloor heating is provided by solar panels There is generous cupboard space and each house has a hi-fi system

Local content is about 95%

Thatch is protected by a fire-proof coating material, developed by the company The walls consist of plywood, polyurethane and gypsum board

The design and specifications comply with UK building regulations and qualify for bond financing and insurance

Mr Poole has received help from the Department of Trade and Industry It will help him to take part in international exhibitions

A plot has been acquired in the UK on which a permanent show house will be built

Kitchen to cost R18m

AIR Caterers, a joint venture between the Fedics group and Swissair, is to build an R18-million kitchen at Jan Smuts airport to cater for the expected increase in tourism

COMPANY ROUND-UP

irst signs of what was to

"If you start ranking man-

were sold This is the high-

spot, giving Corolla-

time best seller

Toyota Motor Corporation is looking to 1995 as the year to do this It estimates that by then, Toyota will have moved ahead of the 21-million production record of the VW Beetle

sale value and that is where we are competitive The benefits of the savings are passed to the dealer's customer " Mr Frost predicts that the FML market will grow in the next five years

tion representative in Johannesburg managed to roll it But they patched it up and sent it to us in Durban for engineering evaluation '

The car was soundly designed, but it was a far cry from the bigger-engined Co-

uncompetitive, says Mr Downie

"In those days Toyota South Africa did not have a product planning department and it was through the late Phil Porter that we introduced our first sports' model

In 1984, another milestone was reached with the launch of the front-wheel-drive Corolla The concern, however, was that the public was nervous of FWD, a problem compounded by teething difficulties experienced by other manufacturers who had switched to it

However, the fact that the Corolla was a late starter in the FWD stakes proved to be an advantage because it came on the market a trouble-free car

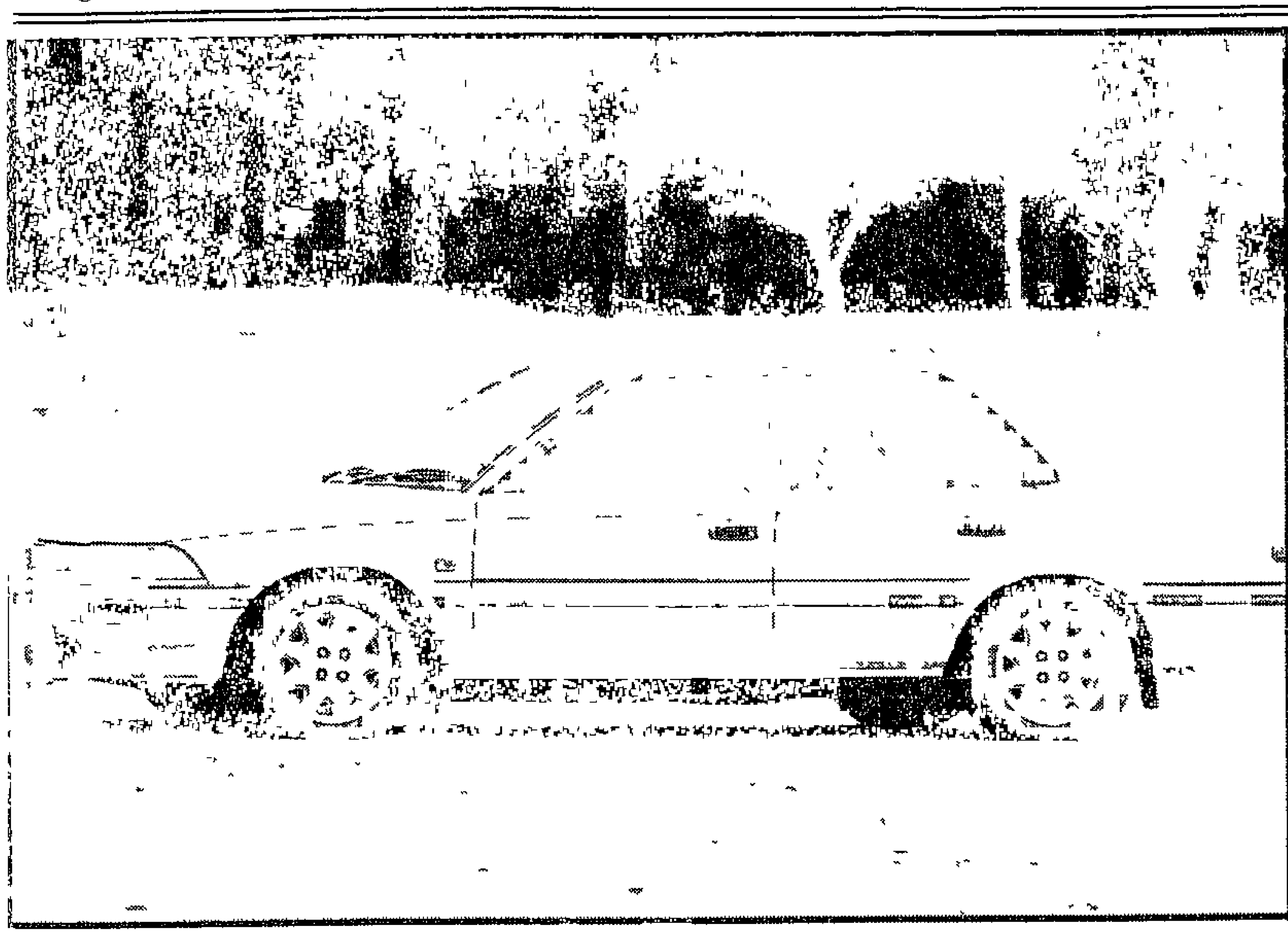
In 1985 Toyota scored another first Corolla's top nine models were offered with the

as for manufacturers The latter accolade was also achieved in 1990

"Perhaps the most impressive improvement in the current Corolla is its level of international sophistication," says Mr Downie

"The Japanese went around the world before designing this one The result is a car that has as much appeal in the United States or Britain as it does in this country "

The Corolla of today is a far cry from the basic little model that trundled over those Zululand roads back in 1975



WELL EQUIPPED The top model in the wide Corolla range is the GLi Executive with many big-car luxury features

Big-car luxury in small 'uns

THE Corolla range has led the field with several firsts related to luxury appointments in small cars in South Africa

Francois Loubser, Toyota director, marketing planning and communications, says "When we noticed the buying down trend to small cars, our customer feedback indicated that although motorists wanted the practicalities of the small car, they were loath to sacrifice the luxuries associated with the bigger cars "

These luxuries included air-conditioning, power steering, electric windows, central locking and leather trim

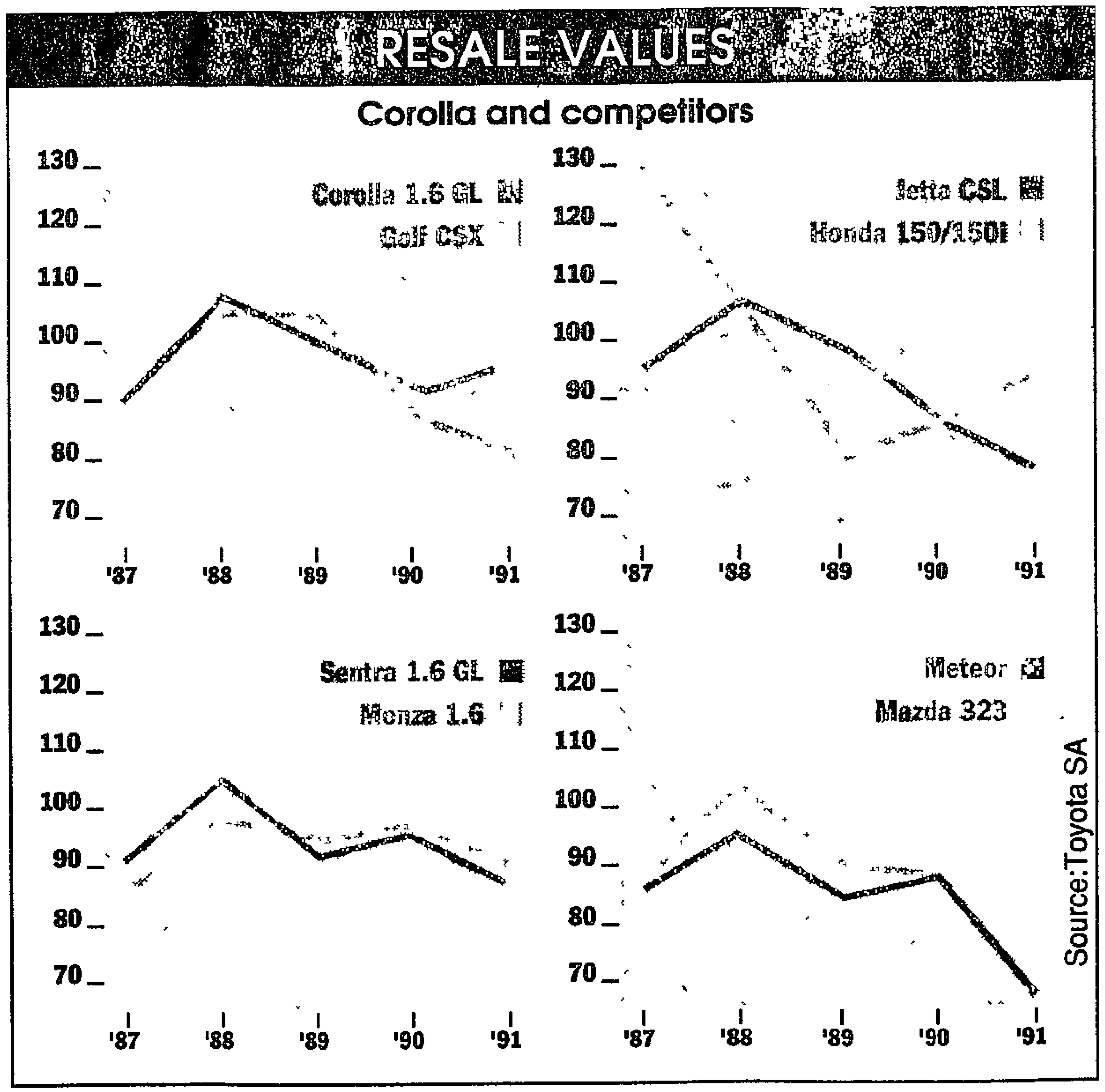
"To provide for the market, we pioneered many of the luxuries that are today taken for granted in certain models of small cars," he says

Toyota was the first manufacturer to introduce power steering in a small car — the Toyota Corolla Avante GLi Executive

The Corolla GLX Automatic was one of the first small cars to have electric windows

The Toyota Corolla GLi Executive of 1988 was among the first small cars in SA to have leather trim as standard equipment

The ultimate in terms of small-car luxury was achieved with the Corolla GLi Twin Cam 16 Executive which incorporates all the features of a luxury large car combined with the practicality and economy of a small one



Dealers keep in touch

COMMUNICATION between Toyota's more than 320 dealers and Toyota SA Marketing is maintained throuh a National Dealer Advisory Council, chaired by David Brierley chief executive of the Avondale-Pat Hinde Group

The dealer council concept does not exclude individual dealers from communicating daily with Toyota staff members

Mr Brierley says "We represent the dealers' interests and meet three times a year with Toyota to discuss general problems and put forward ideas which could benefit us all "

Board

This pooling of ideas outside the normal day-to-day contact has proved useful for both parties Not only does the council act as a sounding board for Toyota's ideas, but market feedback is relayed from these meetings to head office

The dealers get the opportunity to preview Toyota's marketing plans and give constructive input based on their experience

Toyota considers its dealers the front-runners in the quest for market leadership and customer satisfaction

It is also through the dealer that the customer maintains contact through the servicing of his vehicle

That the dealers are doing a fine job is borne out by independent research It shows that Toyota's dealer network is rated top in terms of sales and service

Toyota is also rated No 1 in terms of customer satisfaction and this is a big plus for our products," says Mr Brierley

The innovative Toyota Touch concept and the Customer Satisfaction Index introduced by Toyota acted as the catalyst in shifting the company's dealers to the top position

There is no really bad product on the market The product that will do well in the customer's eyes is the one where the manufacturer and the dealer network look after him or her

"Service levels are critical and Toyota and its dealers are hot on this,' he says

Best way to assess value for money

ONE of Toyota's marketing claims for the Corolla and Conquest is that these cars offer excellent value for money

However, with the base model Corolla 1,3S and the Conquest 1,3L selling at R34 100, is this claim justified?

Brand Pretorius says "In terms of the income of the average South African and in terms of what people pay for homes, it is hard to describe any new car as offering value for money

"When one looks at the average price of a new car expressed as the average annual income in a white household, the 'value for money' claim becomes even more dubious

"In the early 1980s we were talking about 60%, but now the average price of a new car represents almost 100% of the average income in a white household

"This means that in the past 10 years, prices of new cars in real terms and ignoring inflation, have risen by 30% This makes it hard to talk about value for money"

He urges motorists to assess value for money in terms of total cost of ownership including resale value

"The Corolla is definitely not the cheapest car But when we talk about value for money, we talk about the total ownership experience," he says

This includes the car you get the cost of owning it, the price of replacement parts, the cost of servicing the vehicle and the resale value

"If all these factors are taken into account, I can say without any fear of contradiction that in terms of the total cost of ownership and resale value, the Corolla is a front-runner in terms of value for money "

Toyota's comprehensive Customer Satisfaction Index bears testimony to this, customer feedback indicating that the Corolla is considered a no risk purchase

Points highlighted by customer feedback are the consistent high quality and reliability of the Corollas

Risk

Toyota back-up also comes out as a strong positive, customers regarding service and parts as another area of no risk

Mr Pretorius says "Owner satisfaction is very high and there is tremendous loyalty to Corolla As a total value package, it is in the top league "

No-discount rule lifts resale value

TOYOTA's decision to stay out of the discount wars that characterised the market in the 1980s has paid off handsomely for Corolla owners in terms of resale values

Toyota SA Marketing managing director Brand Pretorius says "I can say with sincerity that we have never discounted Corollas for the simple reason that we want to protect the investment our customers have in their cars "

Mr Pretorius says discounting devalues the investment because it affects the resale value of the product

"This explains why the Corolla has the best resale value of any small car on the South African market "

Three major factors affect a car's resale value

The first is that there must be strong demand for the new product, the second is that there must be no discounting, and thirdly the vehicle must age well

"Should a customer trade in a vehicle at, say, 100 000 kilometres and the dealer knows he has to do a lot of work to get the car roadworthy, he will deduct the cost of components and labour from the trade-in value

"Likewise, if he knows the car was discounted new, he will deduct that discount figure from the trade-in value '

Mr Pretorius sees discounting as a crisis marketing technique

"Any manufacturer can buy market share by embarking on a short-term discounting programme But it does not pay in the long term

He also sees a danger in that once such a programme has been introduced it sets a precedent and the market becomes conditioned to such practices

"If you don t give incentives and discounts your sales drop and only pick up again when you reintroduce an incentive programme Your sales pattern is thus up and down

"But when you average it out, there is no incremental gain "

The decision to stay out of discounting was tough because it resulted in Toyota's losing sales

"We lost deals in the short term because certain manufacturers approached, for example, the rental companies with some fantastic schemes," says Mr Pretorius

One of these was to offer a car at a discount of, say, 19% with three months to pay and a 100% buy-back after six months

'This was most attractive because the rental companies made a profit on each car from day one and their holding cost was zero

"We wouldn't offer such schemes and lost sales But our philosophy is not to embark on crisis marketing

"We are not short-term people We believe in a consistent marketing philosophy and real value always wins in the end," says Mr Pretorius

That this is true is borne out by the prices realised for used Corollas and Conquests

A 1990 Corolla 1,6GLs, the most popular new car on the SA market, is selling at R800 above the new 1990 list price

A 1989 Conquest 1300S bought new for R22 775 was recently sold for R24 300 and a 1988 Corolla 1,6GL with a new price of R23 645 fetched R26 400

The graph above tells the full story, showing the resale values of Toyota Corolla against competitors

Corolla stands out as having the best resale value on the market

Mine strike is ruled out

SI Times (BUSS) 5/7/92

By ADRIAN HERSCH

PAY talks between the Chamber of Mines and the NUM may resume this week

The union said before their suspension that the discussions had been placed in jeopardy, claiming that two mining houses rejected a profit-sharing proposal

NUM suspended the talks after allegations were made about the housing of government forces at a colliery

If a dispute is declared, its timing will be of more than passing interest.

Cosatu's general strike is planned to begin on August 3 Workers falling under the Chamber-NUM talks are covered by the Labour Relations Act and can only go on strike lawfully 30 days after the declaration of a dispute

Sharing

The annual pay negotiations affect the unskilled and semi-skilled categories and affect about 333 000 workers in the gold sector and about 28 000 in collieries

NUM demands a 15% increase for gold miners and 25% for coal The chamber offers 5% (gold) and between 7,5% and 12% (coal)

The union claims that Gold Fields of SA and Anglovaal rejected its profit-sharing proposal at the last round of talks

Details of the scheme have yet to be discussed by all parties and a sub-committee to deal with them is likely to be set up when talks resume

NUM spokesman Jerry Majatladi says the declaration of a dispute is not necessarily imminent

Mr Majatladi says "We realise the talks still offer potential for a settlement without going to a conciliation board The strike option is not even being considered at this stage"

Exceptionally tough conditions in the industry will ensure low basic increases this year, which the union acknowledges

Last year the agreement was for a low basic pay increase (averaging about 5%) plus a bonus scheme

Gold Fields mines and Anglovaal's Hartebeestfontein did not take part in the bonus scheme, but the union accepted basic increases between 6,5% and 9% at their mines

Chamber of Mines industrial relations head Adrian du Plessis says this year's negotiations have been held in a constructive spirit

Much progress has been made in reaching agreement about health and welfare matters

Thailand deal

FORM-SCAFF has won a R1-million order for specialised modular wall-panel systems for a French company in Thailand

The company is negotiating further deals in the Far East.

The system, to cast concrete walls, is being used in the construction of apartment buildings at Maung Thong Thani, north of Bangkok

WEEK IN BRIEF

	(Rm)	change	(Rm)	change	(c)	change	(c)
Abacus ▲	199,7	N/A	−29 2	N/A	−32,6	N/A	—
Caxton	562 8	17	63,4	+46	2765,0	+52	399.0
CTP	562 8	17	62,9	+53	162,5	+63	26 2
Hortors	81 8	66	12,9	+51	14 3	+72	5 0
Solchem	53 7	9	4 7	+25	6,2	+29	2 0
Delswa	—	—	5 1	−25	40 6	−25	9 0
Musica	38 9	37	−2,7	N/A	−12 0	N/A	1,0
Transpace	50 5	−2	1 2	−34	5 4	−42	2,5
Maxmech	4 8	6	0,03	N/A	1,0	N/A	—
Quickco	8,3	−67	0,1	N/A	0 1	N/A	—
▲ 13 months							
INTERIMS							
Clinics	N/A	+19	27 6	+17	14 5	+17	6 0
Rhoex	—	—	0 3	−92	0 9	−89	—
Quickco	6 4	+42	0 3	+59	0 1	+171	—

TOYOTA SA

A Business Times Corporate Feature

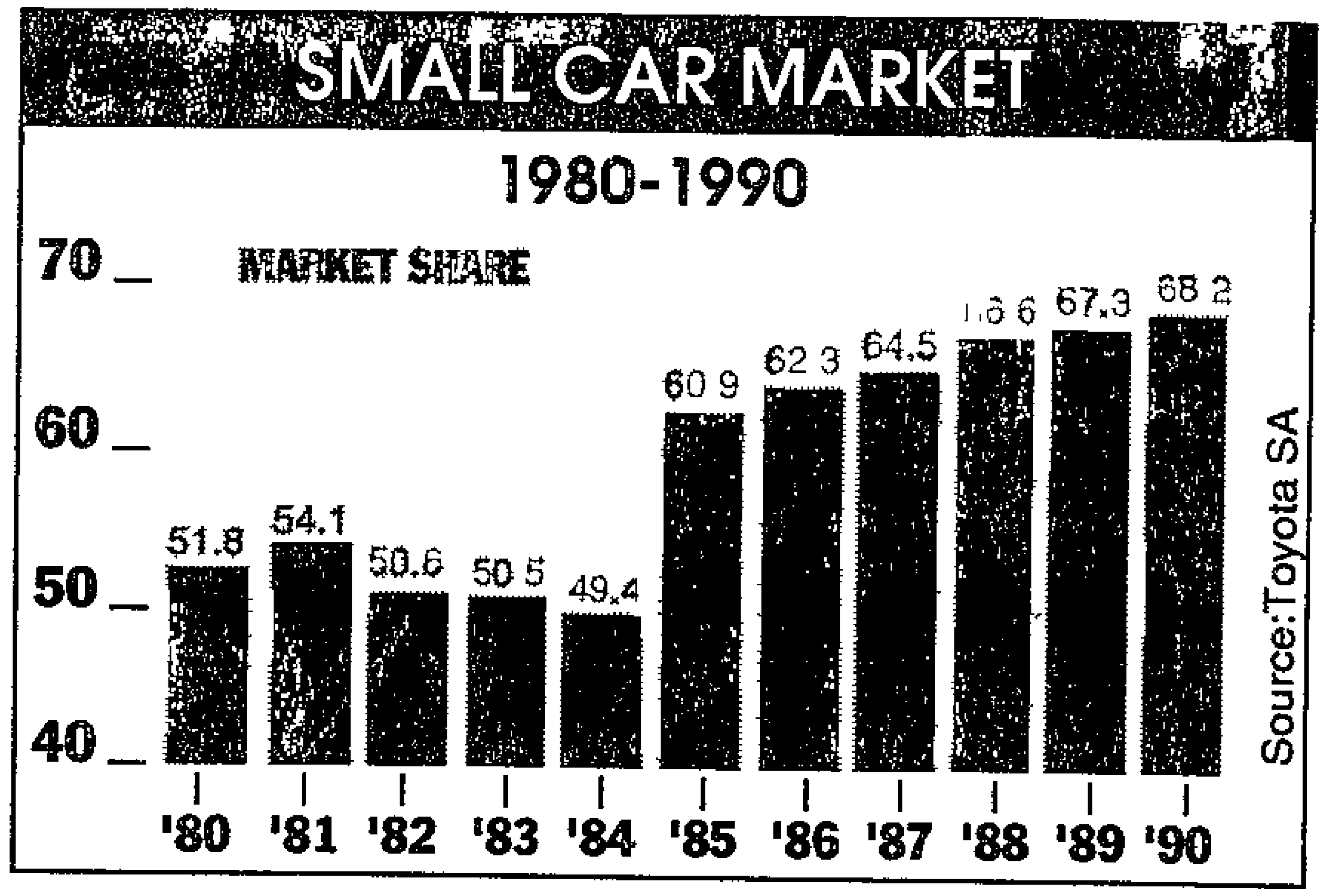
(192)

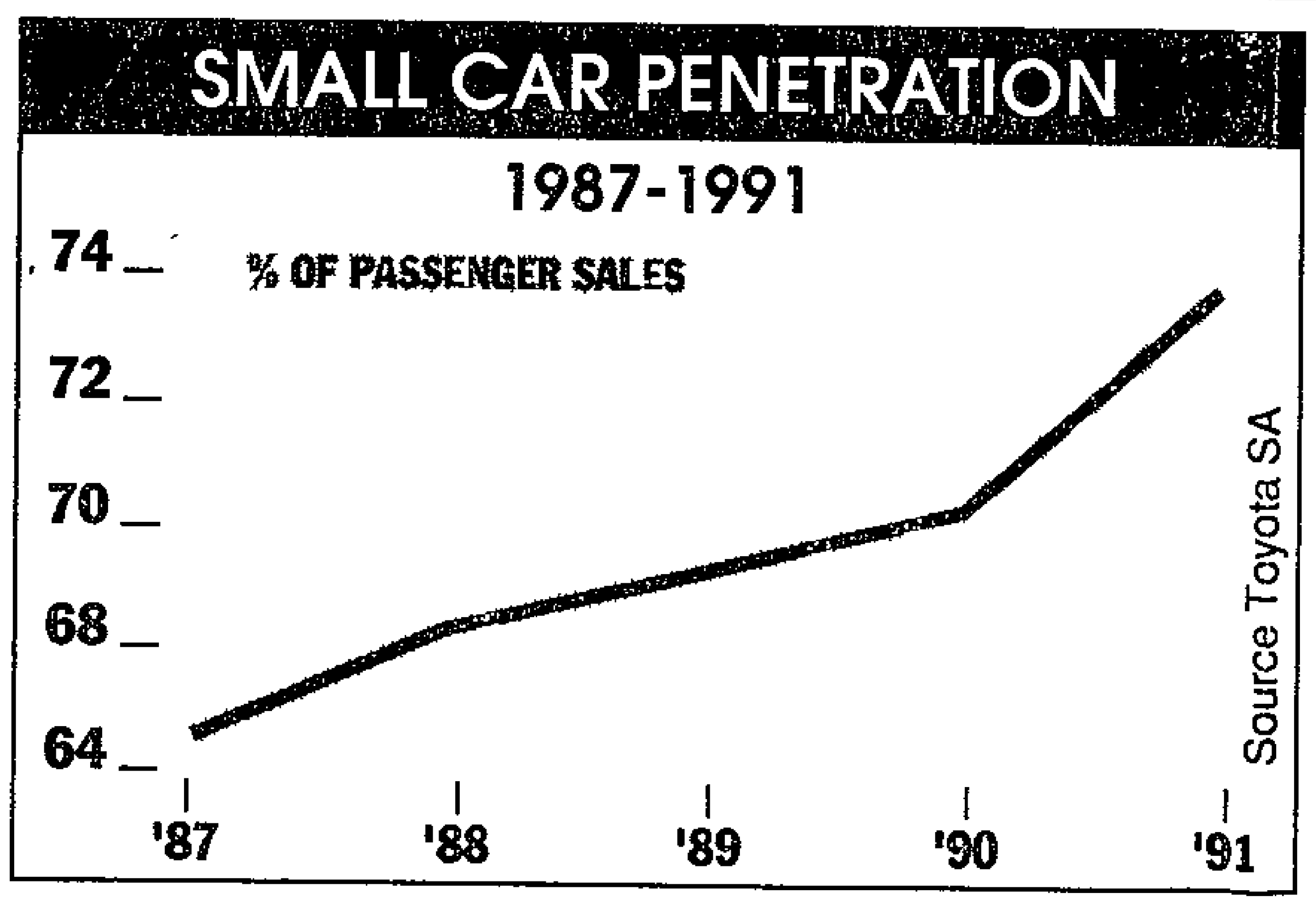
Corolla conquers the market for small cars

(147)

In March this year the Toyota Corolla smashed a 10-year-old record by selling 4 398 units — the highest ever single model figure recorded in South Africa

PATRICK O'LEARY reports on the success of this car model and its role in transforming the Toyota operation from that of chiefly a commercial vehicle manufacturer some 15 years ago to a leader in the total vehicle market in SA





A DESIRE to achieve a more comprehensive coverage of the car market in the early 1970s put Toyota South Africa on the road to one of the motor industry's all-time success stories

The vehicle chosen was the Toyota Corolla

Until then, Toyota had been a commercial-vehicle oriented company, famous for its bakkies The company s share of the car market was a mere 7% or so, achieved with the big-engined Coronas

It needed a winner and in choosing the Corolla Toyota never realised the dramatic impact this marque would make on SA's small-car market

The fact that one can safely refer to SA today as small-car country is purely coincidental and was not taken into account in Toyota's planning

Ball

This dispels the myth that Toyota had a crystal ball into which it gazed and accurately foresaw the swing to small cars in the 1980s

Toyota SA Marketing managing director Brand Pretorius says "To be honest we did not forecast a dramatic growth in the small-car market Our main rationale was to sustain our comprehensive dealer network by increasing our share of the passenger-vehicle market "

It was with this in mind that the Corolla was launched in 1975 It immediately started to achieve what Toyota intended it to come were seen in the aftermath of Opec's first oil price increase in 1972 which reverberated on economies throughout the world

SA experienced the first effects of the crisis in the form of a 90km/h general speed limit and higher fuel prices

In 1976 the Soweto riots placed apartheid firmly in the world's spotlight The first knock was felt on the rand exchange rate and car prices started rising rapidly as SA's currency weakened

Impact

In 1977 and 1978, there was a rapid move to small cars and about this time the Mazda 323 became the top seller

Mr Pretorius says "We then knew we were on the right track Let me make it clear, however, that the first-generation Corolla was successful but it was not dramatic

The second-generation Corolla was launched in 1980 and that is when this vehicle really started making an impact on a market that had adopted the small-car culture

Graph 1 shows the market share growth of the car from 1980 to 1990 This illustrates the trend that followed from the early 1980s

Cap

In 1990, small cars accounted for 68,2% of the car market The share has since leapt to nearly 72% and is still climbing (graph 2)

Corolla sales have increased proportionately and today the marque accounts for 45% of Toyota sales ufacturers, Toyota would be No 1 with a passenger market share of, say 27% Corolla-Conquest would be second with a 24% share, Volkswagen third with 21% and then the others "

In the past 12 months, Corolla as a model range has consistently outsold all the others and has emerged as the all-time favourite with est-ever single model sales figure recorded in SA

The previous record was held by the Mazda 323 with 4 187 sales in July 1982

Corolla's cumulative sales in SA are 445 752 units making it by far the most popular car ever on SA roads

The Corolla 1,6 GL was also the most popular model derivative in 1991 with sales Conquest four in the top 10 list

In world terms, the Corolla has been equally successful and has dominated the extremely competitive Japanese market for 27 years

In 1988, the Corolla moved ahead of the Model T Ford in the record books to become the world s second-best sell-

FML pegs the cost of motoring

THE move to full maintenance leasing (FML) has gathered momentum among companies as well as receivers of car allowances

Toyota is handling this trend through Toyota Lease

Neville Frost, executive director of the company, says "Full maintenance lease is a specialised form of vehicle acquisition

"This company was established three years ago to provide Toyota customers with an efficient FML product "

FML provides for the use of a vehicle over a contract period coupled to contract kilometres to suit individual requirements The FML contract includes finance and maintenance costs over the specified period

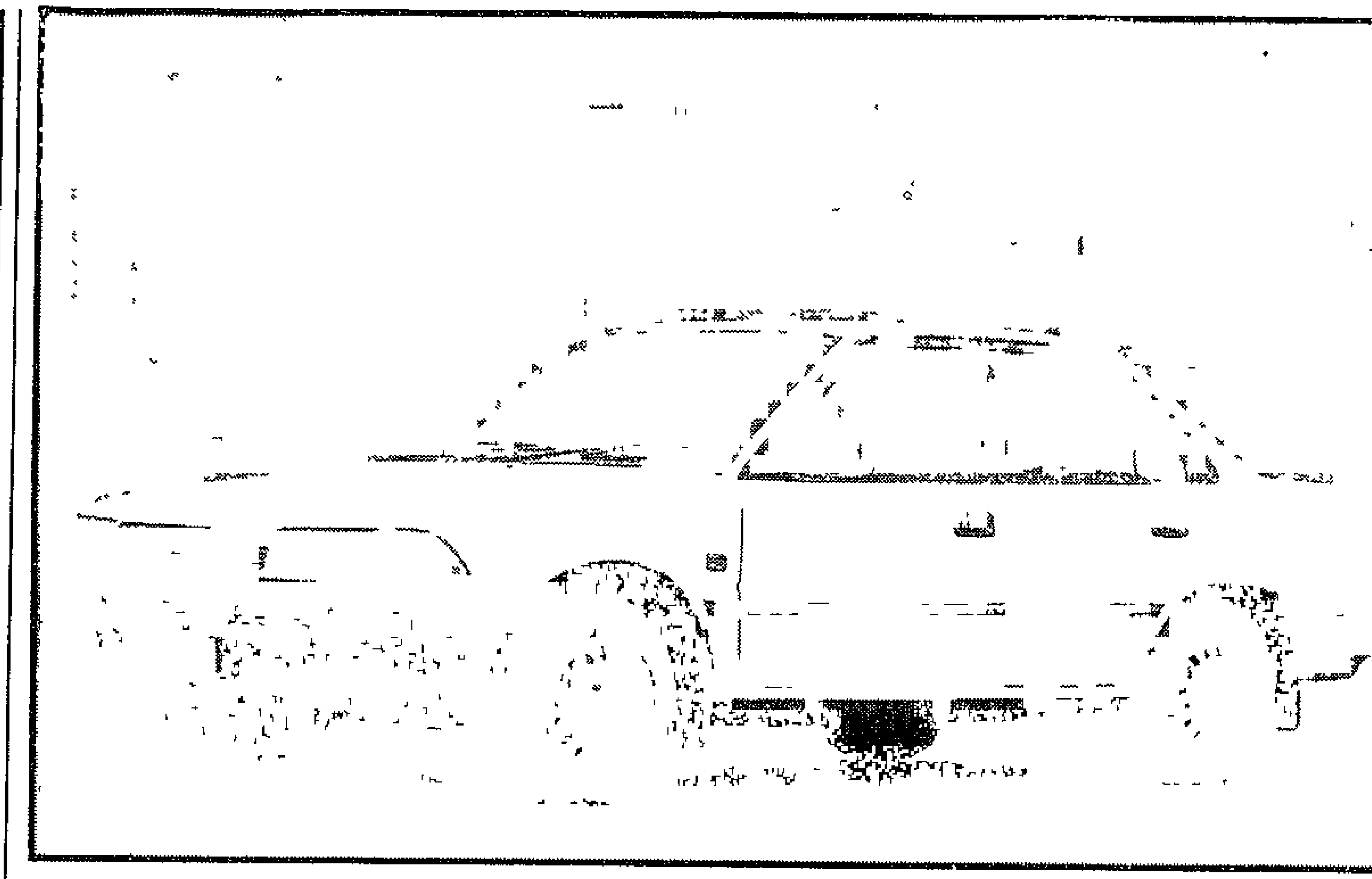
Value

Mr Frost says "We also include tyres and offer AA membership as well as comprehensive insurance as options "

In essence, FML offers a customer fixed-cost motoring with no surprises

"It's an extension of the Toyota Touch philosophy We sell to the client and educate him on behalf of our dealers This allows our dealer network to compete professionally in the FML market," he says

The arrangement offers cost benefits for customers because Toyota Lease is not out to make exorbitant profits on the contract Its



SOUTH AFRICA'S MOST POPULAR SINGLE CAR MODEL The Toyota Corolla 1,6 GL

Milestones on the road to its best-seller status

COLIN Downie, engineering director of Toyota SA Manufacturing, won't forget the early Corollas brought to South Africa

Toyota was deciding at the time whether to make the cars here and he was asked to take one home for the night

"It was dark and I couldn t work out why this supposed world-beater was so undergeared he recalls 'It was only in the morning that I realised I had neglected to use the fifth gear

In 1971 five-speed gearboxes were a rarity

Mark

"You found them in specialist cars such as the Alfa Romeo But they were unheard of in a car such as the Corolla

The fifth gear was an innovation" Corolla made popular in small cars around the world

Mr Downie also has a vivid memory of the first Corolla to arrive in this country in ronas the then Motor Assemblies was making Who would buy such a small car when South Africans were happily driving around in their Valiants and Chevrolet 4100s?

However, by the time Toyota introduced the first SA-made Corolla in 1975, the climate was right for a new contender from Toyota, a car smaller than the Corona and one that was making a mark around the world

"We were impressed from the start by the engineering and durability of the Corolla says Mr Downie "The Japanese seemed to have done their homework well '

Well almost The first SA Corolla posed a problem for the engineers

The suspension travel was on the short side," recalls Mr Downie

'To get the carrying capacity for four adults and their luggage we had to make the ride rather hard '

Even so the newcomer was an immediate success Only one year after its introduction the Corolla made up "He decided to put a few stripes on the side of a Corolla and we called it the SR4 It proved to be popular "

The SR4 was followed by Toyota's Corolla Black Hawk a matt-black coupe etched with gold striping and wearing an intricate cut-out gold hawk on the bonnet

The public, especially the younger section, loved it

In 1980 the second-generation Corolla was launched and was better than its predecessor in every depart ment

Body

Toyota now had a far wider range of Corolla body styles than before — a two-door, a four-door, a liftback, a van and a station wagon — as well as three sizes of engine 1300cc, 1600cc and 1800cc

For the first time the company was truly competitive in the small-car market

Toyota was soon selling 3 000 Corollas a month By 1981 the Corolla had started first multi-valve engines in production cars, a move other manufacturers soon scrambled to copy

In keeping with the times, these models also had such big-car luxuries as power steering, fuel injection electric windows, electronic engine management and variable induction systems

Keeping up with the times brought its rewards In 1986, Corolla won the coveted South African Guild of Motoring Journalists Car of the Year award

By now Corolla was a hard act to follow

The car was a firm favourite with private as well as fleet buyers

Late in 1988 the all-new Toyota Corolla arrived in a fanfare of multi-valve technology for all models a far more upmarket image, and no fewer than 16 derivatives

Rally

Corolla again won the SA Guild of Motoring Journal-

se
to
two

one-
make

VW cuts prices before the rest go up

(192)

ST Times (Buss)

By DON ROBERTSON

28/6/92

VOLKSWAGEN SA has pipped the rest of the motor industry by introducing a range of cheaper models only days ahead of the next round of price increases

The new 1,3 litre Citi Golf Shuttle and Jetta Trippa have been cut in price by more than R3 000 compared with the previous models. The cheaper versions come without frills.

The Caddy 1,6*l* pick-up, costing R34 621, is R4 000 cheaper than the previous model

The Citi Golf Shuttle at R27 990 is now the second-cheapest model on the market, beaten only by the 1,1*l* Uno Fire priced at R26 850

The Trippa is the cheapest sedan available.

Dealer

Motor manufacturers have expressed concern about the rising cost of cars, but claim that most of the factors leading to higher prices are largely out of their control.

Higher prices have extended the age group of first-time car buyers by about six years to between 24 to 28 years.

Volkswagen, which has been "running out" this generation of Golfs for the past 10 years, claims to have 34,4% of the hatchback market, well above Uno's 26% and the Toyota Conquest's 13,5%.

Ronnie Kruger, head of public affairs at Volkswagen, says that because of the omission of non-essential features and assistance from the dealer organisation, prices could be trimmed.

SA companies move in on SE Asia trade

SI Times (BUSS) 28/6/92

By TERRY BETTY

MURRAY & Roberts is countering South Africa's construction recession by tendering for contracts in thriving South-East Asia.

M&R tendered to provide expertise to build a 2km pier in Thailand. "It was the lowest tender," says M&R Suppliers & Services chief executive Andre van der Colff.

M&R has operated in Hong Kong for about 10 years. But Mr Van der Colff says Singapore is now the key area.

M&R is one of many SA companies taking advantage of the boom in South East Asia since sanctions were relaxed. Corobrik is exporting bricks to Singapore and Sasol is gearing up for petrochemical trade in the Pacific.

Sasolchem division manager Karl Pretorius says his operation exports more than 200 000 tons of petrochemicals a year, more than half of which goes to the Far East.

"We ~~see Thailand~~, Malaysia Indonesia and the Philippines as the high growth areas, says Mr Pretorius.

SA has a competitive advantage in this area over Europe and the US because of shorter shipping distances.

Mr Pretorius says Sasolchem intends to export to Singapore, the trading hub of South East Asia.

Safto Far East manager Graham Limerick says "Hong Kong citizens want to move their companies and have gone to Singapore. This will keep them close to the source of cheap labour."

Mr Limerick says high tech companies, such as Hewlett Packard Phillips and Siemens, are based in Singapore because of its tight anti piracy legislation.

Webber Wentzel trade partner Leora Blumberg says few South Africans realise how vibrant South East Asia is.

"In 1991 while the rest of the world was battling with a recession, Thailand's growth rate in gross domestic product was 10% Singapore's GDP grew an average 8%, Malaysia 6 8% Indonesia 6 4% and the Philippines 4 6%

The region's average is twice that of the European Community and far higher than SA's -0 6% for 1991

Mr Limerick says the region has maintained this pace for 10 to 15 years. It has been even higher but was trimmed by world recession.

The standard of living in most of these countries is still better than in SA.

Miss Blumberg says that even though SA [illegible] been exporting to these countries through third parties, the amounts involved have been small.

"South Africans have few contacts and know little of the region.

'Companies automatically think of Western countries when they want to export."

The potential for trade in South-East Asia is vast.

Even though it is the smallest country in South-East Asia, Singapore is the gateway to the region.

It has geared itself to trade because it has a cheap, efficient harbour and excellent communication. Miss Blumberg says Electronic Data Interchange (EDI) which facilitates trade, is based in Singapore.

Merit

Singapore and Thailand have dropped all sanctions against SA.

Malaysia has kept trade sanctions But Mr Limerick says SA delegations have still had a superb reception from the Malaysians because they want to start trading as soon as an interim government is in place in SA.

Having lost its Russian ally, Vietnam is forced to trade with the West and is willing to do business with SA.

The Philippines has dropped people to people sanctions but will consider trade offers on merit.

Indonesia the largest potential market with a population of 180-million, remains anti-SA

Construction lifeline

SI Times (BUSS) 28/6/92.

CIVIL engineering group CA Brand has won contracts worth more than R45-million in the past month in spite of the depressed construction industry

CA Brand chairman Peter Bayly says the company is lucky in obtaining these contracts and warns that unless there is a dramatic improvement soon, many construction companies will go to the wall.

Largest contract is for the construction of a 160-room City Lodge in Morningside In the heart of Pretoria the company will rehabilitate and widen Skinner Road between Princess Park Drive and Andries Street at a cost of R14-million.

MBSA, Samcor head for clash

SI Times (BUSS) 28/6/92

By DON ROBERTSON

A DISPUTE is possible between Mercedes-Benz SA (MBSA) and Samcor both of which could soon be producing Mitsubishi vehicles in South Africa.

Since 1985 when Sigma merged with Ford Samcor has made Mitsubishi commercial vehicles. Production of passenger vehicles stopped shortly after Samcor's formation.

Samcor still builds the Mitsubishi Canter nine-ton truck, the Star Wagon and Express minibuses as well as a light commercial vehicle

It is believed that MBSA is now eager to make a one-ton Mitsubishi pick up at its East London factory

MBSA chairman Christoph Kopke recently returned from Japan where it is believed he had discussions with Mitsubishi Corporation about a one-ton bakkie for SA production.

Sense

Mr Kopke refuses to comment on whether negotiations took place

First indications of a possible link between MBSA and Mitsubishi were announced by Business Times in January

Samcor managing director Robert Herbertson says he has been appraised" of this possibility but it is not a "make-or break situation

Mr Herberston says that if Mitsubishi planned to introduce a one-ton pick-up to SA, it would have to compete against the Mazda B series and Ford Courier bakkies produced by Samcor

"It would not make sense for them to allocate funds to compete against these two vehicles"

The introduction of a one-ton pick-up would make sense for MBSA

Prospects of mediation in metal pay talks slim

(192)

SI Times (BUSS) 28/6/92

By ADRIAN HERSCH

EMPLOYERS in the metal industry say that chances are slim that mediation will be used to resolve the pay dispute this year

Mediation settled last year's row after strike and lock-out ballots were held.

Seifsa is balloting on a lock-out and Numsa the largest union at the current talks, appears set to hold a strike ballot early in July

Numsa has declared disputes in the metal, auto-assembly, motor and tyre industries.

Simultaneous lawful industrial action could occur in the metal and auto-assembly sectors in late July — or even mid August to coincide with a possible political stayaway

Highest

But no lawful strike can occur in the motor industry — affecting 180 000 workers mostly at garages and in motor retail — until September because the agreement expires at the end of August.

Even if a strike ballot is held in the tyre industry action appears unlikely because the retrenchment moratorium is to be extended for another year and the pay offer is 12% — the highest of all the sectors in which Numsa is involved.

The demand for a 12 month retrenchment moratorium is a major stumbling block in the metal and auto-assembly industries. The parties are also far apart on wages.

The metal talks affect about 330 000 workers and the auto-assembly negotiations about 35 000

Seifsa executive director Brian Angus says a retrenchment moratorium will have the opposite effect to what is intended

Mr Angus says "The industry comprises about 9 000 companies many of them small Where there is no option of retrenchment, small business will have to close.

"Companies would also be cautious about taking on workers knowing they cannot retrench when economic forces dictate they should.

Numsa negotiator Les Kettledas says workers have made sacrifices to avoid retrenchments over the years by working short time Further job losses could be avoided 'if managers were also prepared to make sacrifices by working short time

Seifsa proposes that each worker pay 50c a month — to be matched by the employer — into a fund for training retrenched employees.

Mr Angus says this would realise about R330 000 a month a large amount for a small contribution.

Mr Kettledas says Numsa rejects the plan because it deals with a problem after jobs have been lost instead of saving existing ones.

Seifa's 8% pay offer would bring rates to R5,08 and R11,28 an hour for labourers and artisans respectively

Mr Angus says conditions are so tough in the industry that prospects of using mediation to resolve the dispute are minimal.

Employers don't have the same leeway for flexibility as they had last year

Metal employers are likely to vote in favour of a lock-out ballot. Should Numsa hold a strike ballot it is expected to get a yes response, given the high level of worker militancy

Whether a strike will occur is difficult to predict because job security is an important factor and the possibility of a lock out will be looming

Clouding the outlook is the political climate

COMPANY ROUND-UP

PRELIMS	Turnover (Rm)	% change	Profit before tax (Rm)	% change	Earnings a share (c)	% change	Div a share (c)	% change
Toco	153 6	+17	18 0	+27	19 4	+3	7 75	+3
LTA	1876 0	0	64 5	+31	114 0	+30	32 5	+30
Plate Glass	1981 3	−14	216 5	−20	308 6	−25	150 0	−32
CMSA▲	44 6	N/A	3 9	N/A	7 3	N/A	3 0	N/A
Argus	2011 5	+85	187 5	+15	213 0	+20	55 0	+10
GDM	—	—	11 5	−4	38 0	+13	15 5	+15
Chubb	167 1	−3	9 7	−16	124 9	−9	25 0	−11
Richemont (£)	—	—	820 1	+4	£343 60	+11	£56 25	+11
ODM	N/A	—	N/A	—	−0 1	N/A	0	—
Gypsum #	—	—	19 3	+10	120 5	−8	45 0	+125

▲ 13 months (£) Sterling earning/unit # 9 months

INTERIMS	Turnover (Rm)	% change	Profit before tax (Rm)	% change	Earnings a share (c)	% change	Div a share (c)	% change
Otis	—	—	10 8	+50	24 4	+31	12 0	+33
Hudaco	280 0	+53	27 0	+30	51 0	+9	23 0	+10
Adonis	—	—	0 4	−78	8 2	−29	0	N/A
Pointer	6 1	−19	0 4	N/A	−5 2	N/A	—	—
Plastall	24 0	−27	−0 8	N/A	−5 5	N/A	—	—
Inmins	76 6	−7	−0 5	N/A	−2 1	N/A	—	—
Winhold	102 8	−10	−1 1	N/A	−2 0	N/A	—	—
Winbel	102 8	−10	−1 1	N/A	−1 4	N/A	—	—

VW cuts prices

SA companies move in on SE Asia trade

SI Times (BUSS) 28/6/92.

By TERRY BETTY

MURRAY & Roberts is countering South Africa's construction recession by tendering for contracts in thriving South-East Asia.

M&R tendered to provide expertise to build a 2km pier in Thailand. "It was the lowest tender," says M&R Suppliers & Services chief executive Andre van der Colff

M&R has operated in Hong Kong for about 10 years. But Mr Van der Colff says Singapore is now the key area

M&R is one of many SA companies taking advantage of the boom in South-East Asia since sanctions were relaxed Corobrik is exporting bricks to Singapore and Sasol is gearing up for petrochemical trade in the Pacific.

Sasolchem division manager Karl Pretorius says his operation exports more than 200 000 tons of petrochemicals a year more than half of which goes to the Far East.

"We see Thailand, Malaysia Indonesia and the Philippines as the high growth areas, says Mr Pretorius.

SA has a competitive advantage in this area over Europe and the US because of shorter shipping distances.

Mr Pretorius says Sasol chem intends to export to Singapore, the trading hub of South-East Asia.

Safto Far East manager Graham Limerick says "Hong Kong citizens want to move their companies and have gone to Singapore. This will keep them close to the source of cheap labour

Mr Limerick says high-tech companies, such as Hewlett-Packard Phillips and Siemens, are based in Singapore because of its tight anti piracy legislation

Webber Wentzel trade partner Leora Blumberg says few South Africans realise how vibrant South-East Asia is.

"In 1991 while the rest of the world was battling with a recession, Thailand's growth rate in gross domestic product was 10% Singapore's GDP grew an average 8%, Malaysia 6,8% Indonesia 6.4% and the Philippines 4.6%

The region's average is twice that of the European Community and far higher than SA's -0.6% for 1991

Mr Limerick says the region has maintained this pace for 10 to 15 years It has been even higher, but was trimmed by world recession.

The standard of living in most of these countries is still better than in SA.

Miss Blumberg says that even though SA has been exporting to these countries through third parties, the amounts involved have been small.

"South Africans have few contacts and know little of the region.

"Companies automatically think of Western countries when they want to export.

The potential for trade in South-East Asia is vast.

Even though it is the smallest country in South-East Asia, Singapore is the gateway to the region.

It has geared itself to trade because it has a cheap, efficient harbour and excellent communication. Miss Blumberg says Electronic Data Interchange (EDI), which facilitates trade, is based in Singapore.

Merit

Singapore and Thailand have dropped all sanctions against SA

Malaysia has kept trade sanctions. But Mr Limerick says SA delegations have still had a superb reception from the Malaysians because they want to start trading as soon as an interim government is in place in SA.

Having lost its Russian ally, Vietnam is forced to trade with the West and is willing to do business with SA.

The Philippines has dropped people to-people sanctions but will consider trade offers on merit.

Indonesia the largest potential market with a population of 180-million, remains anti-SA.

Construction lifeline

SI Times (BUSS) 28/6/92.

CIVIL engineering group CA Brand has won contracts worth more than R45-million in the past month in spite of the depressed construction industry

CA Brand chairman Peter Bayly says the company is lucky in obtaining these contracts and warns that unless there is a dramatic improvement soon, many construction companies will go to the wall.

Largest contract is for the construction of a 160-room City Lodge in Morningside. In the heart of Pretoria the company will rehabilitate and widen Skinner Road between Princess Park Drive and Andries Street at a cost of R14-million.

MBSA, Samcor head for clash

SI Times (BUSS) 28/6/92

By DON ROBERTSON

A DISPUTE is possible between Mercedes Benz SA (MBSA) and Samcor both of which could soon be producing Mitsubishi vehicles in South Africa

Since 1985 when Sigma merged with Ford, Samcor has made Mitsubishi commercial vehicles. Production of passenger vehicles stopped shortly after Samcor's formation.

Samcor still builds the Mitsubishi Canter nine-ton truck, the Star Wagon and Express minibuses as well as a light commercial vehicle

It is believed that MBSA is now eager to make a one-ton Mitsubishi pick up at its East London factory

MBSA chairman Christoph Köpke recently returned from Japan where it is believed he had discussions with Mitsubishi Corporation about a one-ton bakkie for SA production.

(192)

Sense

Mr Kopke refuses to comment on whether negotiations took place

First indications of a possible link between MBSA and Mitsubishi were announced by Business Times in January

Samcor managing director Robert Herbertson says he has been 'appraised' of this possibility but it is not a "make-or break situation'

Mr Herberston says that if Mitsubishi planned to introduce a one-ton pick up to SA, it would have to compete against the Mazda B series and Ford Courier bakkies produced by Samcor

'It would not make sense for them to allocate funds to compete against these two vehicles

The introduction of a one-ton pick up would make sense for MBSA

Prospects of mediation in metal pay talks slim

SI Times (BUSS) 28/6/92

By ADRIAN HERSCH

EMPLOYERS in the metal industry say that chances are slim that mediation will be used to resolve the pay dispute this year

Mediation settled last year's row after strike and lock-out ballots were held.

Seifsa is balloting on a lock-out and Numsa, the largest union at the current talks, appears set to hold a strike ballot early in July

Numsa has declared disputes in the metal, auto-assembly, motor and tyre industries.

Simultaneous lawful industrial action could occur in the metal and auto-assembly sectors in late July — or even mid-August to coincide with a possible political stayaway

Highest

But no lawful strike can occur in the motor industry — affecting 180 000 workers mostly at garages and in motor retail — until September because the agreement expires at the end of August.

Even if a strike ballot is held in the tyre industry, action appears unlikely because the retrenchment moratorium is to be extended for another year and the pay offer is 12% — the highest of all the sectors in which Numsa is involved.

The demand for a 12-month retrenchment moratorium is a major stumbling block in the metal and auto-assembly industries. The parties are also far apart on wages

The metal talks affect about 330 000 workers and the auto-assembly negotiations about 35 000

Seifsa executive director Brian Angus says a retrenchment moratorium will have the opposite effect to what is intended

Mr Angus says. "The industry comprises about 9 000 companies, many of them small Where there is no option of retrenchment, small business will have to close.

Companies would also be cautious about taking on workers knowing they cannot retrench when economic forces dictate they should."

Numsa negotiator Les Kettledas says workers have made sacrifices to avoid retrenchments over the years by working short time. Further job losses could be avoided if managers were also prepared to make sacrifices by working short time"

Seifsa proposes that each worker pay 50c a month — to be matched by the employer — into a fund for training retrenched employees

Mr Angus says this would realise about R330 000 a month a large amount for a small contribution

Mr Kettledas says Numsa rejects the plan because it deals with a problem after jobs have been lost instead of saving existing ones.

Seifa's 8% pay offer would bring rates to R5,08 and R11,28 an hour for labourers and artisans respectively

Mr Angus says conditions are so tough in the industry that prospects of using mediation to resolve the dispute are minimal

"Employers don't have the same leeway for flexibility as they had last year"

Metal employers are likely to vote in favour of a lock-out ballot. Should Numsa hold a strike ballot it is expected to get a yes response, given the high level of worker militancy

Whether a strike will occur is difficult to predict because job security is an important factor and the possibility of a lock-out will be looming.

Clouding the outlook is the political climate

VW cuts prices

COMPANY ROUND-UP

PRELIMS	Turnover (Rm)	% change	Profit before tax (Rm)	% change	Earnings a share (c)	% change	Div a share (c)	% change
Toco	153.6	+17	18.0	+27	19.4	+3	7.75	+3
LTA	1876.0	0	54.5	+31	114.0	+30	32.5	+30
Plate Glass	1981.3	−14	216.5	−20	308.6	−25	150.0	−32
CMSA ▲	44.6	N/A	3.9	N/A	7.3	N/A	3.0	N/A
Argus	2011.5	+85	187.5	+15	213.0	+20	55.0	+10
GDM	—	—	11.5	−4	38.0	+13	15.5	+15
Chubb	187.1	−3	9.7	−18	124.9	−9	25.0	−11
Richemont (£)	—	—	620.1	+4	£343.60	+11	£58.25	+11
ODM	N/A	—	N/A	—	−0.1	N/A	0	—
Gypsum #	—	—	19.3	+10	120.5	−8	45.0	+125
▲ 13 months. (£) Sterling earning/unit # 9 months.								
INTERIMS								
Otis	—	—	10.6	+50	24.4	+31	12.0	+33
Hudaco	280.0	+53	27.0	+30	51.0	+9	23.0	+10
Adonis	—	—	0.4	−78	8.2	−29	0	N/A
Pointer	6.1	−19	0.4	N/A	−5.2	N/A	—	—
Plastall	24.0	−27	−0.6	N/A	−5.5	N/A	—	—
Inmins	78.6	−7	−0.5	N/A	−2.1	N/A	—	—
Winbold	102.8	−10	−1.1	N/A	−2.0	N/A	—	—
Winbel	102.8	−10	−1.1	N/A	−1.4	N/A	—	—

Toyota issues ultimatum 192

Toyota yesterday delivered an ultimatum to the 6 000 striking workers at its Durban plants, ordering them to return to work on Monday or face dismissal The National Union of Metalworkers of SA said the ultimatum would not solve problems, but merely inflame tensions STAR 30/6/92

Saficon seeks listing transfer

STAR 1/7/92

(192)

By Stephen Cranston

Saficon has applied for a transfer to the Industrial Holdings sector from the Motor sector.

Chairman Sidney Borsook said this reflected the changing nature of the business as the building materials group Boumat — which was previously an associate — had become a subsidiary.

Mr Borsook said that all other aspects of the group's long-term strategy remained unchanged.

These were directed towards the continued development of the existing motor and industrial vehicle distribution business, the development of the motor component business on a selective and focused basis and entry into new business" where we can provide added value".

In contrast to previous years, Mr Borsook did not make a firm prediction of earnings per share, but said he expected 193 000 (192 850) passenger cars to be sold in the year to March 1993, 100 000 (98 091) light commercial vehicles, 3 800 (3 941) medium commercial vehicles and 5 800 heavy commercial vehicles (6 683).

Mr Borsook predicted that monthly sales volumes would only improve in the latter part of the financial year, between November this year and March 1993.

"Vehicle prices are expected to increase in excess of the rise in the CPI," he added. "The cost pressures on vehicle manufacturers are considerable. Nevertheless, the motor industry continues to invest in new products and production facilities."

More than R690 million was invested during 1991. Production capacity in the industry was underused — only 69 percent of capacity was used in the three months to March 1992.

Just 62 percent of light commercial vehicle capacity and 55 percent of heavy truck and bus capacity was used.

Toyota reads riot act to the 6 000 on strike

(192) ARG 1/7/92

SHARON SOROUR
Labour Reporter

TOYOTA SA has threatened to fire 6 000 workers who downed tools a week after the 17-day strike at the Prospecton vehicle assembly plant was resolved

The motor giant, which has lost more than R400 million in turnover since industrial action started in May, gave workers an ultimatum to return to work by Monday or face dismissal

"We have explored every avenue in the search for an acceptable solution without resorting to a mass dismissal but have received little or no co-operation from the Naional Union of Metalworkers of SA in resolving the dispute," said MD of manufacturing Mr Ralph Broadley.

"In the light of this we have little alternative but to issue an ultimatum for the workers to return to work or face summary dismissal on July 6"

Both parties have agreed to mediation on Friday by the Independent Mediation Services of S A (Imssa), but the company has stated the ultimatum still stands

The workers, who are losing more than R800 000 a day in wages, resumed the strike on June 9 after it was disclosed that some shop stewards involved in strike negotiations were to be paid for the duration of the first strike

Workers are demanding full pay for the duration of the first strike

Discussions to end the new strike ended in deadlock almost immediately, a company spokesman said

The union had initially requested mediation to start on July 6 but this was unacceptable to the company because of the extended duration of the strike

Toyota plants were out of production from May 6 to June 2

The strike action had been "unprocedural and illegal" and the union's demand for payment of striking workers "has absolutely no precedent, locally or internationally"

Mr Broadley said "Toyota's stand of no work, no pay is in line with this and we cannot consider paying workers involved in a legal strike let alone an illegal one"

The union had acknowledged the "general practice of paying shop stewards in the industry", but had refused to test Toyota's bona fides in a court of law

"We have noted an inability or apparent unwillingness on the union's part to remedy the perceived problem of shop steward payments within their own democratic organisation," Mr Broadly said

He accused the union of being disinterested in the job security of its members by failing to resolve the Toyota strike

Deadlock broken

Sowetan 1/7/92

Sowetan Correspondent

A BREAKTHROUGH in the Toyota strike was made yesterday when the company and the National Union of Metalworkers of South Africa agreed to go to mediation.

The workers have been given an ultimatum to return to work on Monday, July 6 or face dismissal.

192

A spokesman for Toyota said yesterday the company and Numsa had agreed to the director of Independent Mediation Service, Mr Charles Nupen, mediating between the parties regarding the "unlawful" strike which resulted in the ultimatum being issued against the workers.

The mediation would take place on Friday, he said.

He said, however, that the ultimatum to striking workers to return to work on July 6 remained in place and workers failing to comply with it faced dismissal.

Car manufacturers increase prices

192

EDWARD WEST

MOTOR manufacturers, except Toyota and Mercedes-Benz SA, yesterday increased vehicle prices between 1%-3% as part of a quarterly inflation adjustment

Volkswagen's average price increase was 2,29% Golf and Jetta prices increased the most at 3,1% while Audi prices remained unchanged

BDay 2/7/92

Nissan's price increases varied between 3% for the Maxima and 1,1% for the Uno with the weighted average at 2,4%

The price of the recently launched Sentra would increase by 3% only on August 1 because of a long waiting list for the vehicles which would bring the weighted average up to 2,6% MD Stefanus Loubser said Nissan would attempt to keep price increases at about 12% for the year

Opel and Isuzu prices increased 2,7% and 1,9% respectively, while BMW's 3-series increased 3,3%, its 5-series by 2,8%, its 7-series by 2% and its 8-series by 1%

Samcor's increases varied between 1,2% for the Mazda 323 1,6l sedan and 3,13% for the 2l GLE Ford Meteor

National Association of Automobile Manufacturers' of SA (Naamsa) recently said the pricing of new vehicles would be especially keen this year in an attempt to make cars more affordable

Last year price increases averaged between 15% and 23% Industry spokesmen said manufacturers were showing "great restraint" in pricing in an effort to bring price escalations below inflation

Most of the major manufacturers have revised total new car sales Naamsa has revised its original 200 000 down to 190 000 while Toyota revised its projection from 205 000 to 185 00 while Nissan lowered its forecast to between 187 000 and 189 000

NEWS IN BRIEF

(192)

Mediator for strike

MEDIATION in the three-week-old Toyota SA strike in Durban, involving about 6 000 workers, begins tomorrow — three days before workers have to return to work or face dismissal

Charles Nupen of the Independent Mediation Services of SA will attempt to resolve the deadlock which is costing the company about R15m a day in lost production Effectively, Toyota loses production of 430 vehicles a day

B/Day 2/7/92

TOYOTA STRIKE (192)

Trial of strength

FM 3/7/92

Everything is not going right with Toyota There is still no work being done at the Prospecton assembly plant at Durban and 6 000 strikers have been warned to return by Monday or face the sack

Executive chairman Bert Wessels has warned that unless acceptable levels of productivity are achieved, the company may have to consider restructuring in the future Part of this restructuring could mean consideration of the use of robots, though he emphasises that he does not regard automation as a substitute for good industrial relations

The immediate problem is to restore production Toyota Manufacturing MD Ralph Broadley says the plant has effectively been at a standstill since May 6 when the first of two strikes began with an illegal and unprocedural stoppage Since then the impact of the walkout has spread Several suppliers have gone on to short time and one firm has closed temporarily because of the dwindling demand for components

The management ultimatum comes three weeks after workers downed tools for a second time — only a week after returning to work from an 18-day dispute over supervisory staff The new grievance (*Current Affairs* June 26) involves demands for pay during the first strike because certain shop stewards had been paid during the stoppage Toyota's response, displaying a clear loss of patience, was to suspend the original agreement that had coaxed workers back to their jobs on June 2

Since the stoppage Toyota says there have been just two brief meetings between Toyota and the National Union of Metalworkers of SA (Numsa) They ended without getting closer to a settlement A management spokesman says the union dropped its demand for pay during the original strike but not during the current one It also sought the continued

FM 3/7/92 (192)

reinstatement of the revoked June 2 agreement

Numsa regional secretary Ekkie Esau says the issue is not about strike pay "It is a matter of principle It is not normal practice to pay shop stewards during strike action, but (this) has happened on isolated occasions in the past on a negotiated basis " On this occasion money was apparently paid directly into the stewards' accounts without consultation This was unacceptable to the workers

"We have even offered to pay all the money back and restore the *status quo ante* but management rejects this We believe their only motive can have been to create divisions between the workers and union Though they were initially successful the rift has healed," says Esau

Broadley maintains that management has explored all avenues for an acceptable solution without resorting to mass dismissal, but received little or no co-operation from Numsa "In this light we have little alternative but to issue an ultimatum for the workers to return to work by 8 am on July 6 or face summary dismissal "

Again Esau takes issue with Toyota, saying that meetings were held regularly but then management by-passed the regional office and went directly to the Numsa national executive "This was an obvious attempt to undermine the union," says Esau

Broadley adds that Numsa had subsequently requested mediation "We are agreeable in principle provided the process is completed this week and does not prejudice the Monday deadline," says Broadley Esau says the union agrees but it is difficult to arrange at short notice The mediator Numsa hoped to have will not be available until Monday

Clearly the issue is less about shop stewards' pay than about a straightforward power struggle between management and workers

☐ As the *FM* went to press Toyota and Numsa agreed to go to mediation — under Independent Mediation Services director Charles Nupen — on Friday ■

and because they were not guilty of mis-

Motor industry takes on tow operators

RAY HARTLEY

(192)

BDay 3/7/92

THE Motor Industries Federation is to introduce regulations to curb tow operators who swoop on car accidents "like vultures" and charge exorbitant fees

MIF spokesman Cor Faling said the regulations, drawn up by the MIF and consumer, motor and insurance bodies, had been approved by government

Operators who register with the MIF will be required to maintain proper business premises, provide adequate storage facilities for towed vehicles and operate during normal business hours and not only after hours or on weekends

Faling said the MIF also wanted to control towing and storage charges to prevent the "exploitation of people in distress"

Consumers will be able to avoid fly-by-night operators by asking prospective towers for proof of their MIF registration before agreeing to have their vehicles towed, he said

The regulations have also been submitted to the government for approval under the Harmful Business Practices Act and have been given the nod by the AA, the SA Consumer Council and the SA Institute for Traffic Officers

SA Consumer Council spokesman At Meyer said his organisation received a "sustained flow of complaints" about tow operators Most complaints came from drivers whose vehicles had been towed without their permission

Airlines avoid entering price war as BA sells 3 000 discount tickets

BDay 3/7.92

STEPHANE BOTHMA

AIRLINES serving Europe from SA will not enter a price war after British Airways announced a limited offer of return fares to London at 1989 levels

SAA, the only other airline serving the Johannesburg-London route, also said it would not be drawn into a price war

BA recently offered 8 000 seats at R1 992 for a return fare on the Johannesburg-London route, R2 392 from Cape Town and R2 212 from Durban

Bookings opened on Wednesday and by early yesterday morning an airline spokesman reported that 3 000 seats — on offer for use between mid-September and the end of November — had already been sold

Lufthansa said it had no immediate plans of lowering its fares, pointing out that a special "birthday offer" introduced by the airline earlier this year was still holding

Spokesman Karin Lambson said the R2 599 offer stood from the end of this month, through the traditionally costly high season, and ended on December 31 The offer included departures from Cape Town and Durban

However, discount fares could be announced later this year to coincide with the introduction by Lufthansa of new destinations, she said

KLM also said its earlier announcement of special fares at R2 595 were still on offer

"We do what the market demands," spokesman June Crawford said

In October, KLM would start flying out of Cape Town and the public could expect some "creative" introductory fares An announcement was expected next week, she said

A spokesman for Belgian airline Sabena, said it was too early to react to BA's offer, while Swissair spokesman Simon Widmer said his airline's policy was one of flexibility and to follow market demands

Trivial differences hide deep-seated problems at Toyota

BDay 3/7/92. DIRK HARTFORD (192)

TWO MONTHS ago SA's top performing motor assembler was increasing market share despite the worst trading conditions yet experienced by the industry While its competitors were cutting back the working week by up to a third, Toyota workers were on almost continuous overtime

In May, everything blew apart over an apparently trivial incident

First was an 18-day strike over a superintendent workers wanted dismissed Then followed another strike, 19 days old today, with workers demanding full pay for the first strike because Toyota had paid some shop stewards (for time spent negotiating) for the duration of the strike

After one day of the second strike, Toyota scrapped the agreement reached to settle the May strike, and this week issued an ultimatum to the strikers to return to work or be fired on Monday Last-ditch mediation efforts begin today

The workers' union, Numsa, has now dropped its demand for payment for the first strike Instead it is now demanding Toyota pay full wages for the current strike — because it claims the company "provoked" the strike In addition, Numsa wants the agreement reached after the first strike to be reinstated Toyota has happily agreed to mediation without forfeiting its right to dismiss workers who do not return to work on Monday

So far Toyota says it has lost about R675m in turnover and workers are R29m poorer as a result of the strikes

But the effects of the strike spread far wider About 65 000 people in Natal are believed to be dependent on the wages of Toyota workers This number is being swelled as the strike squeezes the regional economy

The components industry, which is dependent on Toyota for 30% of its market, has already lost about R190m, leading to retrenchments and short-time And the dealer network, taxi industry and informal sector which lean heavily on the Toyota market are all being pinched — again leading to job losses

In addition, industry talk is that Toyota's planned year-end launch of the new luxury Camry range will have to be postponed while the thousands of CKDs in stock are assembled And its export planning has been seriously set back

While — from a commercial point of view — the initial strike might have been manageable because of depressed sales, the length of the current strike has badly affected Toyota's market share — likely to be down 10 percentage points already

It is a crisis situation But why?

On the surface, the current strike is easier to fathom than the first Some shop stewards accepted their pay for the duration of the strike "No work, no pay" applied to the majority of the shop stewards and to other workers When unionists heard some shop stewards had been paid, they demanded the same Toyota refused, and within two days the entire plant was on strike again

The company argues it paid the shop stewards in good faith for the negotiation work they had done during the strike It says it was not the first time and is a common practice in the industry Toyota says the union is either unable or unwilling to solve the problems or get the issue tested in court It claims Numsa has failed its members, is not concerned with their job security and is carrying out an unprocedural and illegal strike Toyota also believes Numsa broke its side of the bargain because of a go-slow at the stamping division

Numsa counters that the payment of shop stewards was unilateral, piecemeal, without any consultation with the union, and was a management ploy to create divisions among shop stewards, and between workers and shop stewards It says there is no precedent for paying shop stewards in those circumstances

According to the union, the fact that the company withdrew the previous agreement after one day, withdrew a promised R200 for each worker to be paid back later, rejected Numsa's proposal to settle the strike which would have cut the cost of settlement by half, closed the door on negotiations, issued an ultimatum to return to work or be fired and now threatens to withdraw from the national motor assembly bargaining forum if the strike is not settled, all point to a worker-bashing attitude

Independent labour observers who wish to remain anonymous and sources in the industry are virtually unanimous in saying that paying shop stewards for the duration of the strike is "bizarre", "the exception rather than the rule", or a "very unusual and exceptional practice"

Motor manufacturers agree shop stewards are sometimes paid for the actual period they spend negotiating during a strike — but never for the entire duration of the strike

Beneath these arguments, it seems, is a deeper problem Since when is one superintendent's job worth R29m to 6 000 workers or R675m to Toyota?

Toyota is reluctant to comment on these aspects of the strike "because the situation is extremely delicate and it would be unwise to risk the danger of becoming embroiled in a media debate at this stage"

However, Toyota feels it made significant concessions in the first strike and that Numsa is exploiting the payment issue to have another go at the company It believes tensions between shop stewards, and between shop floor campaigners and shop stewards, are fuelling the dispute

Toyota feels further concessions without mediation will allow shop floor campaigners to hold the company to ransom while the majority of workers would like to work

Numsa claims that, contrary to talk about the union wanting "to soften up the motor employers as a whole for this year's bargaining round" or to level the playing field between the auto companies in the market place" or to "challenge management prerogative", the strike was essentially a "spontaneous outburst at Toyota"

An article by Toyota shop stewards, written weeks before the strike and published in the latest edition of the SA Labour Bulletin seethes with anger at management and issues like quality circles, cost-saving competitions, multiskilling, promotion and group leaders Toyota says independent research shows most employees are happy with working conditions

Numsa paints Toyota management and human resources style as belonging to the "dark ages" of industrial relations where the 'baas' does what is best for the workers The production process, the overtime, the "sheer pressure of work', is seen as being too much to ask where workers have no effective say in production and only management is seen to benefit

The May strike addressed these issues of control indirectly The company put two managers through a grievance inquiry where the union laid the charges, conditionally reinstated a Metlink shop steward fired months previously; sidelined three managers the workers objected to, and conditionally withdrew all legal actions against Numsa

Numsa says when workers went back to work on the basis of this agreement, it was with a sense of victory The strike, which threw up new demands along the way, had compelled Toyota to accommodate their demands

But when shop stewards, elected by and accountable to the workers were paid by the company during the strike, workers felt they were being treated with contempt and demanded their pound of flesh as well

It seems without a big change of heart on both sides, as happened at Mercedes-Benz after a series of damaging strikes between 1987 and 1990 led to massive changes at management and human resources levels, things could keep going wrong at Toyota for some time to come

VW's Shuttle to undercut car prices

BDay 26/6/92 (192)

EDWARD WEST

VOLKSWAGEN SA plans to launch the lowest priced five-door 1,3l car on the market, a new Citi Golf called the Shuttle

Retailing at R27 990, it costs R2 500 less than the standard 1,3l Citi Golf, R6 460 less than Toyota's 1,3l Corolla and Conquest, R760 less than Nissan's Uno Fire and R2 997 less than Samcor's 1,3l Ford Laser

The 1,1l 3-door Uno Fire, retailing at R26 850, remains the cheapest car on the market. Nissan public affairs spokesman Nico Brits said the company would review its car prices on July 1 in line with the general quarterly industry price increase.

VW would also launch a 1,3l Fox called the Trippa, R3 000 cheaper than the standard Fox at R31 867 and a cheaper 1,6l pick-up, called the Caddy, said VW public affairs manager Ronnie Kruger

The price cuts were made possible by redesigning the standard Golf to eliminate non-essential components such as rear windscreen wipers, by cutting profit margins and by taking advantage of rebates on excise duties in terms of the local content programme for vehicles under R29 000.

The Shuttle, which, "like the Model T is available in any colour you like as long as it's red and white," would be aimed at the first-time car buyer in the 18-24 age group

Standard Bank economist Nico Cypionka said high car prices were the principal reason for falling sales He cited prices of large cars which had increased 350% since 1984

BDay 26/6/92

BUSINESS BAROMETER

WMail 26/6-2/7/92

Keys meets food mandarins

IN the wake of last week's Board of Tariffs and Trade (BTT) report into food price inflation, Finance Minister Derek Keys met food manufacturers, retailers and the Vat Co-ordinating Committee.

The retailers spoke of a 10-point plan to bring down food prices. Paramount in this plan would be re-adjustment to the import tariffs on food, fertilisers and farming equipment.

In line with the BTT recommendations, the abolition of food boards would also be looked at.

SA seeks R700m

FINANCE director general Gerhard Croeser told an international financiers conference in London that South Africa would shortly be borrowing about R700-million on international markets.

The tapping of new foreign markets, Croeser said, would help boost investment in socio-economic development in South Africa via institutions such as the Independent Development Trust and Development Bank of Southern Africa. WMail 26/6-2/7/92

Both these institutions have recently tried to raise loans on foreign markets — much to the annoyance of the African National Congress, which threatened not to repay the loans once in power.

Getting foreign loans would also be important to protect the country's foreign reserves, Croeser stressed.

Plate Glass cracks

SOUTH African Breweries' newest acquisition, Plate Glass Shatterproof Industries, fell victim to the worldwide recession with attributable earnings falling by R50-million in the past year. The group, which has, since early this year, been 67 percent owned by SAB, suffered losses both in South Africa and in the United States as a result of poor conditions in the automotive, building and furniture industries which the company services. WMail 26/6-2/7/92

Local content scam probed

A R600-million fraud which used the government's complex Phase 6 local content scheme is being investigated by the Office for Serious Economic Offences. At the centre of the investigation is Randburg exporter CET Trading, provisionally wound up in March. The scam was to get export incentive rebates from the Department of Trade and Industry by submitting inflated invoices on goods, supposedly locally produced motor vehicle components, exported from South Africa. (192)

WMail 26/6-2/7/92

TOYOTA STRIKE (192) ([redacted])

More panels to beat

FM 26/6/92

First signs of a breakthrough to end the latest stoppage at Toyota's assembly plant at Prospecton near Durban came on Tuesday when the union, Numsa, and management sat down to negotiate The deadlock on this occasion was broken, according to Toyota, when a Port Elizabeth official of Numsa requested a meeting

Talks were in progress at the time of going to press

The latest round of industrial action began a fortnight ago — only one week after 6 000 employees had gone back to work, following settlement of an 18-day dispute over supervisory staff

This time workers demanded payment for the time they were on strike — when it emerged that some of their shop stewards had been paid during the stoppage

Toyota openly concedes that some shop stewards involved in the negotiation process were paid It points out that this is an established practice during strikes, since those shop stewards are perceived to be working long hours to settle differences Some other car-makers also follow this procedure

Toyota adopted a tougher stance in dealing with the second dispute Though a spokesman says there were exploratory talks with Numsa about an early return to work at the beginning of the second strike, nothing was resolved Toyota then announced that there were no immediate plans for further discussions, and it rescinded the original agreement which coaxed workers back on June 2

Nor did Toyota take the usual step of seeking a court interdict, which could have been used as legal muscle to force a quick return to work

FM 26/6/92 (192) ([redacted])

Quite clearly Toyota was unhappy with the continued disruption at its Durban facilities It decided to sweat out this dispute rather than go cap-in-hand to the workers

It appears to be in a strong position at present Though there were losses on both sides in the initial strike — the workers lost as much as R14m in wages while the car-maker lost an estimated R270m in turnover — the downturn in the car market has softened the blow for management

It clearly wants to iron out any industrial relations wrinkles in Durban now, rather than being held to ransom by workers when there is an upturn in demand for vehicles ■

Local content scam probed

A R600-million fraud which used the government's complex Phase 6 local content scheme is being investigated by the Office for Serious Economic Offences At the centre of the investigation is Randburg exporter CET Trading, provisionally wound up in March The scam was to get export incentive rebates from the Department of Trade and Industry by submitting inflated invoices on goods, supposedly locally produced motor vehicle components, exported from South Africa (192)

WM 3-9/4/92

Nissan plans R150m capital investment

BDay 26/6/92

NISSAN SA, one of Pretoria's biggest employers, is gearing itself for a R150m capital investment programme

Nissan SA employs 6 000 people at its 97 ha plant in Rosslyn, near Pretoria About 300 new vehicles roll off the assembly lines daily, with an annual production of more than 50 000 vehicles since 1988

Heavy commercial vehicles and engines are built in dedicated plants at Rosslyn, while the complex also houses the stamping and tooling divisions

Models currently being manufactured are the Sentra, Maxima, Skyline and Uno passenger cars, the half-ton and one-ton light commercial vehicles and the minibus range and, in the medium/heavy commercial vehicle range, the Dabstar, CM range, UG/DU 780, CK 30 and the CW range of trucks

Nissan SA has a close and fruitful relationship with Nissan Japan Strong bonds built up over many years extend beyond products to supervision, training and, most importantly, to people

Train

An exchange programme between the two companies allows local designers and engineers to learn first-hand every aspect of vehicle manufacture from the world's best, while Japanese on contract in SA train local workers to the exacting standards of Nissan Japan

(192)

Nissan has played a major role in the development of Rosslyn by providing much of the infrastructure of the town and employment of locals

"The group's capital expenditure for 1992 will amount to about R150m," says Nissan SA Marketing's MD Stephanus Loubser

"This will range from new model tooling and jigs to the improvement of general facilities and production equipment

"This expenditure is part of our overall long-term development and growth strategy for the future

"We are optimistic about the medium to long term in that we have our product in place before growth starts Others will only get to that point in two years' time," Loubser says.

High

Sales of Nissan vehicles hit an all-time high in May despite the recession, with the company capturing 20,1% of the market, its highest market share ever Spearheaded by the new Sentra, Nissan's passenger car market share in May increased to 17,5%

Loubser said 1991 saw a continuous improvement in Nissan's market share and it was working towards increasing it further during the rest of 1992

DTI in R600m fraud probe

CT 25/6/92 (192)

Own Correspondent

JOHANNESBURG — The Office for Serious Economic Offences was investigating a R600m fraud involving the Trade and Industry Department's motor industry Phase VI incentive scheme, office director Jan Swanepoel said yesterday

He said the department and Reserve Bank were also involved in the investigation which followed the provisional winding up of Randburg export trader CET Trading in March

Swanepoel said initial investigations showed alleged fraudulently inflated invoicing to enable the submission of false rebate claims to the DTI

The office was also investigating the possibility that the proceeds of the exports were not repatriated

The investigation did not only involve CET, but several other related companies, another spokesman for the office said

The investigation was at a very early stage and the office had not yet started questioning parties allegedly involved in the scam

The total amount involved was about R600m, he said

Until the end of January, CET carried on business as an exporter of motor vehicle parts and accessories, in particular nuts and bolts

CET allegedly bought large volumes of goods which it claimed were motor parts from SA manufacturers

It had then exported these goods to a European distributor

Bona fide rebate claims were then submitted to the department by SA motor manufacturing firms based on allegedly inflated invoices submitted by companies involved in the scam, the office spokesman said

Toyota talks break down

STAR 24/6/92

Talks between Toyota and the National Union of Metalworkers of South Africa broke down almost immediately yesterday because of the union's demand for payment of striking workers, according to a senior managment spokesman.

192

Toyota talks collapse (192)

DURBAN — Talks between Toyota and the National Union of Metalworkers of South Africa broke down almost immediately yesterday. CT 24/6/92

New vehicle sales plummet again

(192)

CT 12/5/92

By MAGGIE ROWLEY
Deputy Business Editor

NEW vehicle sales in all four sectors dropped off sharply again last month with car sales down 21,5% from March.

The National Association of Automobile Manufacturers of South Africa (Naamsa) said trading conditions in the new vehicle market remained under pressure and poor sales of recent months suggested the recession was probably more severe than official figures seemed to indicate

The 13 646 new cars sold last month were down 3 774 on March's 17 390 units and 18,4% or 3 067 units on April 1991, when 16 713 new cars were sold

Naamsa said the relatively fewer trading days during April this year had contributed to the decline

April sales of new light commercial vehicles were down 1 873 units or 20,7% at 7 153 against 9 026 units in March and down 16,6% or 1429 units for April 1991.

On a year to year basis sales of new light commercial vehicles for the first four months of this year were down 10,6% on the corresponding period last year

Sales of medium and heavy commercial vehicles during April remained at historically low levels Medium commercial vehicle sales were down 20,2% on March while sales of heavy trucks and buses were down 10,8% On a year on year basis the percentage declines were 12,4% and 2,7% respectively.

Naamsa, which last month revised its sales projections downwards for the year, said that any improvement or upturn in trading conditions in the new vehicle market was unlikely before the last quarter.

"However we remain hopeful that a spate of new model introductions this year will generate additional interest and sales figures from sales of new models so far released 'have not yet worked their way through to our figures," a Naamsa spokesman said

Toyota took the largest share of all categories of sales during April The top selling car was the Toyota Corolla (2 702 units), followed by the VW Golf I (1 176 units) and the BMW 3 series (1 026 units)

Toyota was also the top selling make of car (3 388 units) followed by Volkswagen (3 035 units) and Nissan (1 931 units) Samcor was close with 1 927 units, split 981 MMI and 950 Ford

Toyota also topped the lists of light and medium comercial vehicle sales, with 2 646 unit sales of light commercials and 102 of medium commercials Next in light commercial sales came Nissan with 1 691 units and in medium commercials Delta with 47 units Third in light commercials was Delta with 917 units and in medium commercials Samcor/MMI with 40 units

Toyota sold 135 heavy vehicles during the month, just pipping Mercedes which notched up 132 units. Third was Nissan with 58 units

VW exports 'could net R1,2bn'

192

EDWARD WEST

VOLKSWAGEN SA could end up exporting vehicles worth R1,2bn to mainland China over the next five years if the current export order worth R180m was delivered on schedule, said Volkswagen public affairs manager Ronnie Kruger yesterday. B/Day 12/5/92

The export order had been increased over the past month to 6 000 from 5 000 for basic 1600cc white left-hand drive Jettas because of changing market conditions in China These would be delivered at a rate of 800 a month over eight months, he said.

The order, won in spite of a competing bid from Volkswagen in Mexico, represented the first phase in a joint venture between the Chinese government and Volkswagen AG to establish a vehicle assembly plant in China This phase required the import of semiknocked-down vehicle kits, said Kruger

The second and third phases of the establishment of the plant would culminate in full assembly by 1997 and would require the import of medium knocked-down vehicle kits and fully knocked-down vehicle kits respectively. These imports into China would be worth R1,2bn by 1997, said Kruger.

"If we can deliver consistently, there is a good chance we will get the orders to supply the second and third phases."

Kruger said the current export order would help to fill the gaps in production capacity left by SA's shrunken market.

BMW gets parts onto production line 'Just in Time'

B/Day 15/6/92 · (192)

IT IS not widely known that SA supplies German car manufacturer BMW with about 70% of all leather trim and car seat covers required for production worldwide

BMW SA ships about 350 leather trim sets for upholstery and glove boxes to Bavaria every working day, or enough for about 350 000 cars a year

The consignments, which constitute one of Lufthansa and SAA's more consistent cargo revenue generators, are shipped according to a precise timetable, allowing them to reach the various assembly lines often within hours of being fitted to their alloted vehicles

This method of organising the transportation of production stock in such a way that it need not take up space on warehouse floors, is known as the "Just in Time" system In other words, the items arrive at the factory floor just in time to be installed in the product being manufactured

BMW has taken its expertise in the field of logistical organisation to an almost incomprehensible extent

Consider the following nightmare for any assembly line a range of 2 900 different engine types, left and right-hand drive layouts, convertible, sedan, station-wagon, a range of 850 different types of seats manually or electrically adjustable, digital or analogue instruments

To order

"So what?" you might ask "Surely all they have to do is make a hundred or so of each and park them until they are sold"

It is not that easy BMW only manufactures units to order Each car in production is a synthesis of personal choices made by a customer somewhere in the world

More than 17 000 people are employed at BMW's biggest plant situated at Dingolfink, about 100km from Munich, where the company turns out about 1 000 cars daily

BMW SA also sends its parent company electronic components on a similar basis

It is not just light-weight stuff that is sent on a "Just in Time" basis to the BMW plants Special trains from Austria ferry all of the diesel engines required in assembly Conventional petrol engines are assembled in the same building as the car bodies

More than 250 suppliers manufacture components for BMW

A spokesman says it usually takes 10 days to produce an 8-series car and four days for a 5-series vehicle

Streamline

Until now the air freight from SA has been sent on flights to Frankfurt and then by road to the plants at Dingolfink and Munich However, the recent opening of the new Franz Josef Strauss airport about 30km north-east of Munich promises to streamline the flow

The airport has the most modern freight facility in Europe, and officials have guaranteed customs clearance soon after the plane has landed

It is also situated at the junction of the main north-south and southern Germany's East-West autobahns, so delivery from the airport to the assembly plants is fairly fast

Union quiet about strike after 8 days

[redacted] 192 [redacted]

Sowetan 19/6/92

A PROTRACTED labour dispute at the Toyota SA Durban plant remained unresolved yesterday with no sign of further negotiations since talks broke down last week

A company spokesman said he was waiting for the National Union of Metalworkers of SA to contact him about further discussions to resolve the dispute which has claimed eight days of production.

It also follows a 17-working day dispute at the Durban plant last month.

The latest dispute arose from worker dissatisfaction at a management offer to pay shop stewards for the duration of last month's strike.

The company said it regarded negotiations by shop stewards as work. Workers demanded that everyone be paid for the period and not just a sector of the employees

Meanwhile, a union spokesman said strikers were adamant in their demand for pay and would continue putting this position at negotiations

Strikers lost about R800 000 a day in wages during last month's strike. - *Sapa*

Make or break week for metal pay talks

W/Mail 19/6 - 25/6/92. (192)

Negotiations in the embattled metal, auto, motor and tyre industries have reached a crucial stage, reports
FERIAL HAFFAJEE

DISPUTES and retrenchments are the order of the day at wage talks in the metal and tyre industries as the recession continues to batter these key sectors.

The National Union of Metalworkers of South Africa also threatened to declare disputes in the automobile and motor industries. Numsa called this week the "make or break phase of negotiations" and threatened to go on strike if no progress is made.

Most negotiations have to be concluded by the end of June when agreements in three industries expire.

Negotiations hinge on the union's principal and controversial demand for a moratorium on retrenchments, but employers in all sectors are hard-pressed to accede to this demand.

Last week employers and unions in the metal industry conceded some ground in the search for a settlement. Employers increased their wage offer from 6,4 percent to eight percent while Numsa decreased its demand from 42,6 percent to 20 percent or R1,50 an hour, whichever is the greater.

The National Council of Trade Unions affiliate, the Metal, Electrical and Allied Workers' Union of South Africa is also demanding a 20 percent increase (down from 27,7 percent).

While wage moves are crucial, other developments stole the day at last week's meeting. The employer body, the Steel and Engineering Industries Federation of South Africa (Seifsa) agreed to consider job saving alternatives like wage reduction, job sharing and unpaid leave.

The employers also tabled a code of conduct to prevent unfair discrimination in the industry, conceding in part to a long-standing Numsa demand.

The sophisticated negotiations network in the metal industry bodes well for a settlement but agreement in the motor industry will be harder to come by.

Motor employers are more hard nosed because Numsa is not well-organised in this sector which employs about 200 000 workers at petrol stations, panel-beaters, motor component manufacturers and reconditioning workshops.

Employers have proposed a wage freeze for petrol pump attendants and chars, the lowest paid workers in the sector, and increases of only between three and five percent for other workers. Numsa branded these increases "handouts" and said it would not even refer the offer to its members for consideration.

Vic Fourie, a representative of the SA Motor Industries Employers Association (Samiea) however, says substantive negotiations are impossible until the union addresses key productivity issues challenging the "distressed" industry.

These include an agreement on flexible trading hours in an attempt to boost business "like keeping repair shops open until six on Saturdays", says Fourie.

Numsa is also in dispute with the New Tyre Manufacturers Association where employers face the removal of import control regulations in December and are adamant that they will not renew the moratorium on retrenchments beyond December.

Tyre manufacturers hold out little hope for inflation-busting increases this year, but employers agreed to a five percent increase in maternity pay.

Numsa proposed that all parties in the new tyre industry come to an indaba to hammer out a business plan for the industry, but the idea has met with cold refusal by the employers.

In an industry where productivity needs a complete overhaul — imported tyres cost 30 percent less than locally produced tyres — Numsa is adamant that "job security is fundamental to the productivity and viability of the industry". The negotiations are being played out against a backdrop of spiralling retrenchments. 13 000 jobs have been lost in the metal industry since the beginning of the year, 7 000 of these since the start of negotiations in March. The union has also been notified of 2 000 retrenchments in the engineering sector at the end of June.

Numsa representative Gavin Hartford says "Employers are generally resisting any notion of long or short-term job security because they see themselves undertaking restructuring exercises."

The union said the retrenchments were "provocative when job security is a central issue in negotiations".

Little reward for five-star service

Weekly Mail Reporter

SERVICE with a smile — just like it is in the TV ad — is the name of the game for petrol pump attendants Lucas Mokone and Daniel Pule. They both work at a busy Caltex garage in the heart of Johannesburg.

Both Pule and Mokone think it's very important to keep customers happy, but their conditions of employment make smiling difficult sometimes.

They earn R448 a month for a seven day week (and tipping is rare), working each day from 7am to 6pm or 1pm to 8.30pm. Lunch breaks are a luxury they don't enjoy and pension funds a benefit they have not heard of.

Mokone has been working at the same garage for nine years. As a senior he gets the same wage as a new recruit with five day's training.

Petrol pump attendants are the National Union of Metalworkers' lowest-paid workers, falling under the motor industry sector of the union's membership.

"We spoke with our manager a few times. We told him the salary was not enough to live," said Pule, opening his large hands. "He said it's the law of the motor industry."

Daniel Pule

STAR 20/6/92 (192)

Motor union declares dispute

CAPE TOWN — A dispute has been declared in the motor industry after employers failed to table improved wage offers, National Union of Metalworkers of South Africa official Les Kettledas said yesterday He added that up to 40 000 petrol attendants at over 5 000 filling stations were covered by the negotiations for a new industry agreement for some 200 000 employees — Sapa

Naamsa calls for import duty cuts on built-up cars

S/Times (B455) 21/6/92.

By DON ROBERTSON (192)

THE motor industry stole a march on the Department of Tariffs and Trade by asking for a cut in import duties on fully built-up cars in October last year.

Action by motor manufacturers was taken ahead of suggestions last month by Minister of Finance and Trade and Industry Derek Keys that motor industry protection — at 110% on imported vehicles — was too high and that it could possibly come down to as low as 40%.

Realising that import duty will inevitably be reduced because of SA's re-entry into fully-fledged international trade acceptance through the GATT, manufacturers have asked for an immediate, though phased, implementation of duty cuts over a period of about eight years rather than face a "kick in the teeth in one hit".

Through its representative body, the National Association of Automobile Manufacturers of SA (Naamsa), the seven manufacturers approached the authorities last October and twice this year to ask for a phased-in process of duty reductions.

Bert Wessels, president of Naamsa, says the recommendations suggested a cut in import duties to 60% over a period of five to eight years. This period was needed to prevent the industry from facing competitive disadvantages.

A duty reduction would allow the importation of low volume luxury vehicles, which in turn would reduce costs in the assembly and components industry, says Mr Wessels.

Naamsa insists that it had never asked for such a sizeable protection (110%) and that it was introduced by government many years ago without discussion with the industry, possibly to protect the outflow of funds "It is an embarrassment to us," says a spokesman

Samcor MD Robert Herbertson says that, should duties be reduced below 60%, the local industry would have to make substantial improvements on its cost base — which would be difficult but not impossible considering current economies of scale.

Influence

Most manufacturers believe that import duty cuts would have no effect on high-volume cars and might only influence the manufacture of "niche" vehicles.

The prices of high-volume cars, such as the Toyota Corolla, Volkswagen Citi Golfs, the Nissan Sentra and BMW 3 Series are not that much cheaper than overseas, and it would not be viable to import these models

In contrast, an Audi 500SE costs Dm46 400 in Germany, equivalent to R81 400. With a 40% import duty it could be sold here for R114 000, compared with the local price of R119 000 It would be viable, therefore, to import this car rather than manufacture it locally when the next generation is launched

Car sector faces capex cutbacks

B/Day 22/6/92 (192)

KARIN FRANKEN

THE vehicle manufacturing industry is expected to experience cutbacks in capital spending for 1993 as recession and weak sales take their toll

Disclosing forward planning capex of R738m, industry spokesmen said next year's spending would, in the main, reflect the state of the industry and the proliferation of new models this year

Most of the investment was destined for assembly plant expansion, retooling, and improved worker facilities Other projects under way were advanced robotic spray painting and welding facilities

National Association of Automobile Manufacturers of SA (Naamsa) director Nico Vermeulen said capex for the industry would probably be lower in 1993 compared with 1992 (R1,196bn) because of the number of new models launched this year

Volkswagen SA (VW) planned to invest R200m in 1993 to increase local content and export capacity, public relation manager Ronnie Kruger said About R197m was being invested for the same purposes this year, he said

An industry analyst said "Whatever way you look at it, the industry is going through a belt-tightening phase The only way to go is to look at overseas markets, as Volkswagen has done"

Nissan SA planned to invest R167m in 1993, R37m less than the R204m spent this year on new models, plant and machinery

Passenger vehicle sales leader Toyota said it intended to spend R150m next year to upgrade facilities and improve its paintshop The company allocated about R300m for 1992

BMW SA MD Reinhard Kunstler said the company planned to invest R75m as part of a five-year, R450m investment programme. He added the programme would be entirely self-financed

Mercedes-Benz SA's MD Cristoph Kopke said 1993 capex plans amounted to R40m He said new model introductions would account for half of the company's five-year, R356m investment plan, while the balance would be spent on upgrading facilities at its four operating locations

Samcor's recently announced plans to invest R1bn over a five-year period were "directed towards producing new and improved products", Samcor MD Robert Herbertson said

Only about R106m would be spent next year

Delta Motor Corporation declined to disclose its investment plans

However, Delta chairman Keith Butler-Wheelhouse said the company would continue improving, developing and expanding its plant over the next five years.

Car makers to cut spending

CT 22/6/92 (192)

From KARIN FRANKEN

JOHANNESBURG — The vehicle manufacturing industry is expected to experience cutbacks in capital spending for 1993 as recession and weak sales take their toll

Disclosing forward planning capex of R738m, industry spokesmen said next year's spending would, in the main, reflect the state of the industry and the proliferation of new models this year

Most of the investment was destined for assembly plant expansion, retooling, and improved worker facilities Other projects under way were advanced robotic spray painting and welding facilities

National Association of Automobile Manufacturers of SA (Naamsa) director Nico Vermeulen said capex for the industry would probably be lower in 1993 compared with 1992 (R1,196bn) because of the number of new models launched this year

Volkswagen SA (VW) planned to invest R200m in 1993 to increase local content and export capacity, public relation manager Ronnie Kruger said About R197m was being invested for the same purposes this year, he said

An industry analyst said "Whatever way you look at it, the industry is going through a belt-tightening phase

Nissan SA planned to invest R167m in 1993, R37m less than the R204m spent this year on new models, plant and machinery

Passenger vehicle sales leader Toyota said it intended to spend R150m next year to upgrade facilities and improve its paint-shop The company allocated about R300m for 1992

BMW SA MD Reinhard Kunstler said the company planned to invest R75m as part of a five-year, R450m investment programme He added the programme would be entirely self-financed

Mercedes-Benz SA's MD Cristoph Kopke said 1993 capex plans amounted to R40m He said new model introductions would account for half of the company's five-year, R356m investment plan, while the balance would be spent on upgrading facilities at its four operating locations

Samcor's recently announced plans to invest R1bn over a five-year period were "directed towards producing new and improved products", Samcor MD Robert Herbertson said Only about R106m would be spent next year

Toyota strike goes on

(192)

THERE is no sign of an end to the two-week strike by 6 000 workers at Toyota's Prospecton and Durban plants

A spokesman for the company said yesterday that talks with the National Union of Metalworkers of South Africa had so far ended in deadlock

The spokesman expressed concern about the negative effect the strike would have on the economy of Durban and surrounding areas

Many smaller manufacturers depended on Toyota for their business, he said - *Sapa.*

Sowetan 23/6/92

STAR 23/6/92

Toyota strike talks deadlock

There is no sign of an end to the two-week strike by 6 000 workers at Toyota's Prospecton and Durban plants. A spokesman for the company said talks with the National Union of Metalworkers of South Africa had so far ended in deadlock (192)

40 000

STAR 23/6/92

march,

(192) [redacted] [redacted]

hand over demands

Staff Reporters [redacted]

About 40 000 singing, toyi-toying members of the National Union of Metalworkers of SA (Numsa) yesterday marched through downtown Johannesburg to demand higher wages and improved working conditions

Led by SACP general-secretary Chris Hani, the marchers, who carried anti-Government placards and ANC and Numsa banners, delivered memoranda to the Steel and Engineering Industries Federation of SA, the Department of Manpower and the Motor Industries Federation offices with demands, including

- A 20 percent increase across the board and a moratorium on retrenchments
- That Iscor close KwaMadala hostel, whose inmates they have linked to last week's massacre of residents in Boipatong and Slovo Park.
- A "living" wage and a reduction in basic food prices

The march formed part of the ANC's mass action campaign for an interim government.

If employers failed to meet the workers' demands, the 230 000-strong Numsa would soon hold a strike ballot and decide on "action", warned general-secretary Moses Mayekiso, adding that wage talks with employers had reached a deadlock.

"Numsa wishes to assert that we have accepted the challenge of the metal bosses in their intransigence to accede to our reasonable demands We want to say that with today's march the matter now is in the hands of the actual producers, those who create the marvels with their labour power but are forced to live in hovels," said Numsa in a statement

- **ANC, Inkatha wrangle over unionists' meeting — Page 11**

April new vehicle sales plunge 21%

(192)

BDay 12/5/92

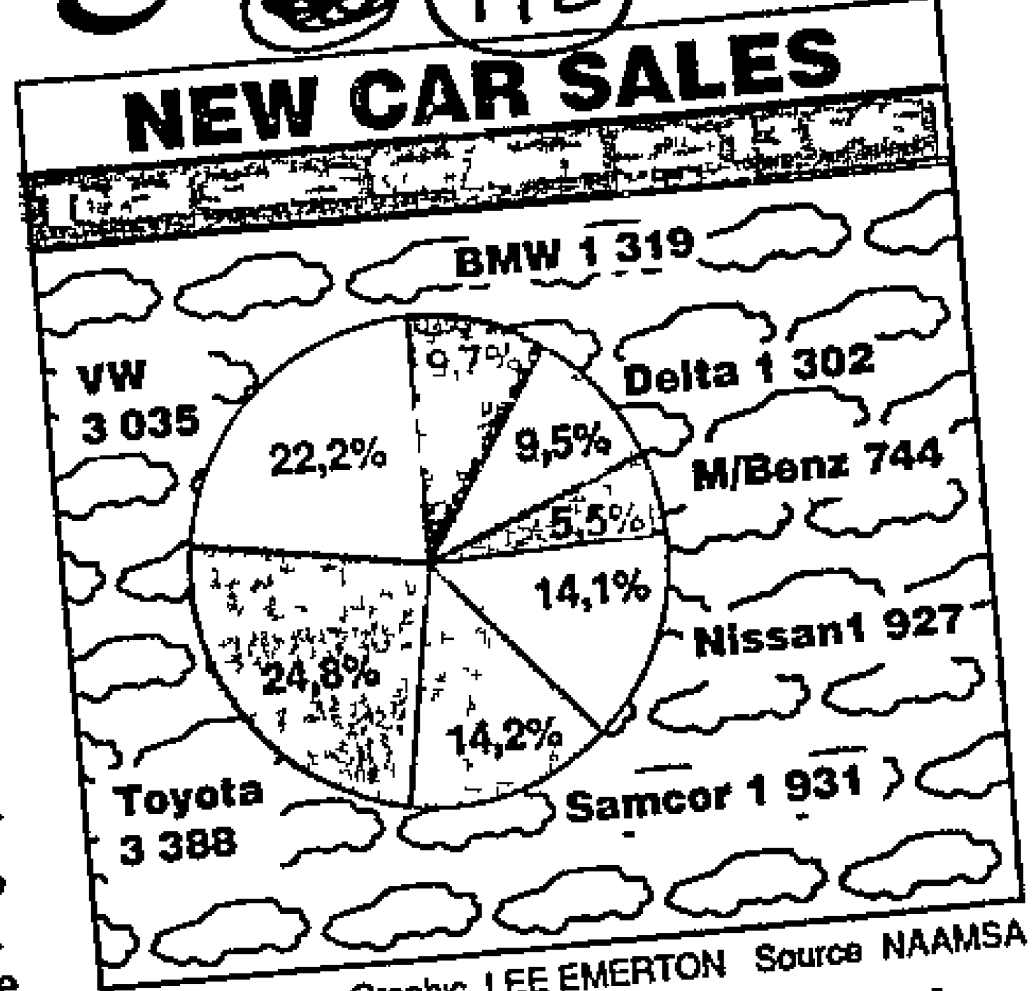
EDWARD WEST

TOTAL vehicle sales in April plummeted 21% to 21 490 units compared with 27 225 units sold in March When compared with April 1991, sales were 17,5% lower

The National Association of Automobile Manufacturers of SA (Naamsa) said yesterday that given the close correlation between vehicle sales and economic activity, the figures reflected an economy in deep decline and suggested a recession more severe than official figures indicated

Fewer trading days contributed to only 13 646 new cars being sold in April, 21,5% lower than the 17 390 units sold in March Compared with April last year, sales were 18,4% lower. Cumulative sales this year at 61 641 were 11,4% lower than the 69 586 during the corresponding four months last year, Naamsa said.

Light commercial vehicles (LCV), bakkies and minibus sales fell 20,7% to 7 153 from 9 026 sold in March Against the same month in 1991, LCV sales fell 16,6%. On a year to date basis, sales were 10,6% down to 31 357 from 35 100.



Graphic LEE EMERTON Source NAAMSA

Sales of medium commercial (MCV) and heavy commercial vehicles (HCV) declined 20,2% and 10,8% to 261 and 430 units respectively compared with March

☐ To Page 2

Vehicles

BDay 12/5/92

(192)

☐ From Page 1

Against April a year ago, MCV and LCV sales were 12,4% and 2,7% lower

Toyota SA marketing MD Brand Pretorius said the easing of hire purchase agreements earlier this year had had little effect on buying patterns because banks were cautious about new transactions

Nissan SA marketing MD Stephanus Loubser described the falling vehicle sales as disappointing and blamed the recession, high interest rates, the drought, the slump in the black taxi market and the number of holidays in April

Volkswagen public affairs manager Ronnie Kruger said vehicle sales were at the same levels as the early '70s Exports were the only lifeline, he said

Toyota SA maintained its lead in the passenger car, LCV and MCV markets in April It also pipped Mercedes-Benz in the HCV market, selling 135 trucks compared with Mercedes' 132

The launch of the new BMW 3-series appears to have been well received, with 1 026 units sold in April The series was the third best seller, after Toyota's Corolla (2 702) and Volkswagen's Golf (1 176)

Naamsa viewed any improvement in vehicle sales as unlikely before the end of the year However, the spate of new models planned could generate additional interest and sales

☐ Tractor sales to the end of April were 15% lower at 703 units compared with the 827 sold in the corresponding four months in 1991 Markets for agricultural vehicles were soft and were likely to worsen in the event of a poor wheat season, the SA Agricultural Association said yesterday

DIRK HARTFORD

(192) Toyota strike set to grow

B/Day 12/5/92

THE strike at Toyota in Durban is set to escalate today with an additional 1 500 workers from the auto components and stampings divisions — who have been working since the strike began last Wednesday — due to come out, according to a Numsa spokesman

This would effectively close all of Toyota's manufacturing and component operations

He said there was widespread dissatisfaction among Toyota workers "with management's authoritarian methods on the production line"

The workers were now demanding a personnel manager and a superintendent in the manufacturing plant be dismissed before work resumed

According to Numsa, Toyota was insisting workers return to work before deciding how to respond to the demands Management had suggested arbitration

But Numsa said workers were adamant they would stay out until the superintendent and personnel manager had left the company

Last week Toyota won an urgent court interdict ordering strikers back to work The court ordered the union to show by tomorrow what steps it had taken to resolve the dispute

A Toyota spokesman said talks were continuing

Court orders Toyota strikers back to work

B/Day 11/5/92

ADRIAN HADLAND

TOYOTA said yesterday it had obtained an urgent court interdict ordering striking workers at its Durban assembly plant back to work (192)

A spokesman said management was prepared to continue negotiations with worker representatives in an attempt to resolve the dispute However, "due to the complex nature of the assemblv operations", it would be impossible to resume production until the company received assurances that all employees would comply with their employment conditions

Toyota personnel and industrial relations director Theo van den Bergh said yesterday attempts last week to resolve the strike — which began on Wednesday — were delayed by the plant's shop stewards participating in national motor wage talks in Port Elizabeth on Friday

The strike began on Wednesday after about 1 000 of the 6 000 workers downed tools demanding the dismissal of a supervisor. A Numsa spokesman said workers were also demanding the reinstatement of a dismissed worker and that overtime be made voluntary because workers had been on almost consistent overtime this year

A Toyota spokesman, responding to Numsa complaints that production levels had been increased and hours of work reduced, said this was the case, but added

☐ To Page 2

Toyota

B/Day 11/5/92 (192)

☐ From Page 1

that manning levels had also been adjusted and capital investment made

Meanwhile Sapa reports that the National Bargaining Forum for the motor assembly industry met on Friday for the second round of the annual wage talks

Employer group chairman Dave Kirby said the proposed moratorium on retrenchments was the only issue discussed

The unions said the moratorium was a critical demand, but it would examine any proposals on employer concerns given the state of the industry

The employers said certain manufacturers needed to shed labour and the moratorium on retrenchments — which ends on 30 June 1992 — could not be renewed

Numsa collective bargaining secretary Les Kettledas said "absolutely no progress" had been made at these talks and others in the tyre and motor industries

He said workers in motor assembly plants would embark on lunch-time demonstrations in response to employers' "bad faith bargaining" which threatened deadlock and conflict

Kettledas said motor assembly and motor industry employers did not table counter-proposals to the union's demand for a R2 across-the-board increase, while the tyre industry had not budged on its offer of R1

The New Tyre Manufacturers' Association conceded a further 12-month moratorium on retrenchments until June 1993, but subject to a review of business conditions in December to Gulf countries

Two top DTI officials are expected to be part of a Safto mission to the Gulf this week.

uled service to the reg

Several SA banks are establishing reciprocal relations in the region

DAVID GRAHAM First step in putting SA t

Wheels banks wary of low-deposit deals

STimes (Buss) 10/5/92 (192)

By DON ROBERTSON

THE Government's decision to ease hire-purchase rules in an effort to boost new-car sales has put "wheels" banks in a quandary

They hope for more business, but fear the creditworthiness of buyers who have only enough money to pay a 10% deposit.

In March, the minimum deposit was reduced to 10% from 15% and the repayment period was extended to 54 months from 42

Some of the major institutions financing car deals say that in most cases buyers who have only a 10% deposit tend to be financially weak. Often the money put down is insufficient to cover lenders.

Motor dealers, always keen for trade, say the reduced deposit has had little effect on business. Only the longer repayment period is likely to attract business

Sales figures for a full month under the new HP scheme are not yet available. But indications are that new-car sales in a holiday-shortened April will be below 14 000 compared with 17 390 in March.

Brian Hardie, assistant general manager, retail operations at Stannic, says there are no indications of an increase in business since the rules were eased.

"It is essential that we look carefully at an applicant offering only a 10% deposit to establish whether he can pay"

Doubtful

Wesbank marketing manager Ronnie Watson says few deals are done on a 10% deposit. These would-be borrowers tend to be "weak" The bank wants a bigger deposit from them

"We are happy to accept a deal at 10% if the customer is creditworthy," says Mr Watson

Joe Kirsten, general manager of the motor and trade finance division of Bankfin, says that "as a rule we support the new regulations"

"If it is an old used car, sold by a doubtful dealer, we might ask for the repayment period to be reduced to, say, 36 months We would investigate the customer's creditworthiness"

The extended repayment period is unlikely to influence sales to any great extent because the saving amounts to only R30 for each R10 000 of vehicle value

Dealers agree that the financial institutions need more equity in a deal at this low deposit rate, especially when VAT and insurance are taken into account.

Some believe the banks are being ultra-conservative in assessing financial risk.

A dealer says. "They generally do not approve a 10% deposit. Such a borrower must be a blue-chip person if the deal is to succeed.

"We were able to do many more deals at the previous minimum deposit of 15% It seems that the banks have not adjusted their credit requirements to take into acount the lower figure"

Up to 5% growth possible, —Toyota chief

S| Times (Buss)

By DON ROBERTSON

S|Times (Buss) 10|5|92

POLITICAL stability could be achieved in SA in the next five years and a growth rate of between 3% and 5% is possible 10|5|92

But it will depend on the foreign investment and SA's access to international borrowing, says Toyota SA Marketing managing director Brand Pretorius

Accepting an honorary professorship of business economics at the University of the Free State this week, Mr Pretorius said businessmen should be aware of the social, political and economic changes taking place

They should not adopt a wait-and-see attitude This, he said, often translated into "corporate paralysis"

AIDS

A mixed economy was likely to develop and government intervention would take place on a wide front with the aim of achieving a more even distribution of wealth.

The government of tomorrow would be aware, however, that the key to long-term stability lay in sustained economic growth

Mr Pretorius said urbanisation was expected to increase By the end of the century 10-million South Africans would depend on informal housing By the same year, 370 000 people would suffer from AIDS and the population would be 45-million

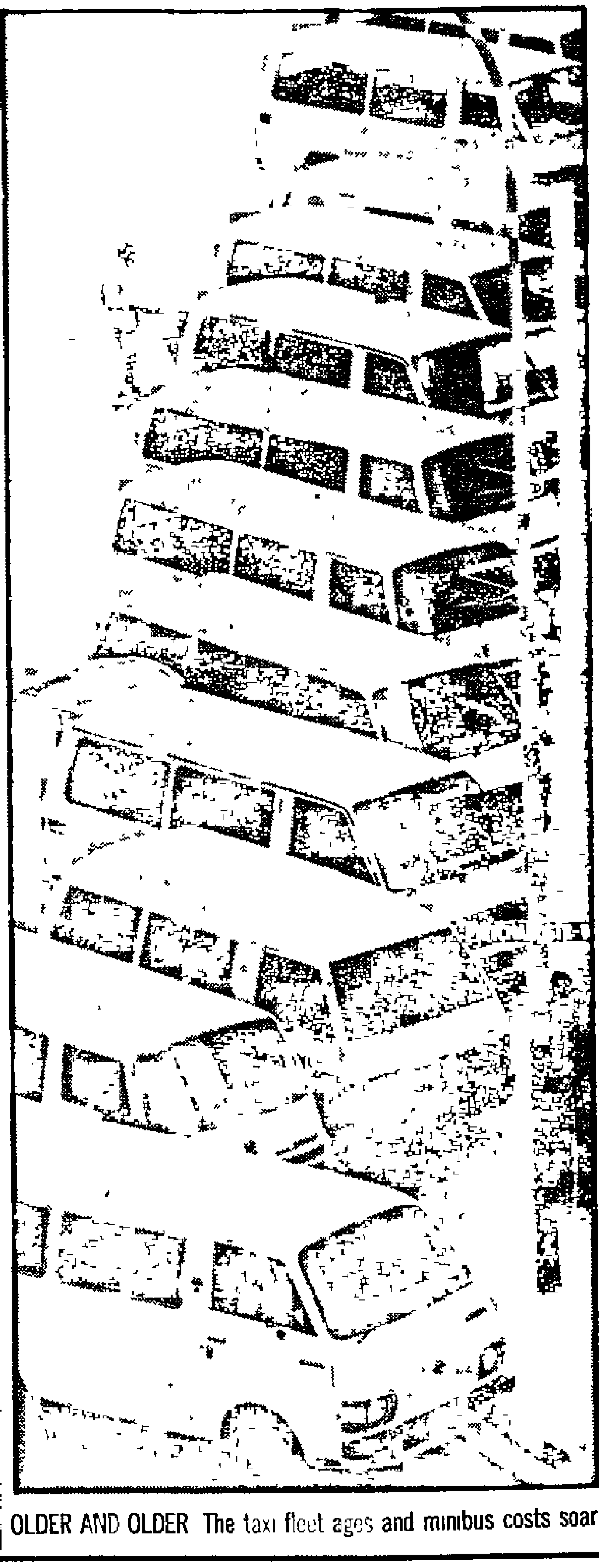
Blacks would make up 10% of the A income group and 45% of total disposable income would be in their hands The shortage of white management skills would increase

Blacks would make up 84% of secondary school pupils

Taxi sales slump as bad debt rises

S|Times (Buss) 10|5|92

192



OLDER AND OLDER The taxi fleet ages and minibus costs soar

GROWTH in the black taxi industry has come to a virtual standstill because of high finance costs and an increasing incidence of bad debt.

In the past 18 months to two years, minibuses were snapped up at a rate of about 600 a month for use as taxis Sales virtually dried up in January and February this year

Members of taxi associations and the finance houses are not confident about the future.

Size

A spate of payment defaults has forced some institutions to demand much higher deposits than before and reduce repayment periods. This makes it extremely expensive for aspirant taxi owners to enter the business. A 16-seater minibus costs about R65 000

The Southern African Black Taxi Association (Sabta) and the Federation of African Business and Consumer Services (Fabcos) operate the Sabta Foundation, a stokvel group to which members contribute. Traditionally, taxi operators pay about 30% of the value of the vehicles into a fund which is used to cover bad debts by members

Philip Van den Heever, marketing director of Futurebank which administers the foundation, will not disclose the size of the fund But sources say it has been whittled away from R60-million to about R17-milion

Futurebank, which took

By DON ROBERTSON

over the taxi financing book of Wesbank towards the end of March, says business is dead Most minibus purchases are now mostly for replacement

Wesbank was by far the largest financier in the taxi market

Sabta marketing director Cyprian Lebese says he is not confident about the future.

Because of the foundation's past success, Sabta members are able to buy minibuses with a deposit of between 15% and 20% Non-members put down between 40% and 50%

The decline in minibus sales has been a severe blow to motor manufacturers

Mr Lebese says that in previous years, minibus sales to members totalled about 400 a month This represents about two-thirds of the taxi business, he says

Steadily

"Since January last year, purchases have fallen steadily They dropped to about 80 in the first two months of this year"

He blames high interest rates, the cost of finance and a general decline in the economy

Futurebank, owned 49% by First National Bank and 44% by Fabcos, has about 4 500 taxis on its books

Although Mr Van den Heever is reluctant to appear too confident, he says sales have picked up since his organisation took over financing from Wesbank Purchases in April rose by about 60%

Nestle sells dairy arm

S| Times (Buss) 10|5|92

NESTLE is selling its refrigerated dairy division Chambourcy.

This follows the disposal of its Lecol beverage interests to Royal Beechnut. Nestle corporate affairs manager David Upshon says the group is focusing on market areas which offer the best growth potential — confectionery, instant drinks, milk powders and condensed milk.

"Nestle has been operating in SA for 76 years and it is our intention to continue expanding our operations and seek other areas of opportunity to fit in with our overall strategy,' says Mr Upshon.

STAYING ON IDLE

FM 8/5/92

Vehicle assembly plants are operating at less than two-thirds of capacity as they wait vainly for a recovery in the market In some sectors, they are operating below 50% of potential (192)

Figures released by the National Association of Automobile Manufacturers of SA show that car assemblers, on average, used only 69% of capacity in the first quarter of this year — and they were the lucky ones

Light commercial vehicle — bakkie and minibus — assemblers were working at 62%, while medium commercial operations were sitting on 48% and heavy trucks and buses on 55% All these figures are based on single-shift working.

With the exception of the heavies, use of capacity is significantly down on 1991 And, with companies predicting more sales doom and gloom in the months ahead, the situation is not likely to improve Vehicle sales in the first quarter of this year fell 9% compared with the same period last year and 1992 looks certain to show the fourth consecutive annual decline.

But, even as they watch existing plant lie idle, vehicle assemblers continue to spend heavily on new equipment Companies announced R150m in capital investment between January and March, much of it to meet stringent, government-imposed local content requirements

Another large slice is tied to new model requirements The lead time between deciding to build a new vehicle and bringing it to the SA market can be four years or longer. Much of the current spending results from decisions taken in the late Eighties, when the industry was enjoying a mild recovery

Numsa, Seifsa in pay dispute

Sowetan 29/5/92

(192)

METAL industry negotiators agreed to resume pay talks on June 9 following a dispute between employer and union representatives in Johannesburg on Wednesday

The National Union of Metalworkers of South Africa (Numsa) said all unions involved in the negotiations, except the SA Yster- en Staalunie, declared a dispute on May 14

Employers represented by the Steel and Engineering Industries Federation of SA had subsequently also declared a dispute A further round of talks could be held on June 18 and 19

Seifsa spokesman Mr Hendrik van der Heever confirmed the decision taken at a special executive committee meeting of the National Industrial Council for the Iron, Steel and Metallurgical Industry

Numsa official Mr Les Kettledas said his union would have no alternative but to ballot its members for industrial action if no progress was made in national negotiations across four sectors

Numsa negotiators in the metal, tyre and motor industries on Sunday expressed concern at the apparent lack of progress in these negotiations

However, the union remained committed to finding an acceptable outcome to the negotiations and expected employers to do the same - *Sapa*

DAF's 'green' vehicles for SA 192

By PAT SIDLEY W/Mail 29/5 - 4/6/92

THE giant Dutch truck and bus manufacturer, DAF, has signed an agreement with Associated Automotive Distributors (AAD) to import and assemble some of its products in South Africa for local sale and for export to neighbouring countries

The new vehicles will include large trucks, a luxury bus line and mini-buses

One of the main marketing tools the company will use in South Africa's depressed vehicle market is its big selling point abroad. DAF vehicles, the company says, are "green" — environment friendly

AAD used to be Leyland until 1988 when its management locally bought it out. In 1987, DAF bought Leyland

The deal between DAF and AAD will involve the "transfer of technology" and training — but no specific amount is being put on the investment. The whole deal was to have been under wraps until July, but was leaked to the Dutch press recently

DAF sales director for Africa Rens van Herpt told *The Weekly Mail* that the company hoped to sell the vehicles in South Africa, Swaziland, Namibia and Lesotho.

DAF in the Netherlands also makes military vehicles — a possibility for the future here when arms embargoes end.

The DAF vehicles, he says, are much quieter than others, use less fuel, give longer service and emit far fewer noxious fumes using a system of "turbo-charged intercooling".

All the engines are diesel — raising the problem of local content. Most diesel engines in this country are supplied by Atlantis diesel — a source of discontent to many who would prefer to be able to import diesel engines

Van Herpt said DAF was hoping to gain about 10 percent of the local market.

Strike halts Toyota plant

192

DIRK HARTFORD

B/Day 8/5/92

PRODUCTION at Toyota's Durban plant has been suspended, affecting up to 6 000 workers

The closure, on Wednesday, came after about 1 000 workers went on strike to demand the dismissal of a supervisor

The workers are members of the National Union of Metalworkers (Numsa)

Although negotiations were continuing, the strike was likely to continue today, a Toyota spokesman said He said the strike meant Toyota would not take part in the next round of national motor wage negotiations, due to take place in Port Elizabeth today

"We can't negotiate at a national level when we have got problems at home," the spokesman said

The chief spokesman and negotiator for the National Association of Automobile Manufacturers of SA (Naamsa), BMW's Dave Kirby, was unaware of the strike late yesterday

A Numsa spokesman said workers were also demanding the reinstatement of a dismissed worker and that overtime be voluntary This was not confirmed by Toyota

Toyota workers have been on almost consistent overtime this year — partly as a result of a strike at component supplier Metlink But since April, Toyota said, workers had been refusing to work overtime.

☐ To Page 2

Toyota

B/Day 8/5/92

☐ From Page 1

Numsa said Toyota workers were "being worked to the bone" Toyota workers used to produce 400 units an hour in a 45-hour week, but were now producing up to 465 units an hour in a 40-hour week, the union said

Recent Naamsa figures showed that the seven major motor manufacturers used only 69% of capacity on average in the first quarter this year And with vehicle sales down by 9% in the first quarter against the first three months of 1991, the immediate future for most manufacturers looks bleak Toyota is the only manufacturer bucking the trend

ANC acts against Winnie again

CT 2/6/92

Own Correspondent

JOHANNESBURG. — Mrs Winnie Mandela has been suspended from the executive committee of the ANC Women's League and faces possible disciplinary action following a sit-in demonstration last month at the ANC's offices in Johannesburg.

The decision to suspend Mrs Mandela, along with fellow Women's League official Mrs Nomvula Mokonyane, was taken at an emergency meeting at the weekend.

Mrs Mandela is alleged to have recruited members of several squatter communities to protest against her removal as head of the ANC's social welfare department.

Last week Mrs Mandela's last power base crumbled when the League's entire PWV regional executive committee, of which Mrs Mandela was chairwoman, was suspended after a bitter inter-branch meeting in which the protest was discussed.

The ANC said yesterday a commission of inquiry would be looking into the matter, adding that demonstrations against the ANC by members "disregarded ANC procedures".

6 000 Toyota workers 'to end strike today'

CT 2/5/92 (192)

Own Correspondent

DURBAN. — More than 6 000 workers are expected to return to work at Toyota plants here today after a "settlement package to resolve the dispute" was negotiated with Numsa, a company spokesman said.

The 18-day strike is estimated to have cost the company up to R310 million.

Toyota SA chief executive Mr Bert Wessels said the impact of the strike on the company's operations would be assessed today if production resumed. He would not elaborate on the settlement package.

Lightning kills cricket umpire

YOULGREAVE, England. — A cricket umpire was killed by a bolt of lightning at the weekend — on the same field where he suffered a head injury during the soccer season.

Mr Peter Hill, 26, only recently recovered from the football injury after spending two weeks in hospital. — Sapa-Reuter

Motor job security in danger

By DON ROBERTSON

S Times (Buss)

TRADE union insistence that the moratorium on retrenchment in the motor industry be extended for another 12 months could lead to crippling strikes 3/5/92

Motor manufacturers and the National Union of Metalworkers of SA (Numsa), representing about 37 000 workers, agreed last year that no hourly paid workers would be laid off for a year

The moratorium was linked to production targets set by manufacturers

Vehicles sales continue to fall and motor-makers say they cannot afford to extend the moratorium after it expires in June Several are working a short week and Samcor, assemblers of Mazda, Mitsubishi and Ford, closed its operations for two weeks last month

192

Child

Many manufacturers say they are overstaffed in terms of expected sales

Apart from job security, Numsa has asked for a 25%, or R2 an hour, pay increase, 15 days' leave a year for "child care", additional compassionate leave, six months' maternity leave, 10 hours a month for union meetings, 20 days' leave a year for shop steward training and the elimination of discrimination in employment

BMW starts retrenching at Rosslyn plant

By Roy Cokayne

Several employees at BMW's manufacturing plant at Rosslyn have been retrenched as part of a restructuring programme

However, communications manager Johan Kleynhans says the company does not have a target number of job cuts

STAR 7/5/92

Implementation of the restructuring programme had been in progress for some time and would be completed in the next few months

"It involves the entire company but has started with senior staff and will then move downwards," he said

18-day strike [redacted] 192
at Toyota ends

Sowetan 2/6/92

THE 18-day strike at Toyota's Prospecton plant in Durban ended yesterday after the company agreed to transfer three management personnel who workers claimed were discriminatory

Mr Gavin Hartford of the National Union of Metalworkers of SA said yesterday the estimated 6 000 workers who downed tools on May 7 were expected to resume work today, ending the strike which has cost the company more than R800 000 and 430 vehicles a day.

"The whole settlement package was a major victory," said Hartford, a senior official in Numsa's national collective bargaining department Toyota agreed to move the three managers in question out of production," he said

as neces-
ea
ice head-
Colonel
firearms
nd a pis-

STAR 2/6/92

Toyota workers end strike

The strike at Toyota SA's Durban plants has been resolved and 6 000 striking employees begin returning to work today A company statement said Toyota and the National Union of Metalworkers of SA had negotiated a settlement package to resolve the dispute that led to the 18-working-day strike (192)

Four die in minibus crash

Phase VI 'may restrict rises in vehicle prices'

BDay 2/6/92. (192)

EDWARD WEST

VEHICLE price increases in 1991 ranged from 15,6% to 21,3% over the previous year, but a fine-tuning of the local content programme could help contain costs in future, National Association of Automobile Manufacturers of SA (Naamsa) president Bert Wessels said yesterday

Wessels said there was a wide gap between disposable incomes and vehicle prices However, prices should be seen in the context of tight competition between manufacturers for a bigger share of a declining market.

Generally, German-sourced vehicles were at the lower end of price increases while the Japanese-sourced vehicles were at the higher end

Higher excise duties added at least 7,5% to the cost of vehicles last year, he said The duties were linked to the Phase VI local content programme and its accelerated progression to the current 75%

On December 1 1991, the 2,5% non-rebatable excise duty on new vehicles increased the overall excise duty to 40% from 32,5% at the beginning of the year However, cost pressures from excise duty escalations were eliminated because the self-funding pool arrangement of Phase VI — whereby the industry funded its own rebates through duties — was abolished

The second major impact on vehicle prices was the increased FoB price of completely knocked down packs shipped by source companies

Behind these prices were also inflationary cost pressures of 2%-3% from these countries, said Wessels

Exchange rate deterioration added an average 14% to the landed cost of Japanese products and 5% to German products And local component and manufacturing costs increased an average 13% in 1991

Low levels of asset utilisation caused by by labour unrest and reduced productivity also increased vehicle prices Production at most plants was 10%-25% lower in 1991 than three years ago

Union pressure had forced most plants to reduce working time to eight hours from nine Each manufacturer lost on average 15 working days production a year to labour unrest Furthermore, the moratorium on retrenchments resulted in overstaffing

For the industry to improve from its low base, Phase VI would have to be fine-tuned in conjunction with interested parties, by strengthening organisation and planning, improving overall efficiencies in the industry and containing costs, Wessels said

Dispute at Toyota settled

B. Day 2/6/92

B/Day 2/6/92 (192)

Business Day Reporters

MORE than 6 000 workers are expected to return to work at Toyota plants in Durban today after a "settlement package to resolve the dispute" was negotiated with Numsa, a company spokesman said

But the 18-day strike, it is estimated, may have cost the motor assembler up to R310m in lost turnover

Toyota SA CE Bert Wessels declined to comment yesterday on the impact of the strike on Toyota's operations This would be assessed today if production resumed as planned, Wessels said

Toyota would also not elaborate further on the settlement package for fear of jeopardising it

Numsa could not be contacted for comment last night

Sapa reports that in terms of the agreement between Toyota SA and Numsa shop stewards the company would

□ Place a production superintendent in an office where he would have no dealings with workers,

□ Transfer a personnel manager to another post,

□ Remove a manager from the auto components division for placement elsewhere,

□ Re-employ a shop steward committee chairman who was fired eight months ago, and

□ Abandon all Industrial Court actions by the Toyota auto components division and its predecessor, Metlink, against Numsa

Earlier estimates suggested that the strike was costing Toyota up to 430 vehicles a day in lost production Based on an average vehicle price of R40 000 over the period of the strike, Toyota has lost up to R310m in turnover since the strike began on May 6

The work days lost exceed the 17,5 days lost to work stoppages in Toyota's previous financial year to December 1991

Vectra to seek new franchises

EDWARD WEST

W & A SUBSIDIARY Vectra had budgeted for an improved performance in 1992 and was looking for opportunities to expand its dealerships into additional franchises, Vectra chairman Alan Schlesinger said in his review of 1991 published yesterday

Although Vectra's Williams Hunt motor dealerships incurred substantial losses in 1991, corrective action was taken and an improved performance was expected in 1992 even if trading conditions in the motor industry had failed to improve

(192)

While Williams Hunt would remain a dedicated franchisee of the Delta Motor Corporation, Vektra was looking to expand into additional franchises, Schlesinger said

BDay 3/6/92

Conditions in the automotive afterparts market became increasingly competitive in 1991 and price cutting became the order of the day as businesses sought to reduce inventories and increase market share

The situation was further aggravated by vehicle thefts, largely for spares purposes, and large-scale import of used engines from Japan, Schlesinger said

Schlesinger said the market for new vehicles would remain limited unless there was strong and sustained economic improvement. The low level of new vehicle sales and increasing transport requirements would eventually increase used vehicle prices, he said

In the commercial vehicle sector, the depressed economy led to a reduction of kilometres travelled and cannibalisation of vehicles in large fleets for spares Demand for commercial vehicles would increase with an economic upturn, he said.

Liebesman upbeat on W&A's prospects

BDay 3/6/92

MARCIA KLEIN

THE streamlining and refocusing of W & A Investment Corporation positions it well for future growth, says chairman Jeff Liebesman, but he avoids making forecasts for the current financial year

In his 1991 annual review, he said although short-term trading conditions in the group's major markets would remain depressed, W & A was now well placed for the coming years

His optimism was based on the fact that W & A was gaining competitive advantage globally and that much of its business in southern Africa was focused on the emerging mass consumer market. Also, its commitment to expand export volumes would pay increasing dividends and would help to offset the effects of the poor local economic environment

Liebesman said 1991 was a successful year in terms of results and in terms of progress towards greater focus and increasing globalisation

In the year to end-December, attributable earnings grew by 14% to R129m on the back of strong performances from some offshore activities, rationalisation benefits and reduced gearing

Liebesman said the group's focus was sharpened through significant streamlining steps, which included the sale of the hosiery business, the majority of shares in Elcentre, the JD Group debtors book and some non-strategic properties These would have a significant effect on W & A's ability to reduce debt, while developing its core business locally and internationally, and on the level of interest payable.

The benefits of streamlining the group were evident from the fact that operating margins were maintained in unfavourable conditions, as well as from the increase in the liquidity of its shares and improvement in gearing The reduction in gearing from 67% to 58% was achieved despite the R157m investment in offshore operations and the write-down of the group's investment in Elcentre by R100m

The R157m investment in offshore acquisitions, including Alloy Wheels International and OSS Scaffolding, was funded from foreign sources and out of their own cash resources

Capex of R290m included these acquisitions and investments in new companies and innovative technology, Liebesman said Cash available from operations, which increased sharply from R75,6m to R241,1m, represented funds for acquisitions, dividends, retention or repayment of borrowings

EXECUTIVE SUI

Lower sales ease effects of strike

BDay 3/6/92

EDWARD WEST

FALLING vehicle sales in April and May softened the effect of the strike at Toyota SA's Prospecton manufacturing plant, Toyota MD Brand Pretorius said yesterday (192)

Production at the plant — halted when a strike began on May 6 — restarted yesterday

CE Bert Wessels said in a statement the strike resulted in lost production amounting to 7 000 vehicles. The loss in terms of turnover amounted to R270m while component suppliers lost R75m in turnover

Pretorius said Toyota's dominant market share was expected to drop from 31% in January to about 25% in May and June before its supply pipeline filled up again.

The lost production had a keen effect on wholesale sales However, the dealer network had a good stock of passenger vehicles at the beginning of May While stock levels remained "reasonable", the company was under pressure to supply light commercial vehicles, and the production mix would be increased.

Poor vehicle sales in April and another seemingly slow month in May was, with hindsight fortuitous for Toyota, softened the blow of the strike, Pretorius said

Car rental customers agreed to reschedule delivery of vehicles, releasing more vehicles for dealers

A Ku Klux Klan supporter takes a peek under the hood of a KKK member during a rally in Wisconsin, America. About 200 people protesting the Klan gathering at a city park clashed with police. Klan members cancelled plans to burn a 6m cross.

Toyota strike is resolved

Sowetan 3/6/92

192

Sowetan Correspondent

ALMOST all 6 000 Toyota workers turned up at the plant in Prospecton yesterday after a three-week strike that cost the company about R200 million in lost production.

The plant went on stream again following the ending of the strike last night when Toyota management and the National Union of Metalworkers of South Africa came to an agreement which ended the dispute

The workers seemed happy to be back at work, arriving at the plant's gates about an hour before they started

There was no tension evident and the workers joked among themselves

While some held a 30-minute meeting in the car park, others went straight to their work stations

It is believed that Toyota lost at least R200 million when the production of 430 vehicles a day ground to a halt

The component manufacturers are believed to have lost R50 million worth of business and the workers themselves had to forego R800 000 a day in lost wages.

The regional secretary of Numsa, Mr Eckie Esau announced that the strike was over "We have got a settlement"

He said that in terms of the agreement, the three senior white Toyota employees against whom the workers complained had been moved to other jobs.

Esau said that the union would also continue to discuss industrial relationships with Toyota management.

A Numsa shop steward who was dismissed by a company which was later taken over by Toyota will be employed

The 6 000 workers began downing tools on May 6 to demand the dismissal of a superintendent for alleged discrimination

They subsequently added the other demands

Nissan to boost profits at cost of labour

TOKYO — Nissan, Japan's second largest car manufacturer, said it would save on labour costs by reducing the amount of parts needed in its cars by 30% over the next three to five years BDay 4/6/92

Nissan decided on the streamlining in the hope of improving on profitability, Nissan spokesman Masamichi Mogi said on Tuesday However, he declined to say how much the plan was expected to save

Mogi said about 60 000 parts, including nuts and bolts, were needed to build a vehicle The company will design a new model that could be produced easily with fewer parts (192)

Nissan produces 48 models, including 24 passenger cars

The company will try to use the same parts as much as possible in the different models, Mogi said The streamlining would not affect plans to buy US-made parts worth $3 7bn — AP-DJ

—BUSINESS—

Mercedes-Benz car production off 3%

BDay 4/6/92 (192)

STUTTGART — Mercedes-Benz said yesterday that passenger car production fell 3% in the first four months of this year.

Production fell to 198 618 vehicles in the January-April period from 204 388 vehicles in the same period last year

The luxury car and commercial truck manufacturer predicted that full-year 1992 new passenger car registrations in Germany would fall 9% after a 6% decline in the first four months of the year

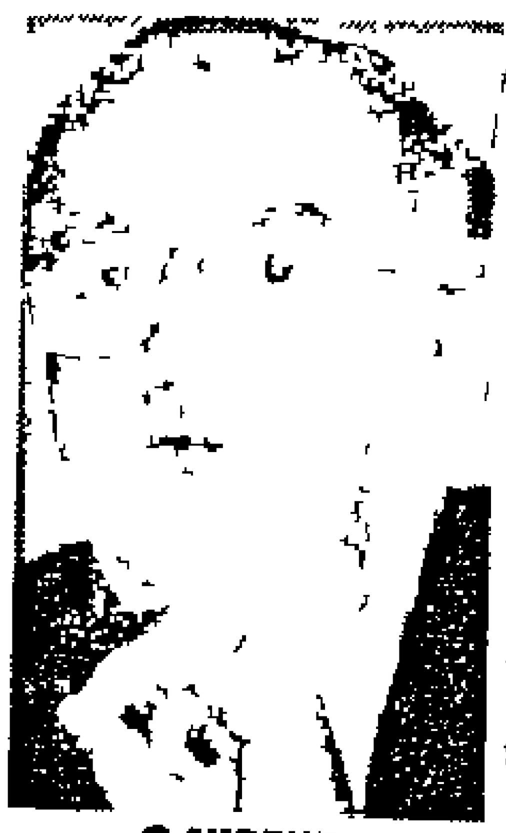
Mercedes chairman Werner Niefer said yesterday that the group's goal for the current year was to match 1991 vehicle sales as modest recoveries in western Europe and the US offset stagnation in the German vehicle market. Full-year vehicle sales should be about 560 000 worldwide, unchanged from a year ago Group sales should exceed DM70bn for 1992, up from 1991 group turnover of DM67,1bn, he said.

Deputy chairman Helmut Werner suggested earnings could climb in the current year "We have set the course"

While passenger car production slipped in the first four months, truck production climbed 7% in the same period to 102 431 from 95 777 in the comparable 1991 period, reflecting that truck sales continued strongly in Germany.

Niefer said sagging orders within the German market indicated to the company that full-year truck sales would slip below last year's levels He expected 1992 to be the company's second-best in terms of home market sales

Overall worldwide revenues jumped 14% in the first four months to DM23,04bn from DM20,16bn in the first four months of 1991.



● NIEFER

The company break-down of sales showed turnover within Germany climbed 13% to DM10,60bn in the first four months, while Mercedes-Benz sales in other western European markets rose 8% to DM5,18bn.

US sales rose 9% to DM2,65bn.

Looking back at 1991, Niefer observed that the 12% surge in group sales outstripped growth in earnings. That was reflected by the marginal gain in group net profit, which climbed to DM1,548bn in 1991 from DM1,545bn in 1990.

As a result, Mercedes would cut jobs in its factories and central administration, Niefer said The company announced in April that it planned to eliminate 20 000 jobs during the next two years. — AP-DJ.

FM 5/6/92

LES KETTLEDAS

Driving a hard bargain

192

Les Kettledas's early days as a ~~union~~ leader consisted of on-the-job training or, more precisely, lunch-time training During the midday break, the former paint laboratory technician for General Motors talked about what he and other workers saw as poor conditions, low pay and the limits proscribed by job reservation rules

"In our first year," he remembers, "there was a lot of opposition from employers But we had to continue "

In 1974, Kettledas (44) left GM (now Delta) and became a full-time union official Now he is the national secretary for collective bargaining of Numsa, the metalworkers' union that represents 280 000 dues-paying members who work in the metal industry, vehicle and tyre manufacturing and the motor industry

Though he acknowledges that there have been "substantial changes in working conditions" at the car assembly plants since he went to work for GM in 1968, he believes that management has the same response to the union's request for better wages and benefits

"Employers have the same attitude no matter what, whether it's recession or boom they always accuse the union members of being unreasonable and unrealistic That response is always there "

The current contract with the car companies expires at the end of the month and negotiations are going ahead, following the recent strike now under way at a Toyota plant in Durban So far, the carmakers are offering increase packages worth about 6,4% — a number that Kettledas says "smacks of a handout "

Though Numsa is asking for 25% increases (which management sees as 45%, including benefits), he would be happy to see an offer that would at least cover inflation "Or else our members are not able to improve themselves "

Will there be another strike like last year? Kettledas dips into his well of union-speak "If there is no real progress, we will be forced to hold a ballot for our members on whether they want to take industrial action "

Sitting across the negotiating table is Dave Kirby of BMW, who says he gives Kettledas "an 'A' for perseverence "

Says Kirby "He is intelligent, articulate and tenacious He is a bulldog He has strong goal orientations He sets clear targets and then hammers away " Nevertheless, Kirby does not "agree too often with his philosophy, his standpoint He is not co-operative, he is confrontational "

Kettledas says he is just doing the job he is mandated to do And he tries to keep calm, cool and collected while he goes about his task

Kettledas *earning an 'A' for perseverance*

"I go in and get the best deal for the members I don't do that by jumping on the table and screaming at the employers "

Kettledas, who is based in Port Elizabeth, says all of his free time goes to the union But when he needs to get away from it all, he jumps into his new Delta-made Opel Kadett (he recently retired a Renault) and heads about 80 km west for the peace and quiet of Humansdorp, where he grew up ■

TOYOTA STRIKE FM 5/6/92

Going right again

[redacted] 192

Toyota shop stewards are claiming victory at the end of the 18-day strike that halted all production at SA's biggest car and truck plant

But victory for whom?

Apparently not for Toyota, which lost production of more than 7 100 vehicles worth an estimated R270m in turnover And for the strikers? Their wage losses could be as high as R14m They're not too happy, either

That leaves their union, the National Union of Metalworkers of SA (Numsa) and it is here that one detects the greatest satisfaction. For not only has the strike given a bloody nose to the leading motor company, but it has also delivered a warning to other companies at a critical stage in national wage negotiations

The national agreement expires this month Unions and employers are still a long way from consensus, both on wages and union demands for extension of the year-old moratorium on retrenchments

FM 5/6/92

Employers won't need reminding that last year's negotiations resulted in virtual industry-wide strike action before agreement was reached It is hard to resist the view that the Toyota dispute was the opportunity Numsa was looking for, both to soften up the market leader and bare its teeth to the industry as a whole

The stoppage began on May 6 when workers walked out of Toyota's main Prospecton assembly plant south of Durban, demanding the dismissal of a line superintendent Numsa shop stewards added further grievances By the time they finished they were demanding the dismissal of three supervisory staff and re-employment of a fired shop steward

In terms of this week's settlement, the three supervisory staff were moved to other jobs within Toyota, and the shop steward was re-employed Numsa officials claim the settlement is a victory for them Toyota says that because the supervisory staff were transferred, not fired, both sides' honour is satisfied

[redacted] 192

Stocks low

The strike is over but the company's problems aren't Effects are even being felt at Toyota Japan, where a reduction in SA demand for components is causing major complications for that company's export division

Toyota SA executive chairman Bert Wessels says stocks of some Toyota models, notably commercials, are low The company is trying to reallocate existing stocks to areas where shortages are worst It is trying to renegotiate delivery schedules with major customers such as rental companies

Toyota Marketing MD Brand Pretorius says Toyota has already lost sales to competitors. While car buyers are often prepared to be patient, buyers of bakkies and trucks can't wait

If their first choice isn't available, they will go to a rival and buy something else

Nevertheless, he believes deferred sales could recoup much of the R270m turnover which has nominally been lost At the worst, he believes Toyota will have to write off up to 4 000 vehicle sales — worth an estimated R160m — over the next three months, before stock levels are back to normal ■

MIDAS FM 5/6/92

Regaining its touch

192

Not before time, Midas looks to have regained its touch These results, by comparison with the previous year's miserable performance, are astonishing Earnings rose

cont

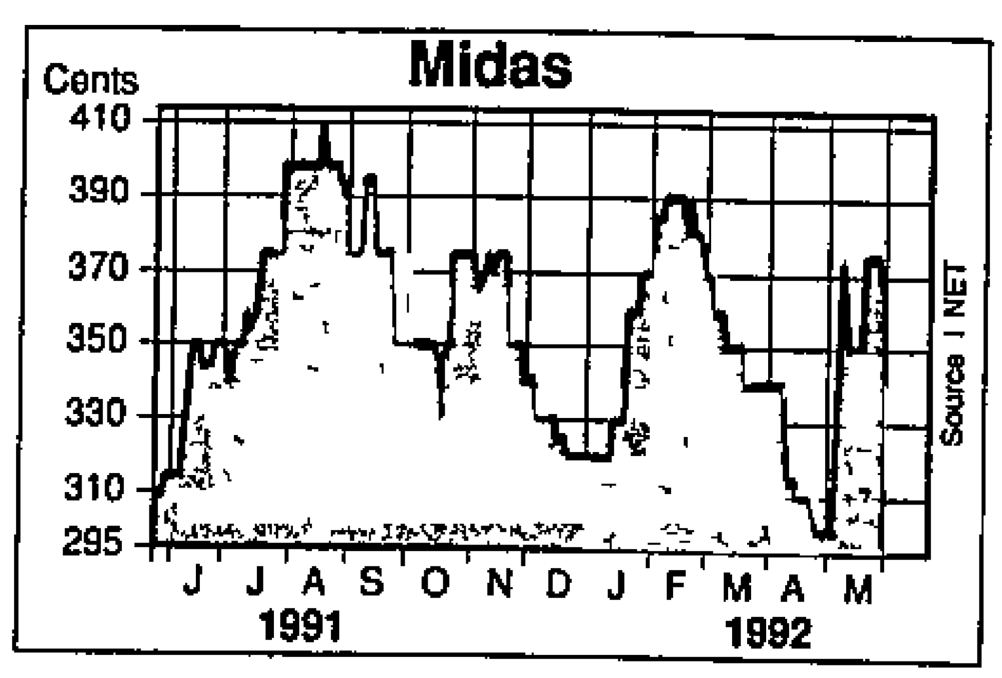
Activities: *Markets automotive parts and accessories*
Control: *McCarthy 36%*
Chairman: *D B Riley, MD J A Rich*
Capital structure: *14,9m ords Market capitalisation R53m*
Share market: *Price 360c Yields 4,4% on dividend, 16,9% on earnings, p e ratio, 5,9, cover, 3,8 12-month high, 410c, low, 300c Trading volume last quarter, 1,1m shares*

Year to Dec 31	'89	'90	'91	'92
ST debt (Rm)	19,6	30,6	24,6	30,3
Debt equity ratio	0,55	0,59	0,45	0,48
Shareholders interest	0,56	0,64	0,58	0,54
Int & leasing cover	6 4	1,9	1,6	1,8
Return on cap (%)	32,8	20,4	11,3	13,6
Turnover (Rm)	176	221	242	284
Pre-int profit (Rm)	20 9	16,5	10,6	15,8
Pre-int margin (%)	11,9	7,5	4,4	4,6
Earnings (c)	118,8	60,3	31,5	60,7
Dividends (c)	35	20	8,5	16
Net worth (c)	271	354	366	393

93% to 60,7c and the dividend was nearly doubled to 16c Turnover rocketed R42m to a new high of R284m and return on capital is showing signs of modest recovery

While all this must be encouraging for shareholders who have stuck with the company through two abysmal years, a cautionary note must be added; the latest out-turn merely returns Midas to the position as at February 1990 In fact, dividends still lag the 1990 20c and are far behind 1989's 35c

Reasons are not hard to find The automotive industry has had great difficulty in recent years Chairman Derek Riley complains of "high unemployment and recession (which) have aggravated the turbulence in the country " All companies in the sector that reported recently comment on the same issues — difficult trading conditions, fierce competition, cut-throat pricing MD John Rich confirms that trading margins remain very tight



Midas had difficulties in managing working capital A short note in the review says this is "being addressed " Stock holdings soared R18,4m or 32%

Rich says this was caused principally by imported products in one division, with long delivery lead times, flowing in against a local trading background in which budgeted turnover wasn't achieved In other words, management was too optimistic in its projections of what it could sell

To some extent, the lifting of sanctions came to Midas's rescue Creditors rose 34% to R51,7m, most of which came out of Far Eastern suppliers who, says Rich, "gave favourable consideration to better trading conditions " However, there was a consequential rise in local borrowings, now R30,3m — an increase of nearly R6m

Goodwill is being reduced substantially, in line with company policy Last year a further R4,2m was written off Rich says that almost all will be amortised by 1994

The tax position is favourable, with an assessed loss of R40m, most of which accrues from purchases in previous years, such as the Alfa Romeo buyout For at least two years, therefore, the tax burden will be very low

A prediction for this year is difficult Rich says trading conditions, which began favourably, have again become difficult He won't be drawn any further, other than to confirm cautiously that he expects earnings growth at least equal to inflation So shareholders should not expect earnings much above 70c a share, with dividends around 19c/20c

The share is on a p e of 5,9 in a sector which does not offer a true comparison with its business Using the motor sector, with an average p e of 6,4, as a yardstick, Midas has a little catching up to do, especially as it is trading at a discount to NAV But recent performance has been like a seesaw, and the market will want to see more consistency before revaluing the stock For the time being it looks fully priced *David Gleason*

European suitor for AAD

192

St Times (Buss)

By DON ROBERTSON

ASSOCIATED Automotive Distributors (AAD) is expected to announce its acquisition by a European truck-maker next month.

AAD, Leyland SA before the management buy-out (MBO) in January 1988, assembles heavy trucks and buses at its Blackheath plant near Cape Town under the Leyland name. It also distributes imported Land Rover vehicles.

Managing director Roman Szymoniwicz confirms that talks have taken place with several parties and that an announcement is expected soon.

He says that since the MBO, there has been a turnaround in the company's fortunes 7/6/92

It is believed that Dutch-based DAF has approached AAD. Any link would make sense because DAF and Leyland in Britain have close working relations.

Recipe for cheaper cars

S/Times (Buss) 7/6/92 (192)

By DON ROBERTSON

A REVIEW of the Phase Six local content programme is a prerequisite for controlling price increases and returning the motor industry to a leading economic role

Bert Wessels, president of the National Association of Automobile Manufacturers of SA (Naamsa) and chief executive of Toyota SA, says the wide gap between disposable incomes and the cost of new vehicles worries the industry

Mr Wessel's appeal follows a promise by Trade and Industry Minister Derek Keys that the Phase Six programme will be looked at anew

Mr Wessels says alterations to the programme will have to involve all interested parties, including Naamsa, the National Association of Automobile Component and Allied Manufacturers (Naacam), labour representatives and political organisations Foreign consultants could provide input for a delicate process

Also needed is an improvement in overall efficiency and cost containment by motor manufacturers By doing this, the problem of cars that are too expensive for the ordinary person could be dealt with

Closer co-operation between employers and trade unions will have to be improved and management organisation and planning must be strengthened

Phase Six has provided some stability to the industry, but it needs fine tuning so that it can play a role in containing costs

Car prices rose on average by between 15,6% to 21,3% last year German-sourced cars were at the lower end of the price-rise scale

Increased excise duties, resulting from higher local content of 75% last year, added about 7,5% to the cost of vehicles

Overall excise duties now amount to 40%, up from 32,5% in June last year This is outside the industry's control

The increased cost of imported completely knocked down (CKD) kits, lifted by a deteriorating rand exchange rate and rises in locally manufactured components, added to costs

SA could make all RHD Audis

By DON ROBERTSON

VOLKSWAGEN SA and its German parent are considering the possibility of the Uitenhage plant's becoming the only manufacturer of right-hand-drive (RHD) Audi cars for the world market.

Audi chairman and chairman-designate of Volkswagen AG Ferdinand Piech says in Leadership magazine it is his aim to have RHD vehicles made in SA, provided production costs are competitive.

Dr Piech says it makes no sense to have more than one investment in RHD plant — one in SA for a small market and others for Japan and Britain The total market is about 35 000 units

If all RHD cars were made in SA, other parts that are the same for both left- and right-hand drive could be imported

"We are working hard to make this possible in the near future — with the next generation of models." (192)

Ernie Barber, commercial services director of Volkswagen SA in charge of exports, confirms that this strategy is being studied in terms of capacity and engineering requirements.

Volkswagen SA has exported the first 200 left-hand-drive Jettas to China as part of an order for 6 000 worth R180-million (62).

VW SA chairman and managing director Peter Searle says: "If we fill the first phase of the China order at a steady rate of 80 units a month and deliver good-quality cars at low cost, we have a good chance of obtaining orders for phase two and three of the project worth R1,2-billion."

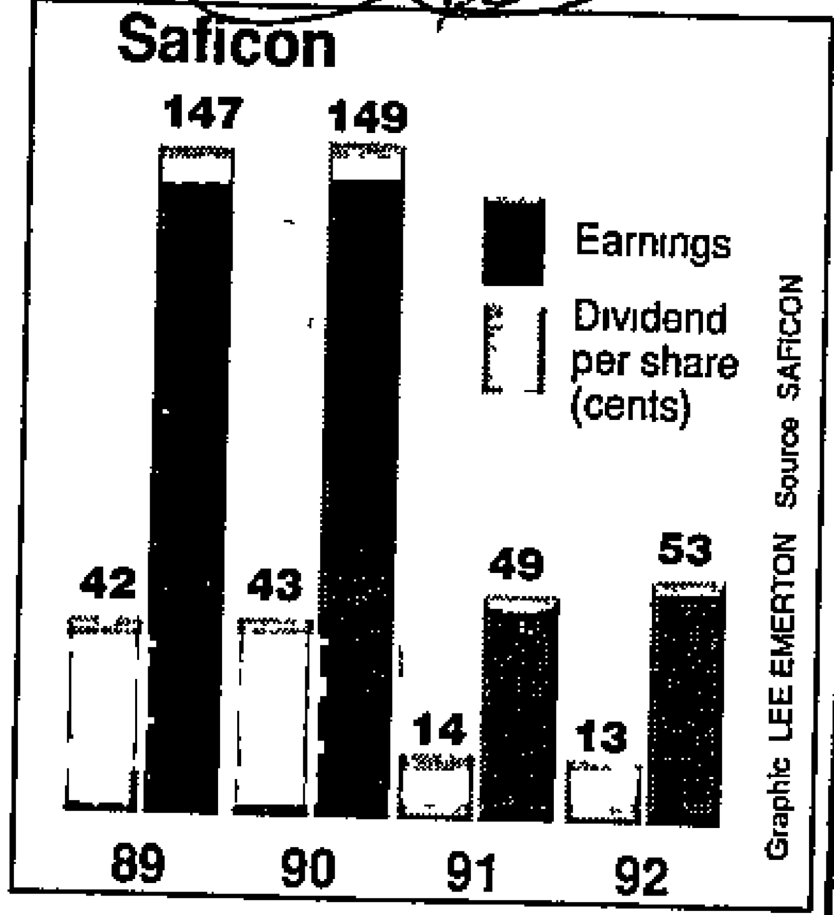
S/Times (Bus) 5/7/92

', June 9 1992

Boumat boosts Saficon earnings

B/Day 9/6/92 (172)

DUMA GQUBULE



MOTOR vehicle distributor Saficon Investments reported a 17,4% increase in attributable earnings for the year to end-March, helped by an increased contribution from Boumat.

A slightly lower dividend of 13c (1991 14c) was declared on earnings of 53c (49c) a share. The higher earnings were achieved even though the number of shares in issue increased by 1,72-million.

Earnings and dividends were marginally higher than those forecast when Saficon's holding in the group was increased to 51%.

Chairman Sidney Borsook said expectations of an upturn in the economy during the second half of the year had failed to materialise Trading conditions had deteriorated.

The lower than forecast group profits were mainly due to an inability to reach forecast levels of new vehicle sales, and to a deterioration in gross profit margins

Other inhibitive factors cited by Borsook were continued high interest rates, the indecisive behaviour of buyers during the run-up period to the introduction of VAT and the high new level of perks tax on the private use of company cars

After tax profits fell by 11,6% but the contribution from building supplies group Boumat increased to R4,3m (1991 R663 000) and Saficon's attributable earnings came to R16,2m (R13,8m)

Turnover showed a 4,6% increase to R1,5bn, but difficult trading conditions in the motor retailing industry resulted in an 18,8% decline in operating income to R44,8m After lower interest payments, after-tax profits fell by 11,6% to R12,2m

Samcor unveils R1bn programme

KARIN FRANKEN 192

SAMCOR yesterday unveiled a R1bn, five-year, capital investment programme in preparation for the replacement of the company's entire range of passenger and commercial vehicles.

Outlining the programme, newly-appointed group MD Robert Herbertson said the move would entail the installation of a new body assembly line with advanced robotics, which would significantly improve productivity

"Although we are not launching any all-new products this year we will be exercising our minds on how to improve sales of our current ranges until the arrival of our exciting new products during the first half of 1993 BDay 10/6/92

"The current market is hardly the ideal one to launch new product into, though we expect a mild upswing during the second half of 1992 and into 1993," Herbertson said

Samcor public affairs director Ruben Els said funds for the new programme would come from accumulated profits over the next five years The company might seek to finance the programme through existing capital and other sources

He emphasised the financing would not come from an increase in vehicle prices "The new range will be released to the market at a competitive price"

Samcor manufactures and assembles Ford, Mazda and Mitsubishi vehicles for the light commercial and passenger markets

Recession bites as new car sales fall

BDay 10/6/92 (192)

DUMA GQUBULE

TOTAL new vehicle sales for May plunged by 19,4%, proving that SA's recession was still deepening, the National Association of Automobile Manufacturers of SA (Naamsa) said yesterday

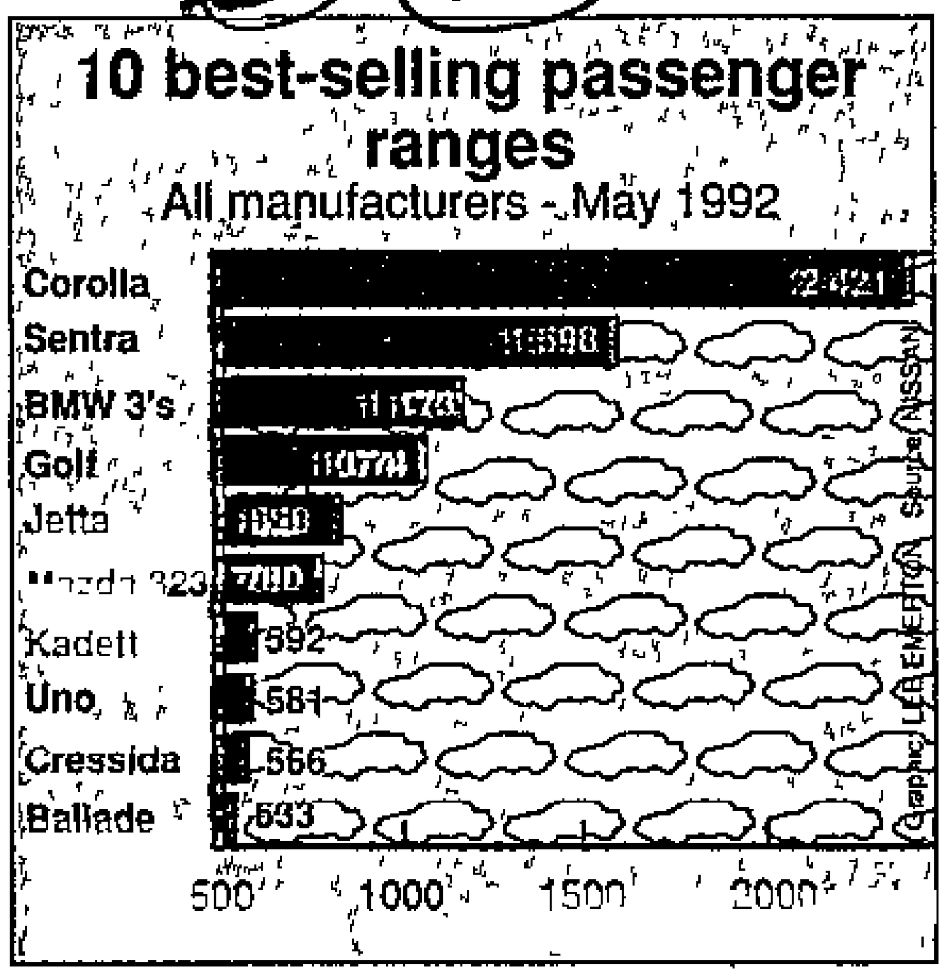
A total of 21 206 units were sold compared with 26 307 in May last year

Figures released by Naamsa showed that all four sectors of the industry remained well below corresponding levels achieved in the same month last year

Passenger cars sales fell by 19,3% to 13 727 units compared with 17 012 in May 1991, but there was a nominal 0,6% increase in sales over April 1992.

Light commercial vehicle sales declined 18,7% to 6 859 units, while medium and heavy commercial vehicle sales decreased by 27,5% to 620 units Combined sales were 1,3% down on the low base of 21 490 units sold in April 1992

Naamsa said the generally low level of consumer and business confidence, tight monetary and fiscal policy, uncertainty about socio-political and related developments and the drought would continue to have an impact on the short-term fortunes of the industry.



Trading conditions in all market segments would remain extremely competitive A spate of new model introductions could generate additional interest

The figures follow April's 17,5% decline in year-on-year sales The combined decline in April and May has been the sharpest over a two-month period since the December 1986 downturn , said Econometrix director Tony Twine

☐ To Page 2

Car sales

BDay 10/6/92 (192)

☐ From Page 1

Nissan's Stephanus Loubser cited the low level of economic activity and political uncertainty as reasons for the decline

But supply problems also played a role Toyota MD Brand Pretorius said production problems due to the recent strike at the company's plant had played a role in altering the mix in the marketplace.

A Volkswagen spokesman said a severe shortage of Jettas had been the main reason for a drop in sales to 2 748 units from 3 035 in the previous month He rejected speculation that recent export orders received for the Jetta range could have had an impact on the company's ability to supply the domestic market

Industry sources have now adjusted their forecasts for 1992 sales downwards — analysts were expecting sales to top the 200 000 units mark

Naamsa said 1992 industry aggregate sales would be well below 1991's 198 000 units unless the market showed substantial gains during the second half of the year Pretorius reduced his 1992 forecast to 185 000 units (from 205 000 units), while Loubser's revised estimate was 190 000

Nissan was the only company to buck the downward trend in May, by increasing its total market share to 20,1% from April's 17,2%

New car sales plunge as recession deepens

CT 10/6/92 (192)

Own Correspondent

JOHANNESBURG. — Total new vehicle sales for May plunged by 19,4%, proving that SA's recession was still deepening, the National Association of Automobile Manufacturers of SA (Naamsa) said yesterday.

A total of 21 206 units were sold compared with 26 307 in May last year

Figures released by Naamsa showed that all four sectors of the industry remained well below corresponding levels achieved in the same month last year.

Passenger cars sales fell by 19,3% to 1[illegible] 727 units compared with 17 012 in May 1991, but there was a nominal 0,6% increase in sales over April 1992

Light commercial vehicle sales declined 1[illegible],7% to 6 859 units, while medium and heavy commercial vehicle sales decreased by 27,5% to 620 units. Combined sales were 1[illegible]% down on the low base of 21 490 units sold in April 1992

Naamsa said the generally low level of consumer and business confidence, tight monetary and fiscal policy, uncertainty about socio-political and related developments and the drought would continue to have an impact on the short-term fortunes of the industry.

Trading conditions in all market segments would remain extremely competitive. A spate of new model introductions could generate additional interest.

The figures follow April's 17,5% decline in year-on-year sales The combined decline in April and May has been the sharpest over a two-month period since the December 1986 downturn , said Econometrix director Tony Twine

Nissan's Stephanus Loubser cited the low level of economic activity and political uncertainty as reasons for the decline

But supply problems also played a role

Toyota MD Brand Pretorius said production problems due to the recent strike at the company's plant had played a role in altering the mix in the marketplace

A Volkswagen spokesman said a severe shortage of Jettas had been the main reason for a drop in sales to 2 748 units from 3 035 in the previous month. He rejected speculation that recent export orders received for the Jetta range could have had an impact on the company's ability to supply the domestic market.

Industry sources have now adjusted their forecasts for 1992 sales downwards — analysts were expecting sales to top the 200 000 units mark.

Naamsa said 1992 industry aggregate sales would be well below 1991's 198 000 units unless the market showed substantial gains during the second half of the year Pretorius reduced his 1992 forecast to 185 000 units (from 205 000 units), while Loubser's revised estimate was 190 000.

Nissan was the only company to buck the downward trend in May, by increasing its total market share to 20,1% from April's 17,2%

● Samcor yesterday unveiled a R1bn. five-year, capital investment programme in preparation for the replacement of the company's entire range of passenger and commercial vehicles.

Outlining the programme, newly-appointed group MD Robert Herbertson said the move would entail the installation of a new body assembly line with advanced robotics, which would significantly improve productivity

"Although we are not launching any all-new products this year . . we will be exercising our minds on how to improve sales of our current ranges until the arrival of our exciting new products during the first half of 1993

"The current market is hardly the ideal one to launch new product into, though we expect a mild upswing during the second half of 1992 and into 1993," Herbertson said

Samcor public affairs director Ruben Els said funds for the new programme would come from accumulated profits over the next five years. The company might seek to finance the programme through existing capital and other sources.

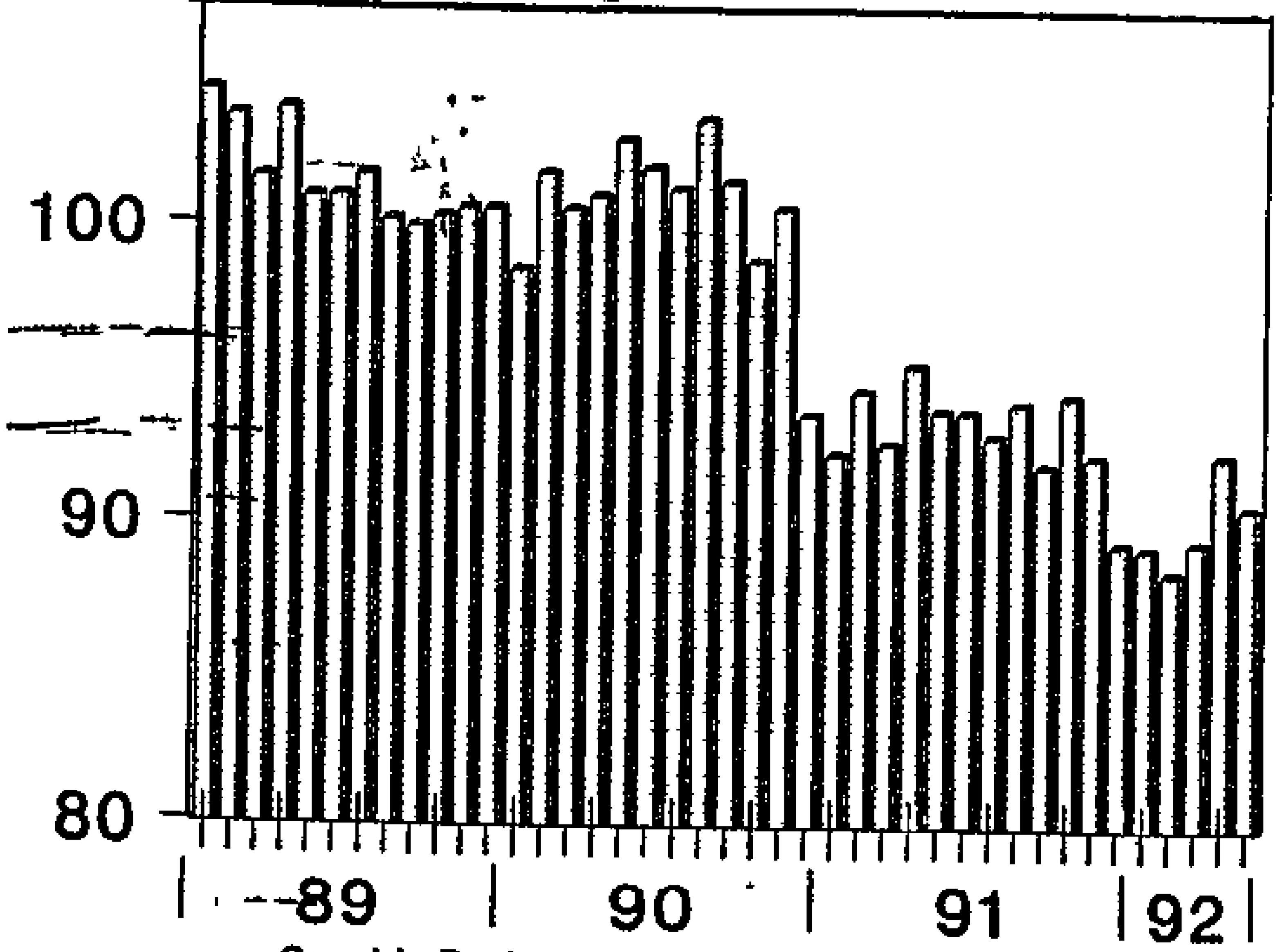
He emphasised the financing would not come from an increase in vehicle prices. "The new range will be released to the market at a competitive price."

Samcor manufactures and assembles Ford, Mazda and Mitsubishi vehicles for the light commercial and passenger markets.

Business confidence rapidly ebbing away

STAR 10/6/92

By Michael Chester



Sacob's Business Confidence Index

The overall business mood has slipped into deeper pessimism, with forecasts of still more cutbacks in investment and employment levels in the pipeline, a survey by the SA Chamber of Business (Sacob) shows

The business confidence index, which sets a base rate of 100 as a neutral marker between optimism and pessimism, tumbled back to 90,7 points last month in a sharp reversal of marginal rises recorded at the start of the year

Sacob director-general Raymond Parsons said the economic evidence showed the recession had actually deepened in the first half of the year rather than showing signs of bottoming out.

Sacob had been forced to revise previous predictions of a recovery timetable It now feared 1992 as a whole would show the economic growth rate at zero — with all hope pinned on the start of an upswing in 1993

As the initial euphoria sparked by the "Yes" vote in the referendum wore away, the level of business confidence was both volatile and vulnerable

No fewer than eight of 13 main economic indicators had declined in the May count, despite a slight improvement in the rand/dollar exchange rate, a marginal slowdown in inflation and stronger share prices on the JSE.

The contraction of the economy in the first quarter had been the most severe since the recession started in late 1989

Confidence has also been badly hit by

- Growing evidence that the impact of the drought looked likely to be even worse than first estimated.
- The apparent political logjam in Codesa, and the economic damage threatened by mass action or general strikes (Sacob calculates the cost of a total standstill at no less than R1,2 billion a day)
- Recent policy statements by the ANC, which, Sacob said, though showing signs of more realism, "still reflected a reluctance to accept the domestic and global imperatives of a market-driven economy"

Sacob economist Keith Lockwood said confidence in the manufacturing sector was at its lowest since mid-1990 Nearly all the main indicators measuring the outlook over the next month and over the next 12 months were down

Especially worrying, he said, were signs of cutbacks in capital expenditure in the industrial sector, which were almost bound to deter overseas investors from pumping more funds into SA.

"If foreign investors see that new fixed investment is being cut back at domestic level," he said, "it is not surprising they will be reluctant to plough in cash themselves"

The employment outlook was bleak, with forecasts of labour cutbacks among both skilled and unskilled workers reported from all regions

Looking ahead, however, said Mr Parsons, Sacob had been encouraged by the speed of the normalisation of foreign trade relations and the record number of inward and outward business missions that were creating opportunities for expanding two-way import and export trade.

More and more, he said, exports had to be regarded as the key to a sustainable economic recovery

Sacob now pinned hopes on a recovery next year.

More bad news for motor industry

STAR 10/6/92 (192)

By Sven Lunsche

New car sales are running at almost 20 percent below the depressed levels of the same period in 1991, with industry leaders expecting sales to fall well below 200 000 for 1992

Figures for May, released by National Association of Automobile Manufacturers (Naamsa) yesterday, show that new car sales at 13 727 dropped by 19,3 percent, compared with May last year, even though there was a nominal 0,6 percent increase over April 1992 sales.

Sales for the first five months of the year, at 75 368 units, were well below (13 percent) the 86 598 units sold in the same period last year

The trend was also evident in light commercial vehicle sales which in the first five months were 12,2 percent down.

Medium and heavy vehicle sales declined by 17,9 percent and 12,2 percent respectively

The fall in sales indicated an ever-deepening recession, Naamsa said, warning that unless the industry managed to improve sales substantially in the second half of the year, aggregate sales would be well below those of 1991

It said difficulties in the industry were due to the generally low level of consumer and business confidence, tight monetary and fiscal policy, the instability surrounding socio-political development and the impact of the drought.

Stephanus Loubser, MD of Nissan SA Marketing, said: "Even if there is a moderate recovery in the second half, the worse-than-expected first half of 1992 could result in a market in the order of 190 000 passenger vehicles, which would be four percent down on a disappointing 1991"

Brand Pretorius, MD of Toyota SA Marketing, said his company had been forced to adjust its sales forecasts.

"At the beginning of the year Toyota's forecast for passenger vehicles was 205 000 We now believe that a realistic figure will be 185 000 units," Mr Pretorius said.

While both Messrs Pretorius and Loubser call for more affordable cars, there is no indication as yet that this is being achieved.

Industry sources say prices so far this year have risen by just over seven percent, although some manufacturers, benefiting from the local content requirements under the Phase VI programme, have managed to maintain increases below inflation.

Mercedes deal 'less than hoped'

BDay 10/6/92 192

SHARON WOOD

THE sale of Volkskas's interests in Mercedes-Benz SA to Daimler Benz in Germany brought in a far smaller sum than the speculated minimum of R100m, sources close to the deal said yesterday.

MBSA said on Monday that the sale of Volkskas's 26,5% holding in Daimler Benz, backdated to April 16, had pushed the German company's shareholding in the SA car company to 76,6%.

The other 23,4% is held by the Gohner Foundation of Switzerland. Sources said the deal had been about 10% of the speculated amount and had barely reached double figures.

Spokesmen for Volkskas and Daimler refused to disclose the amount involved They also declined to comment on whether the deal had been done through the financial rand because of an agreement struck between the parties

Analysts said the deal could have been between R130m and R200m, based on Toyota's market capitalisation and estimates of the value of Volkskas's holding in MBSA in 1985, which was calculated then to be about R50m.

MBSA is a privately held company, so financial details are not available

Daimler's motivation for the deal was to reinforce its commitment to its SA operation and to set up MBSA as its major supplier to the southern African market

However, a Daimler spokesman said the deal had been done despite current tough political and economic conditions because Daimler's investment in SA had always been, and would always be, a long-term investment.

"Even during the times of SA's total isolation Daimler remained committed to its investment in SA," the spokesman added.

When asked whether capital would be provided from off shore for expansion in MBSA, he said "It will be decided when such capital investment is necessary; for the time being it is not necessary"

MBSA had already set aside R81m to expand its operations this year and there were no plans at present to increase this amount, he said.

Volskas sold its shareholding in line with its policy of relinquishing interests in commerce and industry and consolidating its banking concerns.

A forex market analyst said the 5c firming in the finrand to R3,35 on April 16 from the previous day's R3,40 possibly could have been a result of the deal

Toyota, Numsa battle to resolve strike

B/Day 11/6/92

KARIN FRANKEN (192)

THE strike at Toyota's Durban plant remained unresolved yesterday after workers downed tools on Tuesday for not being paid during the recent 17-day strike, said Toyota executive chairman Bert Wessels

The strike by 5 000 workers continued yesterday, despite Numsa and Toyota officials trying to resolve differences

The dissatisfaction arose when a group of workers heard that a shop steward had received normal wages during the May 6 to June 1 strike

Wessels said all senior management were working towards a solution He could not say how long the strike would continue and would not disclose production losses

Numsa spokesman Gavin Hartford said the company had implemented a unilateral wage offer to certain shop stewards in the Toyota auto component division

The stamping division had received a wage offer while the manufacturing division received no formal offer

This in turn led to the entire Durban plant demanding normal wages for the 17-day strike period

He was unable to comment on yesterday's meeting between company and union officials

It's tools down at Toyota - again

192

Sowetan 11/6/92.

THE entire workforce of the huge Toyota manufacturing plant in Prospecton, south of Durban, have downed tools after two sections stopped work on Tuesday in protest against the payment of shop stewards during the recent strike

The 6 000 workers, members of the Cosatu-affiliated National Union of Metalworkers of South Africa gathered early yesterday outside the Toyota plant, singing and chanting slogans.

A spokesman for Toyota confirmed the stoppage and referred to it as "unprocedural".

He ascribed it to apparent dissatisfaction among groups of workers about some shop stewards receiving normal wages during the strike

The workers were now demanding full pay for the duration of strike, he said

He said the company fully ascribed to the policy of "no work, no pay"

The shop stewards had participated on a daily and continuous basis in intensive negotiations during the strike action

Long hours had been spent on these discussions and the company classified them as "work", he said.

The same procedure was followed last year when shop stewards participated in negotiations at the national bargaining forum and the company did not differentiate between time spent by shop stewards on national and plant level negotiations

Numsa regional organiser Mr Magrapes Hlatshwayo said that the company paid the shop stewards on their own and did not consult with the union - *Sowetan Correspondent*

W/Mail 5/6-11/6/92.

LABOUR BRIEFS

[redacted] (192)

On the road again

TOYOTA is back on the road. The country's leading car manufacturer and the National Union of Metalworkers of South Africa hammered out an agreement on Monday this week.

All three of the managers pinpointed for dismissal by the workers were removed from the production line into office jobs. The chairman of the shopstewards council, dismissed from the company earlier this year, was reinstated in line with workers demands. He will go to court to contest his demand for back pay.

In the most significant move, the company will drop all actions pending against the union in the industrial court.

One such action, with component manufacturer, Metlink, was a damages claim for R250 000.

Deadlock in metal indust wage talks

STEPHANE BOTHMA

DISCUSSIONS to resolve the dispute over wages in the metal industry will resume later this month after Seifsa and Numsa this week failed to reach an agreement

Seifsa yesterday revised its wage offer from 6,4% to 8% for all workers on condition the union dropped other demands

Numsa rejected the offer and a further meeting was scheduled for June 18, collective bargaining national secretary Les Kettledas said in a statement last night

Seifsa remained opposed to a Numsa demand for a moratorium on retrenchments but said it was prepared to consider alternatives, Kettledas said

Responding to a demand for a code of practice to end discrimination in employment, Seifsa called for a code of conduct

BDay 11/6/92

172

Toyota deal off after new strike

B/Day 12/6/92

(192) KARIN FRANKEN

TOYOTA management has withdrawn a strike agreement it reached with Numsa at the end of the recent 17-day strike, following a new work stoppage

The workers again downed tools four days ago over demands that they be paid for the duration of the first strike after it emerged that some shop stewards who took part in strike negotiations were paid by the company

The move could reduce prospects for a short-term settlement of the current strike by 6 000 workers at Toyota's Durban plant

The settlement included the reallocation of three senior employees, the re-employment of a shop steward and the withdrawal of litigation against the union

Full pay for workers during the 17-day strike amounted to R800 000 a day, said a company spokesman

Numsa shop steward Mdu Ngema said yesterday it had been a management decision to pay shop stewards "For this reason, workers felt everyone should be paid"

Sapa reports a management official confirmed yesterday that the agreement had been retracted "We're considering the agreement null and void It provided a breach clause in which strikers had to return to work as normal"

He said production had not been normal after strikers resumed work There had been a go-slow at one of the plant's divisions on the day strikers returned and sporadic stoppages in other divisions "On Tuesday, everyone went crazy and we've legitimately withdrawn the agreement"

Numsa spokesman Ekkie Esau yesterday disputed earlier management statements that it was normal practice to pay shop stewards for negotiating, saying this had never been done before

He said strikers would meet today to decide their next move

Esau also claimed one striker had been shot and wounded by police earlier yesterday He said a group of workers were "toyi-toying" home after a meeting when police fired teargas at them It was later discovered that a bullet had also hit one of the strikers who was taken to hospital

Police could not immediately confirm this

Our Durban Correspondent reports eight strikers were arrested by police outside the Toyota plant yesterday,

Police used teargas to disperse strikers when they failed to heed repeated warnings to do so, SAP spokesman Capt Bala Naidoo said last night

Toyota pulls out of strike deal

CT 12/6/92

DURBAN — Toyota SA yesterday withdrew an agreement reached with its Durban employees at the end of a 17-working-day strike last month because of a subsequent work stoppage which enters its fourth day today (192)(1@)

Workers downed tools on Tuesday after it was discovered some shop stewards had been offered payment for the duration of the strike as management regarded their involvement in negotiations as work.

Workers have since also demanded to be paid for the period of the strike

A union official said yesterday he had received correspondence from management that the agreement reached on May 29, the day the strike ended, had been withdrawn — Sapa

Toyota on strike again

JUST a week after striking Toyota workers returned to work, they downed tools again. 112 [redacted]

The work stoppage relates to demands that workers be paid for the 18 days on strike. But Toyota follows a "no work, no pay" policy. Workers went on strike when it transpired that shop stewards who had also been on strike had been paid

W Mail

12 | 6-18/6/92

Daimler in the driving seat (192) [redacted]

GERMANY'S Daimler Benz increased its investment in Mercedes Benz of South Africa by taking over from Volkskas its 26,5 percent stake in MBSA This pushes Daimler's MBSA stakeholding to 76,6 percent, with the remainder being held by Swiss-based Ghomler Foundation

W/Mail 12/6 - 18/6/92

VEKTRA FM 12\6\92

Sharing the pain (192)

Like every company involved in the motor business which has reported recently, Vektra reflects the same pain tight trading conditions, excessive competition, declining demand Its business is divided almost equally between motor dealerships, specifically Williams Hunt (WH), and replacement parts, in which it has Femo and V&R

During 1991, replacement parts kept the show on the road By extension, that means WH did not perform well Chairman-MD Alan Schlesinger says it was hamstrung by

 FM 12\6\92 (192)

Activities: *Sells motor vehicles and automotive parts*
Control: *W&A Investment 75%, ultimately FS Group*
Chairman: *A Schlesinger, Joint MD R Crockett*
Capital structure: *11,9m ords Market capitalisation R26,2m*
Share market: *Price 220c Yields 5,9% on dividend, 17,3% on earnings, p e ratio, 5,8, cover, 2,9 12-month high, 240c, low, 200c Trading volume last quarter, 116 000 shares*

Year to Dec 31	**'88**	**'89**	**'90**	**'91**
ST debt (Rm)	—	6,0	15,4	6,4
LT debt (Rm)	5,8	15,9	16,2	27,7
Debt equity ratio	0,15	0,27	0,38	0,44
Shareholders' interest	0,47	0,54	0,45	0,51
Int & leasing cover	10,5	3,1	1,5	1,3
Return on cap (%)	19,6	22,8	16,0	16,3
Turnover (Rm)	284,9	466,9	475,5	493,5
Pre-int profit (Rm)	15,3	34,2	28,1	25,5
Pre-int margin (%)	5,4	7,3	5,9	5,2
Earnings (c)	91	108,5	46	38
Dividends (c)	30	35	16	13
Net worth (c)	298	299	317	331

buyback deals entered into some years ago with car rental firms "WH got involved to an imprudent level in these"

WH sells only Delta Motor products and is Delta's largest franchisee You would think that would almost guarantee success. On the contrary, Schlesinger reports that WH "incurred a substantial loss" largely because of the buyback obligations

Schlesinger also says that margins in new car sales, contrary to what many believe, are often slim after being trimmed further to retain market share

In an interesting aside in his chairman's statement, Schlesinger says Vektra is "actively pursuing opportunities to expand its motor dealership business" but will leave WH in position with Delta

Schlesinger says it is conventional wisdom that replacement parts are a contra-cyclical business, at its best when the economy is performing poorly and vehicle owners extend fleet lives This process has "natural limits" and its potential has been largely realised

This means, of course, that he believes a pickup in new vehicle sales is close, shareholders will fervently hope he is right

Group profitability fell significantly, but a substantial reduction in effective tax rate, from 39% to 21,4%, came to the rescue. Good management footwork was displayed in controlling working capital trade creditors fell by R23,7m but stocks showed a R19m reduction

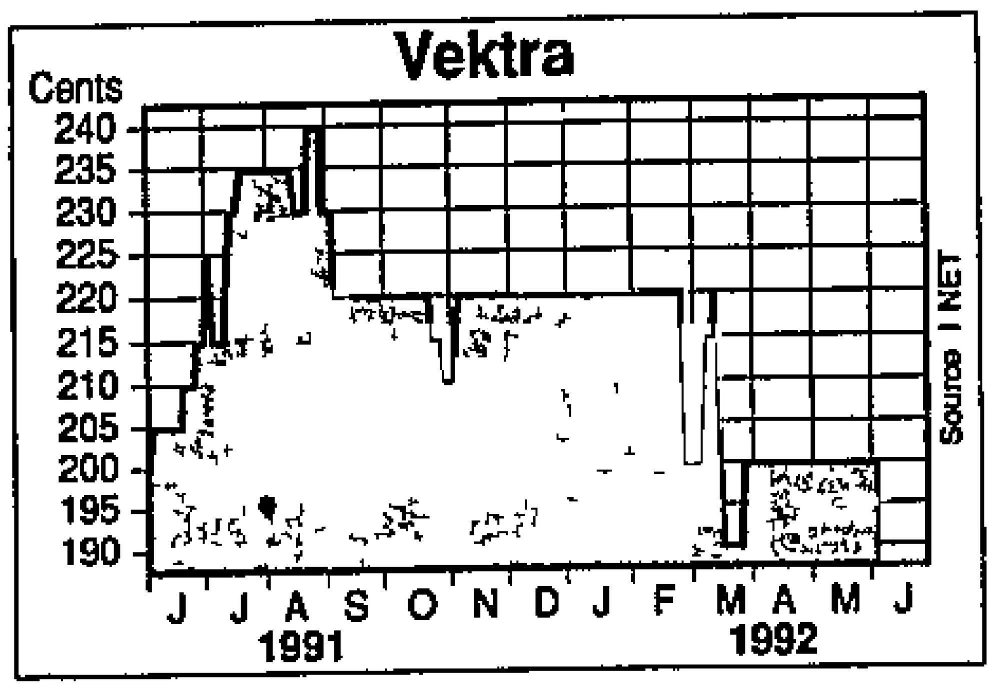
The trading margin reveals the difficulties From a high of 7,3% in 1989, it has fallen progressively to 5,2% — a good indication of extreme competitiveness

Vektra is a curious animal Formerly E W Tarry, it is UK-registered with a London listing dating from 1895 But all its business is in SA Is there any point in perpetuating this anomaly which, apart from anything else, gives rise to accounting conflicts?

UK practice treats interest on compulsorily convertible debentures (Vektra has R39,9m of these) as interest paid In SA, such amounts are often treated as due to shareholders in the same way as dividends The difference can be significant

Schlesinger is reluctant to be drawn on prospects The unpredictable state of the country will, he says, affect the group's ability to get back into high gear

Vektra is on a p e of 5,3 against a sector average of 6,4, so it may have a little way to travel But the best reason to be in it is the chance that W&A will do something positive with the London listing *David Gleason*



Toyota withdraws agreement

STAR 12/6/92 (192[redacted])

Toyota SA yesterday withdrew an agreement reached with Durban employees at the end of a 17-working-day strike last month because of another work stoppage, which enters its fourth day today

MERCEDES-BENZ FM 12/6/92

Surprising investment (192)

German motor group Daimler-Benz's decision to increase its investment in Mercedes-Benz SA (MBSA) from 50,1% to 76,4% has

FM 12/6/92 (192)

taken the industry by surprise Years of labour unrest, low productivity and declining sales had, in fact, led to speculation that the group would inevitably disinvest

From 1987-1990, MBSA had lost an estimated R2,4bn in revenue as a result of work stoppages and go-slows, while damage to their East London plant was about R5m

Daimler's purchase of Volkskas's 26,5% ordinary shares in MBSA is believed to be a modest investment But neither side will say how much the deal is worth

A spokesman for Daimler, which has been in SA since 1954, says the move reinforces its commitment to the SA operation and indicates that they see MBSA as its major supplier to the southern African market The SA operation is Daimler's third largest outside Germany and the only foreign one that manufactures cars as well as trucks

Earlier this year, MBSA chairman Christoph Kopke announced that MBSA has budgeted for an investment of some R445m over the next five years

Volkskas, an MBSA shareholder since 1966, says the move was part of its plan to relinquish its interests in commerce and industry and consolidate its banking concerns The remaining 23,4% of MBSA is held by the Göhner Foundation of Switzerland

□ The National Association of Automobile Manufacturers of SA's figures for May show that new car sales were up over April, though this year's sales are still running 3% behind January to May 1991 The group blames

FM 12/6/92 (192)

"the generally low level of consumer and business confidence, tight monetary and fiscal policy, uncertainty about socio-political and related developments and the adverse impact of the drought on the economy" ■

MOTOR INDUSTRY FM 12/6/92

Talks on the jobs (192)

Motor industry employers, resisting union demands for a continued moratorium on retrenchments, have proposed a compromise on job security.

A joint working group is due to report back to the industry's National Bargaining Forum (NBF) by Friday this week on whether the proposal is workable

(192)

If it is, the car and commercial vehicle assemblers hope that annual negotiations on pay and conditions can be completed by June 30, when the current agreement is due to expire

Instead of a moratorium, employers have proposed a procedure whereby unions are fully consulted before retrenchments occur According to BMW manpower director Dave Kirby, who leads the employers' negotiating team, "it's a process whereby there is a review of all possible alternatives "

Also proposed is the creation of a joint fund to be used for the support and retraining of retrenched workers

Employers are cautiously optimistic that unions — notably the National Union of Metalworkers (Numsa) — will accept this compromise Companies blame the moratorium, which was imposed last year, for widespread over-manning at a time of plunging vehicle sales and rising costs

So central is the job security issue that other features of the annual negotiations have barely got a look in Even the question of wages has been pushed to one side while retrenchments are discussed

Says Kirby "Not a lot of attention has been paid to that part of the exercise It's waiting on the outcome of the moratorium "

When they do get on to it, they will find a huge chasm dividing the two sides' original proposals In response to a union demand for

cont →

an hourly increase of 25% or R2/hour, whichever is the greater, employers have offered an average 6% (192)

The deadline is three weeks away However, the ending of the month-long Toyota strike last week has added urgency to the negotiations and several unscheduled meetings have been arranged

"Barring unforeseen circumstances, it's still possible we could meet the deadline," says Kirby ■

Motor industry in major crisis

STAR 13/6/92 (192)

FINANCE STAFF

NOT that long ago, the motor industry was chewing its nails to the quick waiting to see when the cheapest new car in the country would breach the R20 000 price level.

That moment came and went in the twinkling of an eye about two years ago.

Today only the frill-less, three-door Fiat Uno hatch-back, at R26 850, will set the prospective buyer back less than R30 000 — only a few years after making its South African debut at a shade over R17 000

At long last, with more than nine out of 10 new cars being sold to corporate buyers and with sales dwindling to the point where 200 000 a year sounds like a pipedream, manufacturers are beginning to agonise over prices and their effect on motoring habits.

Affordable

Figures for the industry released this week show sales running almost 20 percent below the levels of last year — itself not a healthy 12 months for new car salesmen.

"We as manufacturers will have to look at alternative strategies to accommodate the real needs of today's consumer," Nissan SA Marketing MD Stephanus Loubser said, stating the obvious, this week.

"One such need is obviously more affordable vehicles"

More affordable cars would be more austere cars and their manufacturers would be unable to boast features like climate control and computerised fuel management as standard.

"Inevitably, they would have little appeal for the corporate market, where status is all-important."

The question is, could they propel the genuine private motorist — almost never seen outside used car yards — once more onto the showroom floors.

Econometrix economist Tony Twine, a close follower of the vehicle industry, believes not.

He says the industry worldwide faces a crisis of affordability; aside from the problem of whether the world's roads can accommodate more motor vehicles, people do not have the money to buy them.

All of which is not promising for a heavily over-capitalised local vehicle industry which, in Twine's estimation, needs 10 times its present output to achieve the economies of scale of manufacturers in developed countries

Besides that, the "big boys" — such as VW in Germany, which makes about as many cars in a day as VWSA turns out in a year — jealously guard their territories and won't jeopardise their investment and workers' jobs to give South Africa a piece of the action

Accelerate

"We will pick up the niche markets, which is what this latest rash of developments is about — VW taking over production of right-hand-drive (RHD) Audis and its export deal with China," says Twine

Daimler Benz is strengthening its stake in Mercedes in East London to cash in on South Africa's status as a supplier to the regional market, while Toyota said in February it expected to accelerate sales to Africa from 1 500 last year to about 5 000 in 1992

But even if South Africa cornered the entire African market for RHD vehicles, it would boost turnover by only 20 or 30 percent, says Twine, much too little to achieve the economies of scale necessary to meaningfully contain prices.

The inevitable question is, are local car-buyers subsidising the export drive? There is broad consensus in the industry that they are.

Toyota SA chairman Bert Wessels said earlier this year that manufacturers could cut prices between 13 and 15 percent if the Phase VI local content programme — which encourages exporting — was scrapped.

"The short answer to the question is yes," says Twine.

"Simply stated, for every R1 a manufacturer earns from exports above a minimum level, it receives 50 cents in the rand rebate in duties on imported components for local assembly."

Broadly speaking, the country pays in two ways. Rebated duties have to be made up by increased taxes in other areas, while vehicle assemblers and component manufacturers are forced to recover the large sums they spend tooling up to raise export levels from higher domestic vehicle prices.

Furthermore, "very material frauds" by way of false claims have occurred, Trade and Industry Minister Derek Keys said recently when he announced Phase VI was urgently to be overhauled.

At the same time, the programme had resulted in the industry being over-protected from foreign trade — again contributing to higher prices.

An imported Lamborghini Diablo carries a R1,49-million price tag, enough to stop anyone in their tracks.

The same car, imported to the US from Italy, sells for less than 250 000 — and Americans earn considerably more dollars than South Africans do rands.

Jazzier

Earnings aside, on a straight dollar-for-rand comparison, locally-assembled cars cost considerably more than the equivalent in most parts of the world.

Americans can pick up a brand new, bottom-of-the-range Hyundai (a Korean car) for 6 500. The jazzier coupe model costs 10 500

In South Africa, the BMW 3-series ranges from R66 000 to R116 000 — and is considered better value for money than most here; the US BMW 3-series costs from 19 900 to 33 000

Stateside, a 1,5-litre Toyota comes for under 10 000, a SA-assembled Corolla of comparable size, the 1,3GL, is listed at R39 039.

S Africans told: Don't

EXPATRIATES and other South African residents court financial disaster unless they invest their money wisely through reputable portfolio advisers and fund managers

This is the view of Daniel Macqueen, expatriate investment and tax manager with Price Waterhouse Meyernel

"Hundreds of thousands of people living in South Africa have funds abroad in the form of pensions, inheritances, trusts, savings and social securi[ty] said

"The watch[dog] night schem[e] put t[he] solid comm[itment] credibl[e]

MORE MONEY IN YOUR POCKET

How to make the most of retrenchment pay

ST Times 14/6/92

—By DES KRUGER and VICKI TAYLOR of Deloitte Pim Goldby—

THIS article, based on the booklet Pay Less Tax — published jointly by Sunday Times-Business Times and Deloitte Pim Goldby — is intended to highlight some tax-saving opportunities, using the basic structure of the annual IT12 return

AN employee or holder of an office used to be able to opt in certain circumstances for a three year spread covering any bonus, gratuity or compensation received for termination or impending termination of services.

This concession was withdrawn from August 1, 1991, unless the taxpayer effected the option in respect of amounts received by or accrued to him before then.

Where an employee is made redundant and receives payment for the termination or impending termination of his services, the amount may be taxed at the average and not the marginal rate of tax.

This concession is available where the Receiver is satisfied that circumstances warrant it.

Your lump sum pension fund proceeds may be paid in full or in part to you or directly into another pension or retirement annuity fund when you leave your employer or on retrenchment. The first R1 800 a year will be exempt from income tax The balance will be taxed at your average rate of tax

Any amount transferred directly to another pension or retirement annuity fund will not attract any tax.

Similarly, proceeds from a provident fund will not attract any tax on resignation or retrenchment if they are transferred to another provident, pension or retirement annuity fund.

Additional concessions apply on retirement A R30 000 exemption is available for any lump sum you may receive from your employer in these circumstances.

- You are aged 55 years (50 in the case of a female) or,
- Your services are terminated because of ill health, superannuation or other infirmity, or
- In the case of a female, in order to marry

Any proceeds above R30 000 will be taxed at your average rate of tax

The exempt portion of your pension or provident fund lump sum payable to you on retirement is determined in accordance with a formula (n/10 x highest average annual salary (not > R60 000) in any five years).

N equals the number of completed years (maximum of 50) ranking for benefit in terms of the fund.

The exempt portion of the lump sum commutation, as determined by applying the formula referred to above, may not exceed the greater of

- R120 000, or
- R4 500 x number of completed years qualifying membership of any fund plus any previously disallowed contributions

In the case of a lump sum received from a provident fund, the exempt portion is subject to a minimum of R24 000

The lump sum proceeds of the computed tax-free amount will be taxed at your average rate

The exempt part of your retirement annuity fund lump sum is so much of such lump sum as does not exceed the abovementioned limits of R120 000 or R4 500 multiplied by the number of completed years' memership of the fund

No formula is applicable to the determination of the exempt portion as is the case with lump sums received from a pension or provident fund

Where your receive more than one lump sum from several funds, the total of the tax free-lump sums from all such funds (pension, provident and retirement annuity) may not exceed the aforementioned limites

It is important to note that these concessions are available to both husband and wife, significantly enhancing retirement benefits.

Your average tax rate is calculated by determining the tax payable on your taxable income (excluding the lump sum) expressed as a percentage

It is beneficial to retire early in the tax year so as to reduce your average tax rate. This is because your monthly retirement income is normally lower than your salaried income

Any fringe benefit or advantage derived by an employee, who, having retired from full time service, is re-employed part time will be exempt from tax provided that certain requirements are complied with and he was re-employed before February 29, 1992.

Any retired employee who is re-employed part time after this date will be subject to income tax on the benefits.

Copies of Pay Less Tax can be obtained at a cost of R29,00 (including VAT and postage) from L Mlambo, Deloitte Pim Goldby — Pay Less Tax, Private Bag X3 Benmore, 2010

COMPANY ROUND-UP

PRELIMS	Turnover (Rm)	% change	Profit before tax (Rm)	% change	Earnings a share (c)	% change	Div a share (c)	% change
Gresham▲	1006 2	N/A	9 4	N/A	2 7	N/A	1 5	N/A
PDCA▲	608 6	N/A	6 9	N/A	18 2	N/A	3 0	N/A
Clicks*	836 8	N/A	48 2	N/A	122 6	N/A	48 0	N/A
Metcash□	4074 8	N/A	46 7	N/A	17 3	N/A	6 0	N/A
Sekers	1530 9	+5	22 9	−21	87 0	+13	20 0	−10
Saficon	1530 9	+5	22 9	−21	53 0	+8	13 0	−7
Ozz	124 6	+9	16 1	+18	56 0	+22	21 5	+26
Remgro	—	—	1173 6	+22	180 3	+8	32 6	+9
Rembeheer	—	—	—	—	133 5	+9	24 14	+9
Tegcor	—	—	—	—	117 1	+8	21 18	+9
TIB	—	—	—	—	124 2	+9	22 45	+9
Columbia	46 0	−37	2 4	−67	1 0	−96	0	N/A
Hi-Scor●	1232 7	N/A	44 3	N/A	37 4	N/A	16 0	N/A
Score-Clicks●	1232 7	N/A	44 3	N/A	20 4	N/A	9 5	N/A
Mashold	—	—	9 3	0	41 9	0	16 0	0
Acrem	36 8	−35	2 2	−67	0 4	−95	0	N/A
Score#	512 4	N/A	2 2	N/A	2 3	N/A	0 5	N/A
Sasmpro	13 3	+149	1 4	+504	14 94	+1245	8 25	+671
Sage	—	—	53 4	+12	118 0	+15	70 0	+16
Sageprop	—	—	8 1	−37	13 8	−27	13 6	−27
SFS	—	—	52 8	+15	51 2	+22	25 0	+20
Premier▲	10638 0	N/A	392 3	N/A	264 0	N/A	88 0	N/A
Invicta (9)	N/A	—	2 5	N/A	1 8	N/A	—	—

▲ 13 months * 14 months □ 10 months. ● Irregular periods # 44 weeks (9) 9 months

INTERIMS	Turnover (Rm)	% change	Profit before tax (Rm)	% change	Earnings a share (c)	% change	Div a share (c)	% change
Lydex	6 8	+408	5 3	N/A	—	—	—	—
SA Drugs◇	1135 2	+7	49 0	−24	18 3	−28	4 75	N/A
Growthpoint	9 3	+2	8 2	−5	32 5	−4	32 5	−4

◇ 12 months

AAD in talks

(192) ST Times (Buss) 14/6/92

ASSOCIATED Automotive Distributors (AAD) chairman and chief executive Roman Szymonowicz confirms that discussions have taken place with several foreign manufacturers about a broadening of the range of products the company will be able to offer

He denies that these discussions were aimed at a possible acquisition of the company as reported in Business Times last week. Details of these talks are due to be announced soon.

Trucks and buses produced by AAD are marketed under the AAD name, not Leyland.

New models to the rescue

S Times (Buss) 14/6/92 (192)

By DON ROBERTSON

SEVERAL vehicle launches prevented what could have been one of the worst monthly new-car sales performances in more than 15 years

Sales in May of only 13 727 were the lowest for the month since 1977 Light commercial vehicle (LCV) sales at 6 859 were the worst since 1985

Combined medium and heavy truck and bus sales were the lowest for 20 years

Sales of new cars last month were the worst in seven years LCV figures marginally beat the low of six years ago

Had it not been for the launch of the Nissan Sentra in April and the new BMW 3 Series the month before, overall sales would have been much lower

The new Honda Ballade was introduced towards the end of last month and had no influence on the figures The new Audi is challenging other marques in the luxury sector The National Association of Automobile Manufacturers of SA (Naamsa) says the sales figures suggest that the recession is still deepening

May sales were a few units more than the 13 646 in April and compare with 17 012 in May last year Volumes for the year are 12,9% below those for the first five months of 1991

LCV sales in May compare with 7 153 in April and 8 439 last year Sales for the year are down 12,2% Medium commercial volumes at 1 376 are 17,9% below the 1991 figure, with May sales at only 241 Heavy truck sales this year have declined by 12,2% Sales in May were 379

The Toyota Corolla with 2 421 was again the top seller, followed by the Sentra at 1 598 and the BMW 3 Series at 1 173

Samcor takes plunge

(192)

STimes(Buss)

14/6/92.

By DON ROBERTSON

THE first major task of new Samcor managing director Robert Herbertson is to steer through a R1-billion capital expenditure programme in the next five years

It is the first major investment undertaken by the company since Ford and Mazda were merged to establish Samcor It will involve the replacement of all vehicles currently made by the group and the introduction of several variants

Among the new models will be a restyled Mazda 626 and the Ford Telstar, which will be launched next year

Mr Herbertson says "The current market is hardly the ideal one in which to launch a product But we expect a mild upswing in the second half of 1992 and in 1993

"Being in a position to launch into an improved market leaves us comfortable about our timing, even though it is a little after our competitors"

This year alone, almost R100-million will be spent on the body and paint shops and the vehicle assembly line About R900-million is destined for tooling for new vehicles

Mr Herbertson says that with a possible revision of production cycles, savings could be effected

Sunday Times, Business Times, June 14 1992

Turnaround in fortunes by pursuit of excellence

(192)

A SIGNIFICANT transformation in image and product ranges has marked Nissan South Africa's performance in the past few years

Chief executive officer John Newbury says "By building on a sound product development programme, based entirely on customer needs and incorporating advanced technology, our results following the launch of the new and revolutionary passenger range have made a remarkable impact on the market"

Acclaim

He says the secret behind this achievement is Nissan's commitment to high quality and the relentless pursuit of excellence in all aspects of its business and performance

Nissan's new cars have been acclaimed all over the world, particularly the Maxima which is rated best in its price range and among the top 10 overall by the respected American Road & Track magazine

It was voted Car of the Year in 1991 in New Zealand and in Canada in 1989 It also won the 1992 Car of the Year award in SA Another accolade was Maintenance Car of the Year in Europe

Mr Newbury says "These achievements, coupled with the sensational 300ZX, 200SX and the excitement, quality and performance of the new Sentra, have put Nissan in a position to offer the best passenger range"

Nissan's commitment to SA is reflected in its investments in plant and people development

"The development of an extremely effective and productive workforce in a highly labour-intensive operation have contributed to the improvement in the quality of our vehicles," says Mr Newbury

Based on the highly successful Japanese Kaizen management concept (small but continuous improvements), the rewards are evident in feedback from people test driving the new vehicles and their praise for this new passenger range

Integral

One of seven vehicle manufacturers in SA, Nissan has shifted its corporate and product image boldly upwards and staked its claim as a leader in the highly competitive car and truck markets

The return to acceptability — and profitability — was the result of a well-planned and executed product development and marketing strategy dubbed "the quiet revolution"

This revolution — which has indelibly changed the image of the Nissan Motor Company worldwide — started when Yutaka Kume took over as head of Nissan Japan in 1985

His starting point was redesigning the Nissan product range He expanded this into the after sales support area, starting internally rather than making promises and commitments

To implement his ideas, Mr Kume introduced a programme based on the Kaizen philosophy in all aspects of the company

Nissan SA has followed the same strategy and is an integral part of this international drive

Stephanus Loubser, managing director of Nissan Marketing, says that in 1985 the company set itself a seven-year strategic plan to pull itself back in line

"Because there were no new products available to us at that time, we started focusing on product quality From there we went heavily into customer care In 1985 customer care was becoming the buzzword

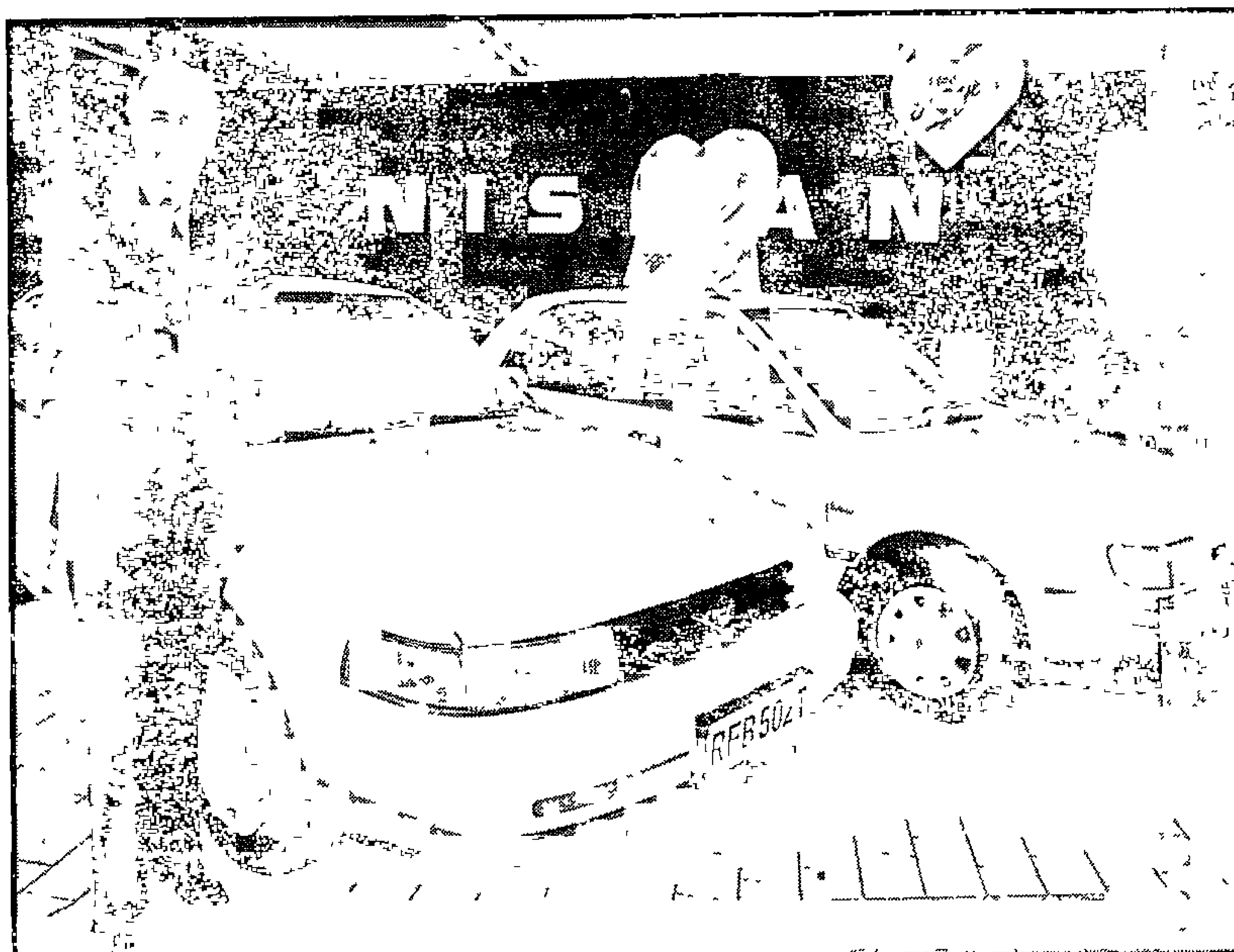
"This helped increase sales and profitability At that stage we were gearing up to make fairly heavy investments for the market as we see it today"

Need

From 1989 Nissan started introducing new products To re-establish its image in the market, the 300ZX and 200SX followed by Maxima and the new Sentra were launched

The first sign of success was a marginal increase in market share After an agreement with Fiat of Italy, Nissan entered the bottom end of the market with the the Fiat Uno

This was specifically aimed at meeting a need in this segment of the SA market



MOTOR DEALER ARNOLD CHATZ Nissan holds high hopes for greater market share with the Maxima (left) and a revitalised Sentra

Ready for the good times

IN spite of poor trading conditions in the truck and car markets, Nissan is optimistic

Stephanus Loubser sees tough times this year, saying "Even if there is a mild recovery, we are talking about a 190 000 new-car market — 4% to 5% lower than in 1991

"But we are optimistic about later times in that we have our product in place before growth starts Others will only get to that point in two years' time.

"We need to stimulate growth and start improving the living standards of black South Africans so they can share in the buying circle We hope that in time, the dividend will be bigger and there will be a growing market

"We are doing everything in our power to reduce costs and to contain the increase in vehicle prices This is part of a daily discipline"

John Newbury shares the view that next year will be better He expects gross domestic national product to improve and interest rates to fall

Mr Newbury is confident that a reasonable level of growth can be sustained until 1996

However, he warns "Continuing mass action and disruption of the workplace could negate any cause for growth next year No businessman, with the best will in the world, can stimulate growth in a politically unstable or violent environment"

All-time high in sales as market share hits record

SALES of Nissan vehicles hit an all-time high in May, capturing 20,1% of the market This was also the company's highest market share ever The May share for passenger vehicles was 17,5%

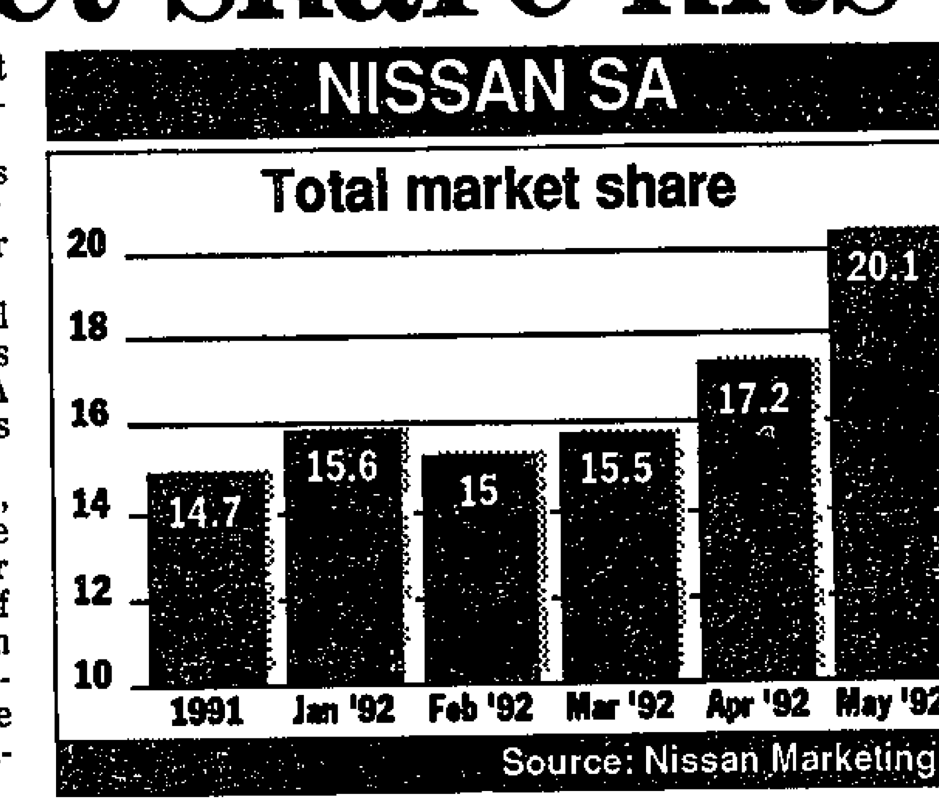
But the company will never be satisfied with its market share, says Nissan SA marketing head Stephanus Loubser

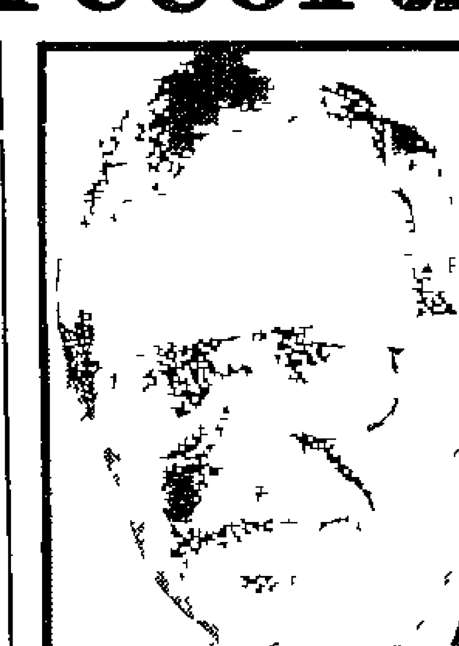
"If we look at April 1992, we achieved a market share of 14,1% for passenger car sales and an overall share of 17,2% That makes Nissan the second-largest manufacturer in South Africa One hopes that this is an indication of things to come

"We believe that with our current range of products Nissan should capture about 15,5% of the passenger car market for the year The new Sentra will help us to achieve this

"Uno has 5,7% of the market, which is encouraging and a good indication of the little car's achievements"

Mr Loubser says that with the previous Sentra on run-out and the Skyline coming to the end of its life, it was difficult to maintain previously high production levels





STEPHANUS LOUBSER Sentra part of the big push

He is confident that with the new Sentra, the Maxima and the additional Maxima models to come, the company will increase its market share

Nissan has 24% of the light commercial market for the year to date This is in line with the company's target of 25%

The two biggest contributions are the half-ton 1 400 bakkie and the one-tonner

Mr Loubser says the heavy-vehicle market has been badly affected by the economic climate as well as the drought But Nissan will remain a key player in truck sales as a result of the high quality and service offered by its heavy-vehicle range

The positioning of the new Sentra is totally different to that of the previous model The range comprises eight models compared with 12 of the old style

Mr Loubser says this focus is deliberate and is part of a long-term process to reduce the number of derivatives on offer

The new Sentra is more upmarket than its predecessor and is considered — not only in SA but in Europe — to be the leader in its class in terms of technology

Sixteen-valve engines are fitted throughout the range from the 1 400cc to the two-litre STi

Mr Loubser says the design philosophy of the new Sentra has resulted in a range of cars that will excite people, meet their expectations and will not disappoint

"The Sentra is aimed at those people who see a car as something more than merely transport from point A to B"

How will the new Sentra fit into the company car market?

Mr Loubser says "Even though the vehicle is seen as a company car, or as a company-assisted purchase, the choice of car and model is often made by the individual"

Nissan will support the Sentra with a variety of financial and insurance packages, including full maintenance leasing and other forms of leasing

Bright new image

SAREL Liebenberg, general manager, corporate affairs, says "One of the biggest achievements as far as 'corporate image' is concerned is the complete repositioning of the company in the market

"As a result of the significant improvement in our product range, with the emphasis on the new passenger range including our uncompromising attention to quality in all aspects of our business over the past few years, the company and its products are now perceived to represent quality, sophistication, state-of-the-art technology and a genuine commitment to customer care

"Our 'We are Driven' slogan will continue to work for us because it conveys a special message about the company and its people.

"Our sport sponsorships have assisted in the repositioning of the company to a large extent."

Sunday Times
Business Times
June 14
1992
(192)

Corporate Feature

NISSAN has launched a redesigned version of the previous Sentra. It is set to fight for a large share of the medium-car market. This follows hard on Nissan's Maxima winning the Car of the Year title both here and abroad.

Business Times reports of the state of Nissan in South Africa, its successes and the challenges that lie ahead.

Partners in fine tuning

THE development of Nissan products for South Africa is the result of extensive test and research programmes conducted in conjunction with engineers from the Japanese parent company

Tony Godycki, director in charge of product development and engineering at the Rosslyn plant, says Nissan Japan decided that vehicles for SA warranted their own specification as do the East, US and Europe

Previously SA was tied to Nissan's general export specification, but is now able to use the European specification as a base It is compatible with SABS standards, which are based on those of the EEC

Away

Nissan SA initiated engineering specifications to meet requirements here and has opened communictions directly with Nissan's Technical Centre in Japan (NTC)

Mr Godycki says this meant moving away from a general specification to more exacting standards, with clear quality objectives Nissan SA now has model specifications in the Japanese computers

"From here we can develop products, not only technically suited to South Africa, but to meet its market tastes and manufacturing capabilities This promises a bright future for Nissan when the market picks up"

Nissan SA has made a considerable investment in test procedures, facilities and equipment to meet NTC's requirements SA has unique needs when it comes to cooling, driveability, load and speed, topograhy and road surfaces Part of this investment includes R5,5-million in the last year for computer equipment alone

One SA engineer is based in Japan and two Japanese engineers are here This reinforces communications and helps Nissan SA to upgrade its engineering capabilities and processes to the best Japan has to offer

"When new models are considered, we advise Japan on what we would like to have, what we must have and what must be changed," says Mr Godycki

"Based on this, Japan tells us what can be achieved, which enables South Africa to take the right action to suit our market It also means we must know our markets and be sure we know what we want

"An example of how these standards work for Nissan products in South Africa lies in the cooling system for the Maxima, which had to be raised to cope with conditions here"

Durable

Mr Godycki says "NTC's SA specifications are being built into vehicles destined for us. For example, we have determined through our testing with Japan that the SA minibus taxi structural durability requirement is the most demanding in the world

"All of this has demanded new disciplines and greater commitment to quality standards on our part"

Eyes on the fleets

WHEN projecting the new Sentra to corporate buyers, Nissan highlights its high quality and lower maintenance costs

In conjunction with some banks and finance houses, Nissan has put together finance packages covering all its vehicles. They include maintenance contract and FML options.

Nissan also gives advice about fleet purchases and the reduction of operating and running costs.

Stephanus Loubser says Nissan follows the industry trend, most sales being to to the fleet or company market.

"Our penetration is not as high as some of our competitors, but our fleet sales as a percentage of our local sales have been growing for the past five years. With the range we have today, more fleets will consider us. Previously it was a battle getting our name on the selection list. Today Nissan is on most buyers' lists."

(192) Whole page.

Motoware drives hard for exports

MOTOWARE, a company formed by Nissan to handle its international trade six years ago, with emphasis on exports, has made considerable progress this year

Motoware exports vehicles to sub-Saharan Africa and components for both original equipment use and the aftermarket to Europe, the Far East and the US

Managing director Charles Wiggill believes there is great potential for motor vehicle and component manufacturers to increase exports worldwide With SA's increased international acceptance as a trading partner, many exciting years lie ahead for Motoware

The company has adopted a reciprocal trade philosophy whereby it seeks to buy components from original equipment suppliers at optimum costs This allows a better understanding and acceptance of Motoware's component trading strategy

Mr Wiggill says "Although we still depend on the Phase VI export incentive to some extent, we realise that as we become more focused on exporting niche products which suit our component manufacturing capability, we should be able to compete with a lesser degree of the incentive

"This largely depends on significant decreases in our raw material costs, such as steel, aluminium and plastics, as well as continual improvement in productivity levels

"In order to improve the process of raw material beneficiation, all manufacturers (including our raw material suppliers), must urgently readdress the issue of export costing and productivity improvement

"We know we cannot be everything to everyone, but as a motor manufacturing and component industry we have had many years of experience In both technology and quality we have proved we can compete internationally with a variety of components

Surface

"We have a great deal to offer but it does take time to convince export customers that we can meet their standards"

John Newbury also believes that Nissan — through Motoware — is only scratching the surface of its export potential He would like to see export sales of at least R500-million a year in the short to medium term

He admits that export incentives are necessary to reach that level

Mr Newbury says "We have an excellent parts pressing capability in this country It is ideal for export markets We do not have quality problems

"However, lack of reliability and competitive steel prices make it impossible for local component manufacturers to be seriously included in original equipment production abroad"

To overcome the unpredictability of SA supply, Motoware has adopted a philosophy of establishing its own warehousing and distribution operations in countries where it wishes to increase export markets

CHARLES WIGGILL Emphasis on economic growth

Mr Wiggill indicates that foreign customers often are far more interested in doing business with distributors situated in their territories instead of having to take bulk imports directly from SA

Many export customers often do not have sufficient knowledge or experience in international trade and need to be professionally serviced

"As a specific example, we have had to introduce a just-in-time warehousing and delivery operation to Fiat in Italy for the supply of catalytic converters and other products"

In addition, Motoware is placing a great deal of emphasis on increasing its export of CBUs (completely built-up vehicles) to sub-Saharan Africa

"In this instance, a great deal of support is being given to us by both Nissan Japan and Fiat, Italy

Positive

"In spite of the setbacks caused by serious factors such as the current drought and foreign-currency availability, Motoware remains optimistic that Nissan's vehicles will continue to be well accepted in various African territories in the medium to long term

"What is needed now is to remain positive and increase our enthusiasm and long-term commitment to the export drive After all, it is the only way our country can continue to grow economically"

Some good things in Phase VI

PHASE VI of the local content programme has turned out to be controversial. Some say abolish it. Others say it is inflationary and causes job losses

The matter, says Nissan rector of group project planning, Dries du Toit, should be put in perspective

"Phase VI has a better measurement system than Phase V's mass one Value is what counts when business decisions are made.

"Phase VI also incorporates exports of components and vehicles to complement the import substitution programme This should in time reduce material costs

"In the first three years of Phase VI, exports grew faster than expected. Because motor manufacturers fund the export incentives themselves, it has caused cost pressures on the Phase V models still around."

Mr Du Toit says another major advantage of Phase VI is the flexibility it allows motor manufacturers in SA development and procurement of components.

Punitive

"The pressure of Phase V to launch vehicles at 66% local content was too severe. The tax penalties for failing to do so were too punitive."

Mr Du Toit says the transition from Phase V to Phase VI had a negative impact on certain component suppliers. But new suppliers are being developed under Phase VI.

Yet another plus factor under the present system is that the capital investment required to launch a vehicle is much lower.

"Unnecessary and uneconomic industries were set up for high-investment components. Under Phase VI these components are left to the source countries to produce. They have greater economies of scale."

Although Phase VI has these positive spinoffs, it also has fundamental problems

"One is its cumbersome administration. A second is that too many rules are changed at short notice. That does not permit effective long term planning

"Also, the system whereby the wholesale value of the motor manufacturer is measured against its import substitution and export performance is unrealistic.

"Exports are totally unrelated to the domestic market. Fluctuations occur in both markets and to match and manage a 75% local content level quarterly is virtually impossible."

Mr Du Toit feels strongly that the Government — and not only the motoring public — should contribute to export incentives

Asked what is being done to resolve the deficiencies of Phase VI and to structure a sounder Phase VII for its introduction in 1997, Mr Du Toit says all interested parties (Naamsa, Naacam and the Board of Trade and Industry) will meet regularly to formulate a long-term strategy for the motor industry

"This working group will look into more affordable mass public transport, preserving foreign exchange, creating employment while retaining and improving international competitiveness and restructuring the export programme to enable the industry to invest with confidence"

The basic principles of Phase VI, he says, are here to stay The only changes will be to amend the structures to achieve the objectives of the working group

Quality quest extends to all business areas

IN 1987 Nissan was divided into two companies, Nissan Manufacturing and Nissan Marketing

This was part of a total strategy which Nissan Marketing managing director Stephanus Loubser says allowed the different divisions to focus on their core functions and responsibilities

The marketing arm was moved from the Rosslyn plant to Johannesburg to give better access to buyers

Bricks

Don Fyfe, managing director of Nissan Manufacturing, has 35 years' service with the SA motor industry, most of them with Nissan

"One reason we managed the change so well was our recognition of the importance of getting product quality right"

Mr Fyfe says the quest for high quality goes way beyond the assembly line and now reaches every aspect of the business

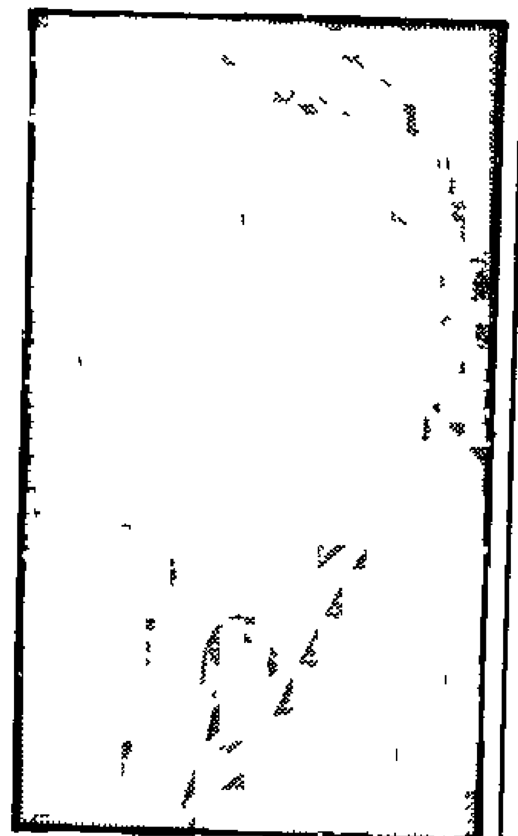
"Instead of spending our money on bricks and mortar we have to improve the manufacturing process by using the Kaizen principle of continuous improvement of many things over long periods"

Nissan says the Kaizen philosophy has had an extremely positive effect on the company

A key principle of the "quiet revolution" is motivating employees to change the company from within

The marketing arm adopted one of President Kume's programmes known in this country as TC3 It stands for "Taking charge of customer care"

TC3 is an internal training programme directed at developing and motivating staff to support the product It must be designed to



DON FYFE The quiet revolution

customer expectations and needs and carry the best after-sales service possible

Big

The Rosslyn plant took a similar approach by improving on the quality circle concept in favour of green areas which promote communication between shopfloor workers and their seniors

Replying to the question of people development, Nelis Strydom, director human resources, says that being a big company has distinct advantages for employees

JIT keeps stocks, costs in check

MANUFACTURING director Errol Todd says Nissan, in its management of components, has introduced just-in-time (JIT) principles in an effort to reduce inventory levels and costs

Stephanus Loubser believes the customer is entitled to expect the right parts to be supplied and repairs and service to be carried out promptly and efficiently to his or her entire satisfaction Costs are not always the overriding factor, but quality is

The value added in quality and guarantee in "genuine parts" is of the utmost importance and benefits the customer — even if it is a bit more expensive

Component suppliers have a direct effect on costing

Mr Todd says most component suppliers are reliable

"In this respect, though, you are only as strong as your weakest link It takes only one supplier to let us down and the line comes to a halt"

Component suppliers, however, are also plagued by labour problems But they are continuing to press for increased productivity and improved quality

Mr Todd says this sector of the industry has progressed well in recent years

Dorbyl takes on foreign partners in export drive

S|Times (BUSS) 14/6/92 (192)

By CIARAN RYAN

DORBYL is going for the export market, signing up joint-venture deals with a string of foreign investors

It has also inaugurated the second phase of Unvel Transmissions, which makes CV joints for the motor industry

Its 40% partner in the project is GKN of the UK Three other factories with Taiwanese partners are at various stages of commission, producing mirrors, fully trimmed seats and steering wheels for the domestic and export markets

Dorbyl is also looking at off shore joint ventures

Capital expenditure of more than R50-million in the automotive products division this year will boost annual sales by R70-million a year

Exports account for 15% of Dorbyl's turnover — bolstered by orders for three R100-million containerised ships from Germany and Phase VI of the local content programme which encourages the export of cars and automotive parts

Chief executive Dawie Mostert says the plan is to increase the export figure to 30%

Dorbyl is close to signing additional ship orders and has set up a London sales office to boost European exports

Mr Mostert says "We have been successful in attracting foreign partners on a small scale By forming strategic alliances with foreign partners we gain access to their technology and new export markets"

Mr Mostert accompanied Minister of Finance and of Trade and Industry, Derek Keys, on an export promotion trip to the Far East He says he will consider opening a plant in China, but the priority is to get the domestic market moving

"China has low-cost labour and a good work ethic which makes it suitable for labour intensive industries In SA, it is generally only the capital-intensive industries that can compete in a free trade environment"

Capital expenditure in the current year will be about R150-million It will be spent on modernising the Tosa Seamless Tubes plant, which had to be redesigned, new factories in the automotive products division, a ship out fitting quay and a foundry moulding system

Related

A new buzz-word in manufacturing is "focused factories", a concept Mr Mostert picked up at Harvard three years ago Focused factories are a radical departure from the old concept of diverse production where a range of goods was produced under one roof

The focused factory concentrates on one, or a few, related products and differs from diverse production in that less work is sub-contracted out

By switching from mass production to focused factories, productivity improved by 70% in certain areas, says Dorbyl automotive products chairman Mike Smithyman Quality is checked at each stage of the production cycle so that faulty goods are corrected as they occur rather than at the end of the cycle This slashes the cost of repair Stock levels are reduced to a minimum through the just in-time order system, and production is driven by orders rather than by the need to replenish stock

Earnings a share dropped to 133c from 160c in the six months to March 1992, but Mr Mostert expects them to improve as the export drive gets under way

LOUIS SHILL New look

Sage clears the decks

S|Times (BUSS) 14/6/92

By JULIE WALKER

SAGE's first general press conference since it listed 23 years ago was held to announce the merger of its three quoted vehicles in a move to unlock the group's worth

Chairman Louis Shill says that after the merger, the consortium shareholders will control 63% of the new Sage Group The balance will be widely held and should contribute to improved tradeability

Members of holding company Sage Holdings will receive 270 Sage Financial Services (SFS) shares for every 100 Holders of 100 Sage Property will be offered 55,6 SFS shares

The group will still have two arms, property and life assurance-financial services Life assurance and financial breaks down into core and other interests The other is chiefly Absa

Mr Shill promises that the new Sage will be virtually free of borrowings because some of the R400-million portfolio of non-core assets will be sold Its holding in Absa (21% of Universa, which owns a quarter of Absa) will also be reduced in time because Sage's dependence on equity accounted earnings will be cut

Referring to the previous poor showing by the group's American investments Mr Shill says that an option to repurchase half of the asset sold two years ago has been secured

It took seven years to build up turnover of $3,5 million a month but in the past two years since Sage sold its controlling interest and wrote off a contingent liability of R50 million, turnover increased to $60 million a month

Prospects

"Now we have a contingent asset, if there is such a thing, says Mr Shill

Sage aims to expand in financial services and prospects are being investigated

Mr Shill does not foresee any room for manoeuvre with Momentum now 80%-owned by Rand Merchant Bank Holdings in which Sage has a quarter stake

The restructuring will be completed by mid September

Rescue bid for NCI

TROUBLED NCI chairman Mike Clarke has until June 24 to submit written motivation to the JSE about why the company's listing should continue

Mr Clarke is convening an informal shareholders meeting at Bryanston High School at 9 30 am on Saturday to submit his rescue proposal If the shareholders are interested enough he will put it to the JSE committee

New job selection guidelines on way

S|Times (BUSS) 14/6/92

By ADRIAN HERSCH

EMPLOYEE recruitment and selection procedures in SA will be transformed in the next few years — and are likely to be similar to those of the US and Namibia

That is the view of Charles Tustin, who served on the SA Society for Industrial Psychology task group that has set up employee "selection guidelines"

The guidelines will be released in September

In the US and Namibia if a certain percentage of a designated group who apply for positions are not selected, it may be considered discriminatory — depending on circumstances

If an employer does not conform with national "selection guidelines" it is discriminatory

Dr Tustin of the University of SA says that in many countries the criteria for selection tend to be far more job-related than in SA

The primary concern is that the performance in a test — or other basis for decision — is related to performance on the job or other measures of work success," says Dr Tustin

The task group, commissioned in July 1991, was chaired by Hennie Kriek of the industrial psychology department of Unisa

Dr Tustin says that although the guidelines will not necessarily be the final word, employers would do well to implement them

Gearmax expands

S/Times (Buss) 14/6/92. (192)

GEARMAX, the largest supplier of rear axles to the motor industry, has announced a major expansion and diversification programme

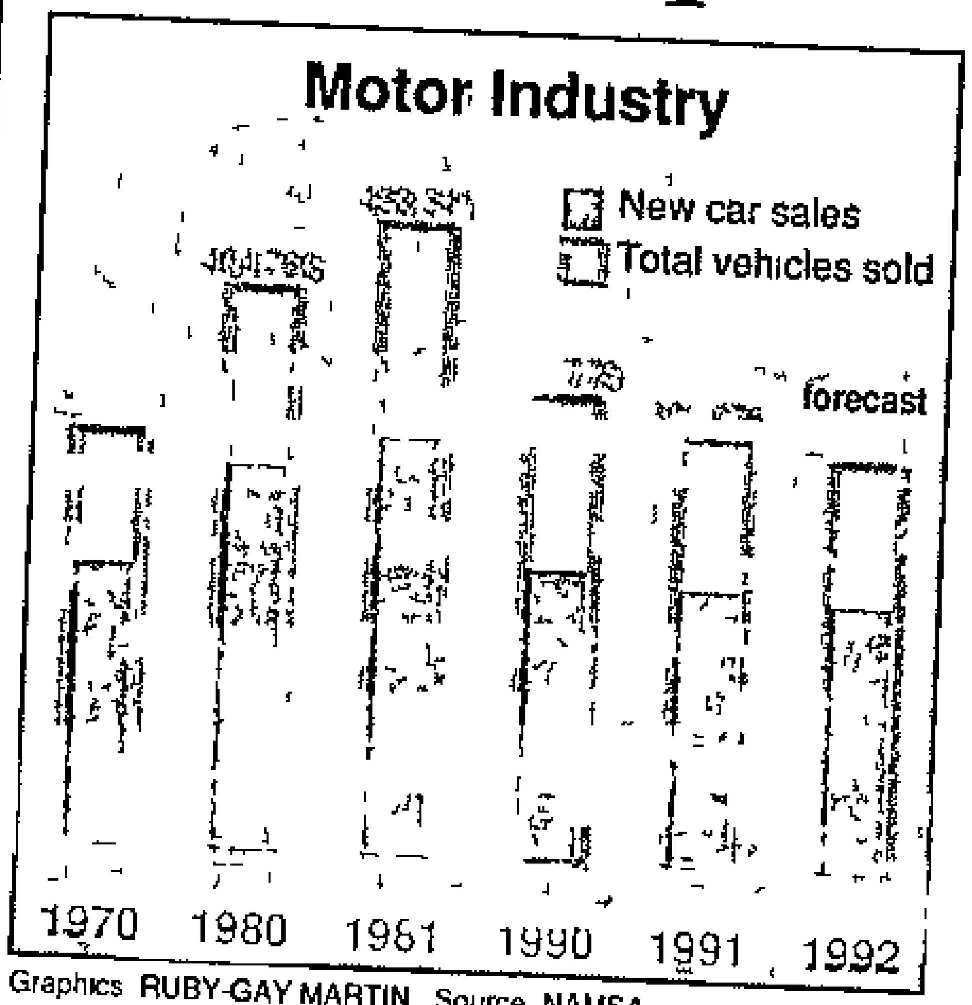
The expansion will be accompanied by a R10-million capital injection next year The company will diversify into new products to cushion itself against the growing switch to front-wheel-drive vehicles.

In the past 10 years, most manufacturers have moved to front-wheel-drive in the A, B and C sector cars. Gearmax has about a 90% share of the rear-axle market, especially in the bakkie sector.

Low car price rises forecast

B/Day 15/6/92

EDWARD WEST (192)



Graphics RUBY-GAY MARTIN Source NAMSA

MOTOR manufacturers are expected to peg price increases below inflation in a long-term strategy to woo back private buyers, industry sources said

National Association of Automobile Manufacturers of SA (Naamsa) spokesmen said that in an attempt to make vehicles more affordable, pricing would be especially keen this year Last year price increases averaged between 15% and 23%

"The crux of the matter is that seven motor assemblers are all scrambling for a greater share of a car market which is unlikely even to top last year's 197 736 sales," one said

☐ To Page 2

Car prices

B/Day 15/6/92 (192)

☐ From Page 1

At the beginning of 1991, Naamsa forecast 1992 sales at 200 000, but has since revised this to 190 000 due to plummeting sales. Toyota revised its forecasts from 205 000 to 185 000, while Nissan lowered its forecasts to between 187 000 and 189 000

Toyota marketing MD Brand Pretorius said excluding the effect of new model launches, manufacturers were showing great restraint in pricing in an effort to bring price escalations below inflation

This was confirmed by Nissan marketing MD Stefanus Loubser who said the company would attempt to keep price increases at about 12% in 1992

Pretorius said the local content programme's contribution to price increases would not be as high as last year, when Phase VI added 7,5% to car prices

Econometrix economist Tony Twine said car prices had increased at an average compound rate of 23% a year since 1985, while inflation had averaged 15%. This meant car prices doubled in real terms every nine years

Last year, the average inflation rate of vehicles was 23,5%, but Twine believed this would fall to 19% in 1992

However, vehicle prices would increase by 16% in 1992 compared with 1991 The cumulative effect over three years was that vehicles prices would have increased by 65%, said Twine.

He predicted that interest rates would be lowered by one percentage point next month and towards the end of the year which could stimulate sales in the second half However, the increase would not be enough to top 1991 sales, he said

Naamsa said in its 1991 annual report that any expansion in the industry's business activity over the next three to five years was unlikely to come from growth in local vehicle sales. Growth and development would have to come from exports

High interest rates, low business confidence, domestic and international recession and political and labour instability stunted industry growth at present

Price hikes below inflation

Motor industry's bid to woo buyers

(192) CT 15/6/92

Own Correspondent

JOHANNESBURG. — Motor manufacturers are expected to peg price increases below inflation in a long-term strategy to woo back private buyers, industry sources said.

National Association of Automobile Manufacturers of SA (Naamsa) spokesmen said that in an attempt to make vehicles more affordable, pricing would be especially keen this year. Last year price increases averaged between 15% and 23%.

"The crux of the matter is that seven motor assemblers are all scrambling for a greater share of a car market which is unlikely even to top last year's 197 736 sales," one said.

At the beginning of 1991, Naamsa forecast 1992 sales at 200 000, but has since revised this to 190 000 due to plummeting sales. Toyota revised its forecasts from 205 000 to 185 000, while Nissan lowered its forecasts to between 187 000 and 189 000.

Toyota marketing MD Brand Pretorius said excluding the effect of new model launches, manufacturers were showing great restraint in pricing in an effort to bring price escalations below inflation.

This was confirmed by Nissan marketing MD Stefanus Loubser who said the company would attempt to keep price increases at about 12% in 1992.

Pretorius said the local content programme's contribution to price increases would not be as high as last year, when Phase VI added 7,5% to car prices.

Econometrix economist Tony Twine said car prices had increased at an average compound rate of 23% a year since 1985, while inflation had averaged 15%. This meant car prices doubled in real terms every nine years.

Last year, the average inflation rate of vehicles was 23,5%, but Twine believed this would fall to 19% in 1992.

However, vehicle prices would increase by 16% in 1992 compared with 1991. The cumulative effect over three years was that vehicles prices would have increased by 65%, said Twine.

He predicted that interest rates would be lowered by one percentage point next month and towards the end of the year which could stimulate sales in the second half. However, the increase would not be enough to top 1991 sales [illegible].

Naamsa [illegible] in its 1991 annual report that any expansion in the industry's business activity over the next three to five years was unlikely to come from growth in local vehicle sales. Growth and development would have to come from exports.

High interest rates, low business confidence, domestic and international recession and political and labour instability stunted industry growth at present.

Clicks *will* buy Musica

CLICKS Stores said it would go ahead with its acquisition of Musica (Africa) Holdings Ltd after terminating talks earlier.

The companies said in a statement that agreement had been reached with creditors of Musica.

The due diligence probe referred to in a statement on May 24 showed that the tangible net asset value of Musica at March 31, 1992 was materially less than the R1,5m warranted, it said.

The Goosen family, who own 71% of Musica's issued capital, will accept Clicks' offer of 5c per share. If Clicks did not gain at least 90% of the issued capital, it would acquire Musica's subsidiaries for R1,2m, reconstituting it as a cash shell and suspending its shares on the JSE — Reuter

Govt set for R1bn special T-Bill issue

CT 15/6/92

Own Correspondent

JOHANNESBURG — The Reserve Bank is likely to issue R1bn in special nine-month Treasury bills over the next week.

The issue is expected to be well bid. One dealer said the Bank was unlikely to issue the entire amount at once, but rather over a few days.

The issue would be in line with the three-point plan recently announced by Reserve Bank Governor Chris Stals who indicated that an issue of this size would be made to mop up liquidity.

Money market rates hardened on the expectation of the issue. Overnight call rates for borrowing traded around 14,00% from their recent steady 13,75%.

The Finance Department, meanwhile, said on Friday it would soon issue two zero-coupon stocks. It expected one would be a R300m (nominal value) with a five year tenure to maturity. The other, also for R300m (nominal value), would have a seven-year tenure to maturity.

The Bank will market the bonds.

The department first announced its intention to issue two zero-coupon bonds on Friday when it said an official announcement was on hold pending formal approval of the scheme by the parliamentary committee on public accounts.

Zero-coupon bonds had been found to be popular among foreign investors. These bonds carry no interest payments but are issued at a substantial discount to their face value.

The returns are attractive in an environment of volatile interest movements because the holder can calculate the effective yield at the time of purchase. As the redemption date draws closer, the bond price usually rises towards its nominal face value, assuring the holder a profit.

Sources said there was unlikely to be a cost advantage to the department. The objective of the issues was expected to improve government debt marketability.

MANUF. – MOTOR Industry

1992

MAY — AUGUST.

FM 1/5/92 (192)

RAPTOR (192)

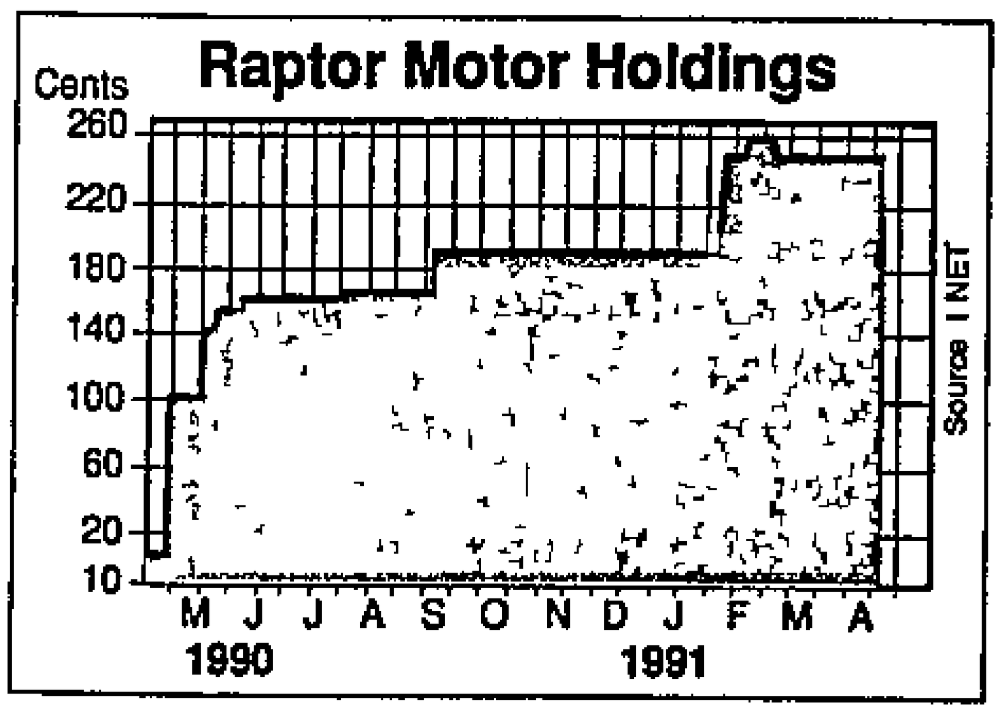
Up to forecast

FM 1/5/92

This former cash shell (previously Elex Electronics) bought Rustenburg Toyota from January 1991 and, after a capital reconstruction, launched into the garage and motor trade So far, it seems, everything has kept going right, though both chairman Dawood Khonat and MD Ebrahim Moonda warn that this year's results will depend on a turn in the economy and continued favourable business activity in Rustenburg

Comparisons with previous results, already distorted by a new year-end, are meaningless Nonetheless, the company realised a net profit of R1,7m for the 16 months, most of which was paid out in dividends, leaving a meagre R187 000 retained income The apparent high cover shown in the accompanying table reflects the calculation of earnings on a weighted capital, whereas the dividend was paid on the year-end equity.

A more accurate assessment of performance can probably be gauged from last June's interim report, which showed earnings to be close to the R780 000 forecast Payment of R2,4m goodwill for the Toyota franchise, the bulk of the R3,6m purchase price, made a hefty dent in capital Goodwill is now the major "asset," and tangible NAV is a fraction of the share price At least Raptor has hardly any debt



Moonda is pleased with the first results He says the future is "a bit risky," though Rustenburg's economy has in part protected the company from recession "This is still a boom area, with the mines doing well But anything could happen and it's difficult to make forecasts," he says

Khonat adds that turnover and margins are under pressure as the motor industry struggles With about 60% of business in the fleet line, prospects should be reasonably stable Moonda notes that demand has been holding up but the market is becoming increasingly competitive He says the company "is having to discount a bit more than usual"

The DCM-listed share has not raised much interest, though the price has climbed in steps on thin volumes over the past year to its current high Most of the equity is privately held, the bulk offshore with Virgin Islands-based Southern Motor Holdings

People interested in investing should probably wait for the first comparable results in October before deciding

Shaun Harris

FM 1/5/92 (192)

Activities: *Holds Toyota franchise for Rustenburg, operating a service station and selling new and used vehicles*
Control: *Southern Motor Holdings (65%)*
Chairman: *D A Khonat, MD E S Moonda*
Capital structure: *3m ords Market capitalisation R7,7m*
Share market: *Price 250c Yields 13,6% on dividend, 34,0% on earnings, p e ratio, 2,9, cover, 1,9 12-month high, 250c, low, 140c Trading volume last quarter, 1 000 shares*

Year to Oct 31	'91†
ST debt (Rm)	0,24
LT debt (Rm)	—
Debt equity ratio	0,59
Shareholders' interest	0,23
Int & leasing cover	1,3
Return on cap (%)	35,5
Turnover (index)	25,3
Pre-int profit (Rm)	1,82
Pre-int margin (%)	7,2
Earnings (c)	85,1*
Dividends (c)	45
Net worth (c)	38

† 16 months * Annualised, on weighted average issued equity

FM 1/5/92 (192)

6 000 are still out at Toyota

Sowetan 29/5/92

(192)

Sowetan Correspondent

ARBITRATION hearings aimed at bringing the three-week-old strike at Toyota's Prospecton plant have been completed but the 6 000 workers are yet to return to work

The hearings were completed on Tuesday, according to Mr Theo van den Berg, Toyota's group director of personnel and industrial relations

"Negotiations are currently under way for a return to work by the 6 000 workers affected by the strike," said Van den Berg

However, workers representatives had no idea when there would be a return to work to resume production which has been hard hit at the plant

Most of the workers felt that some of their demands would be met, enough to enable them to return to work but a date has yet to be set by management and their representatives

The workers went on strike on May 7 to demand that a superintendent be dismissed for alleged discrimination The strikers later added the removal of two other managers to their list of demands

The strike has cost Toyota the production of 430 vehicles a day and the company has reportedly lost well over R200 million in turnover

LABOUR FM 29/5/92.

192

How convenient

Toyota management and trade unions seemed on Monday to be about to end the strike at the Prospecton plant near Durban The output of 430 vehicles a day has been stopped since the first week in May, the company estimates that R200m in turnover has been lost

But it might also be argued that, with

FM 29/5/92 192

demand for new cars slack and inventories rising, Toyota cannot have been hurt too badly up to now

The prospects of a settlement had improved last week, with both sides agreeing to go to arbitration But the agreement collapsed because workers refused to go back to work before the inquiry.

On Monday management and worker representatives sat down again to consider the complaints that sparked the strike. The action, involving more than 6 000 employees, began on the Cressida production line over worker demands for the dismissal of a production line supervisor.

But it is also possible that the dispute also offered an opportunity for the unions to apply additional pressure on motor industry employers in the third round of the National Bargaining Forum wage negotiations, which started last Friday

Ironically, the Prospecton strike meant that no representatives of Toyota attended the forum talks; so any forum agreements will not be binding on Toyota.

Unions went to Port Elizabeth asking for a 25% wage increase, which employers say was effectively 45% by the time benefits were taken into account ■

FM 29/5/92. (192)

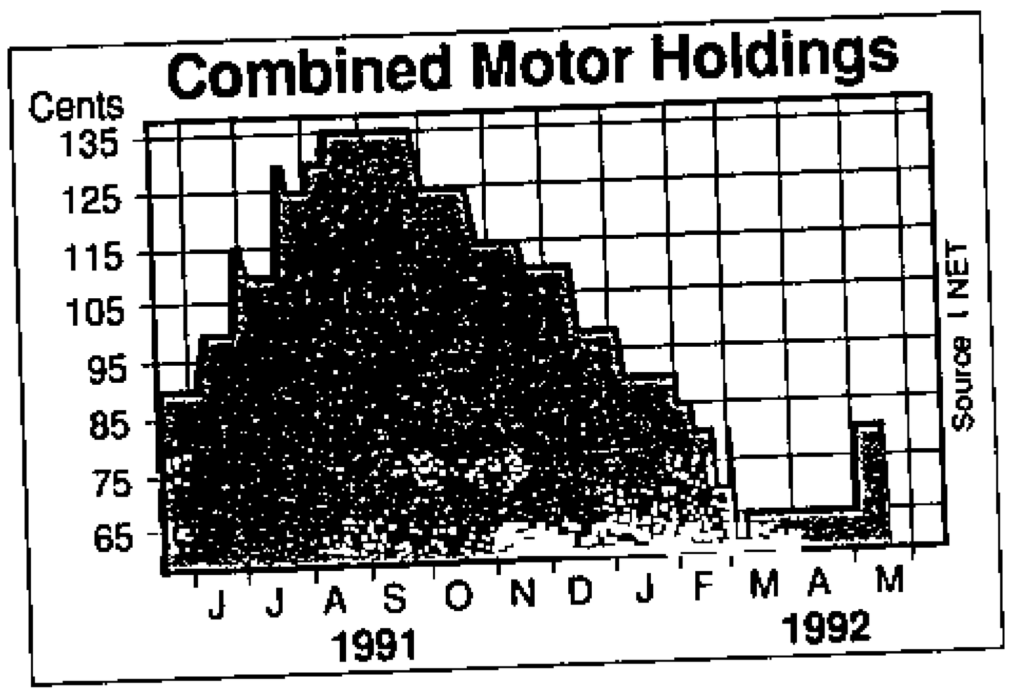
COMBINED MOTOR

Earnings slide continues

Activities: *Operates Ford and other retail motor vehicle franchises* (192)
Control: *Directors 68%*
Chairman and MD: *M Zimmerman*
Capital structure: *19m ords Market capitalisation R15,2m*
Share market: *Price 80c Yields 11,6% on dividend, 34,3% on earnings, p e ratio, 4,1, cover, 2,1 12-month high, 135c, low, 60c Trading volume last quarter, 599 000 shares*

Year to Feb	'89	'90	'91	'92
ST debt (Rm)	—	—	2,3	7,3
Debt equity ratio	0,36	0,34	—	0,28
Shareholders' interest	0,39	0,39	0,40	0,36
Int & leasing cover	14,1	4,1	4,3	2,9
Return on cap (%)	20,5	21,1	16,4	11,5
Turnover (Rm)	315	370	367	416
Pre-int profit (Rm)	13,1	14,0	10,9	9,1
Pre-int margin (%)	4,2	3,8	3,0	2,2
Earnings (c)	32,2	28,0	22,3	19,4
Dividends (c)	10,7	10,7	10,7	9,3
Net worth (c)	131	146	139	149

With new vehicle sales falling, the 13% drop in earnings to R3,7m at Combined Motor Holdings (CMH) should not come as a surprise And the Durban-based group acquired six new dealerships last year, which raised short-term debt to R7,3m (1991 R2,3m) and interest by 22% to R3,1m as the new outlets were consolidated



Chairman Maldwyn Zimmerman says the new business is now on stream, ready to produce profits and so debt should start to come down this year

But a longer view shows CMH to be on a four-year slide, with EPS dropping steadily since 1989

After maintaining the dividend for three years, the group succumbed to tightening margins last year and cut the dividend in line with the lower earnings

Tighter grip

Performance did improve in the second half, with CMH seeming to get a better grip on working capital At half-time, operating income was down 37% on a 16% increase in turnover The margin improved to a 16% fall on a 13% turnover increase by year-end

Zimmerman says sales for the first few months of financial 1993 have been way above the corresponding period last year, so prospects may not be that bad But they are not that good Zimmerman says motor manufacturers "are not exactly ebullient," with 1992 passenger car sales expected to rise by only 2%-5%

Dealers will also have to live with the threat of supply disruptions caused by strikes at the major manufacturers, though CMH has until now largely escaped the effects of industrial action The strike at Toyota in Durban is not having any significant effects The group has only one minor Toyota dealership and Toyota products made up only 5% of turnover last year

Total stocks, in financial terms, are up 27% This does not look healthy but the new dealerships should help to clear it Zimmerman says the rise results largely from the new outlets Taking this into account, the year-on-year increase is not significant

Income from new vehicle sales has remained static, but the trend towards used cars has seen the contributions from this source increase to 22% of operating income, up eight percentage points on the year At present, this seems to be the only market in the industry that is growing

After rallying towards the middle of last year, CMH's share price dropped from its high of 135c to 60c by the end of February It has since recovered to 80c, though its rating is below average for the motor sector

Results of the past few years are not likely to attract interest at this stage, though a bullish investor not adverse to risk might consider the share cheap The expanded dealer base should at least put CMH in a favourable position when the economy turns

Shaun Harris

FM 29|5|92 (192) **COMPANIES**

Curnow's Schlesinger .. *fighting off cut-throat competition*

CURNOW M&G FM 29|5|92

Treading water

(192)

Activities: *Distributes automotive refinish products*
Control: *FSI & AECI 71,4%*
Chairman: *A Schlesinger; MD. M Bloom*
Capital structure: *22,1m ords. Market capitalisation R4,2m*
Share market: *Price 19c Yields· 10,5% on dividend, 24,2% on earnings; p·e ratio, 4,1; cover, 2,3 12-month high, 40c; low, 18c Trading volume last quarter, 462 000 shares*

Year to Dec 31	**'88**	**'89**	**'90**	**'91**
ST debt (Rm)	—	3 015	2 958	4 119
Debt equity ratio	—	0,69	0,57	0,72
Shareholders' interest	0,38	0,36	0,37	0,37
Int & leasing cover	n/a	6,0	2,7	1,2
Return on cap (%)	27,[illegible]	17 [illegible]	12,8	7,1
Turnover (Rm)	27,5	33,9	39,1	44,6
Pre-int profit (Rm)	2,7	2,2	1,8	1,1
Pre-int margin (%)	9,9	6,3	4,6	2,4
Earnings (c)	6,5	4,3	5,6	4,6
Dividends (c)	3	1,75	2,25	2
Net worth (c)	18	20	23	26

This company faithfully reflects all the signs of an economy in recession and an overtraded sector To sum up, it had great difficulties last year Turnover rose 14% to R44,6m, an achievement in a competitive sector Unfortunately, the trading margin slipped for the fourth successive year Now there is no fat left

Increased turnover was bought at a cost Creditors barely changed but debtors soared by R1,5m to R8,8m. A consequence was a R1,2m increase in bank overdraft and, with it, a bigger interest bill All these factors burrow relentlessly through to the bottom line After-tax income fell 18% to R1,02m, EPS fell similarly to 4,6c and the dividend was cut to 2c

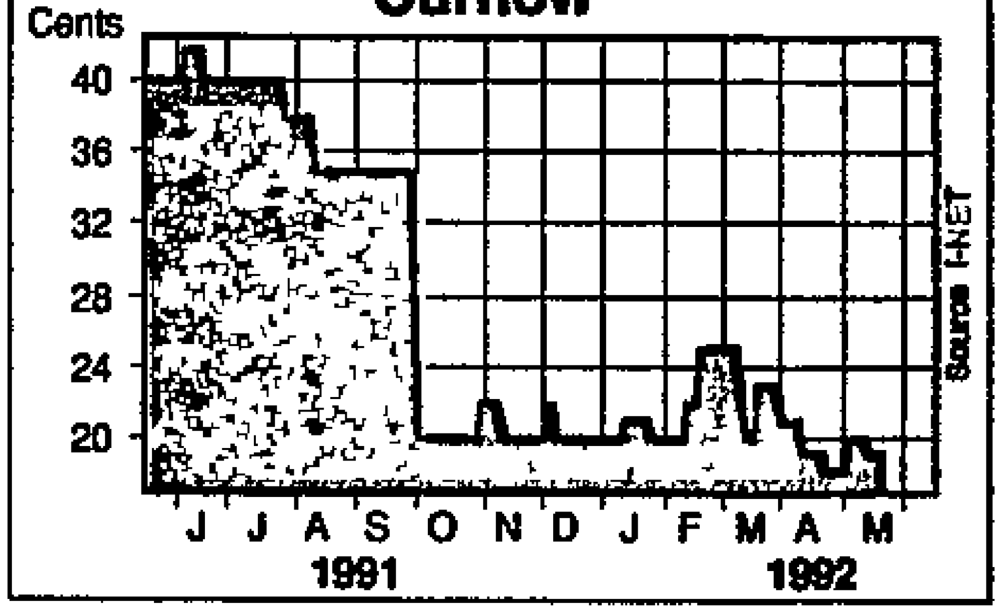
Shareholders must be wondering why The answers are not difficult to find, though they provide little comfort Curnow's business is concentrated primarily in the accident and repair end of the motor industry About 65% of turnover comes from Duco paints, made by AECI subsidiary Dulux — which explains why AECI holds 35% of the equity

Competition is savage In 1990 chairman Alan Schlesinger complained bitterly about "desperate competitors .. offering cut-throat pricing and even passing off inferior product under branded labelling." Last year was no better. Schlesinger says Curnow maintained its position as market leader but "in the face of continuing intense and disruptive competition, operating margins inevitably came under pressure."

Financial director Michael van Niekerk admits that management is not happy about earnings. Nevertheless, he says it was critical to maintain market share Apart from shaving margins, policy was to absorb many of the price increases thrown at Curnow by suppliers, says Van Niekerk. "This is not something that can continue indefinitely."

Van Niekerk confirms management's view that more normal market trading conditions will return in time. This may be wishful thinking The competition has succeeded in rattling Curnow's cage. So why should it now ease the pressure? The answer is that this is a widely spread sector, peppered with small and one-man operators They cut margins until they run out of resources and then, says Schlesinger, "they ask us to buy them out."

To reduce the reliance on paint distribution, plans include introducing modern technologies related to plastics repair (such as bumpers) in body shops instead of getting repairs done only by specialist firms. But this is a long, costly process.



Van Niekerk says the first quarter of this year showed a good trend. He expects earnings for 1992 to increase by about 20%. Unfortunately, all that will do is return EPS to about 5,5c — no better than in 1990 and below 1988's 6,5c. The company is now

COMPANIES FM 29|5|92 (192)

treading water The current share price is 19c The low for the past 12 months was 18c That says it all

David Gleason

amount of herbage generated by the summer rains highly combustible.

Toyota arbitration ends

STAR 27/5/92

Arbitration hearings aimed at ending the three-week-old strike at Toyota's Prospecton plant have been completed, but the 6 000 workers are yet to return to work, and await a date to be set by management and their representatives

192

Van Eck: NP can't scare me

tacked an Israeli post overnight.

Inquiry paves way for more talks at Toyota

BDay 27/5/92

THEO RAWANA

AN INTERNAL inquiry into complaints against three managers at strike-hit Toyota were completed last night, opening the way for further talks with the National Union of Metalworkers of SA (Numsa), the motor company said (192)

The strike started on May 7 when about 6 000 workers downed tools in support of their demand for the dismissal of a superintendent for alleged discrimination They later added the removal of two managers to their demands 27/5/92

The dispute has brought the Toyota motor assembly plant at Prospecton, Durban, to a halt for the past two weeks

Toyota PRO Flip Wilkin said last night the inquiry by management and workers had been completed, and that negotiations with Numsa would resume today

A Numsa spokesman had said earlier management would make a decision based on the inquiry He said there would be further talks on the reinstatement of a shop steward dismissed six months ago

Realistic 'prices luring buyers back'

STAR 27/5/92

(192)

The prestige/classic car market has bottomed out — if buying trends at South Africa's largest and longest established classic car dealer, Burchmore's, is any barometer

However, the "tyre kickers" are disappearing and buyers are coming back, says Darryl Jacobson, managing director of Burchmore's, a McCarthy Group company

"Prices have dropped from the unrealistic peaks of end-1989 — so much so that once-dormant buying interest has livened up and cars are again beginning to leave the showroom floor in encouraging numbers," Mr Jacobson says

Underpinned

Burchmore's boasts a R10 million stock of classic, prestige and vintage cars on its Sandton showroom floor — probably the largest selection of these vehicles under one roof in South Africa

Mr Jacobson says the classic/prestige car market is almost totally underpinned by demand from collectors and investors

To illustrate the point, Mr Jacobson says the recent drop in interest rates and easing of higher purchase payment terms has had absolutely no effect on this market

"An interesting and encouraging new development is the increased number of investment syndicates that are buying classic, prestige and vintage cars

"This is clear proof that prices have dropped to levels which offer attractive investment opportunities," says Mr Jacobson

In recent years, there has been a fall-off in the prices of collector's cars, says John Griffin, managing director of Car Auctions

At one time an E-type Jaguar could fetch up to R250 000, but today it would sell for up to R175 000

While Mr Griffin says there is still some risk in whatever one buys, a car in top condition will sell regardless of make or model

Having recently returned from a visit abroad, Mr Jacobson has had, among other things, a first-hand look at the latest developments in the classic car market in the United Kingdom

He says overseas buying of investment cars in South Africa, which was a major factor in the heady days of the late 1980s, has come to a halt

"Reason is that, like South Africa, the current market has bottomed out and sensible prices again prevail — so that buyers in Europe and the United Kingdom, for instance, need currently not look beyond their borders for attractive deals," Mr Griffin says

He says that it is a sad reflection of balanced trade that the authorities allow South Africa to export cars freely, but restrict motor dealers from importing

Exports are ostensibly encouraged to bring in more forex, but this is not always the case

"Certain exporters repatriate fictitious (lesser) amounts thereby building up a kitty of forex abroad, or bringing it back later in financial rand," he says

"Some people are allowed to rape the country of its car heritage while importers, on the other hand, are subjected to import duties that are beyond affordability," says Mr Griffin

Industry holds its breath for upturn

STAR 27/5/92

192

Motor manufacturers and dealers are hoping years of declining demand for prestige cars — new and old models — will end, but much depends on an upturn in the economy and an easing of fiscal and monetary pressure

Pat Newman, managing director of luxury and exotic car dealer Chariots, says that although it is a tough market for everyone — both in South Africa and abroad — every local business sector is waiting for the Government to help stimulate the economy

Mr Newman says "We need the Government to drop interest rates and get consumers to again want to spend money on general goods, equipment and tourism in order to stimulate the economy as a whole"

He says that as tough as the car market is — and while new vehicle prices are high — prices of used prestige cars are in fact lower

"There has not been a better time in years to buy than now," Mr Newman says

Prompted by high interest rates, rising vehicle prices and unfavourable tax structures, South Africa's large luxury car market has been declining steadily over the past decade

From a share of 19,3 percent in 1982, this sector had shrunk to 9,4 percent last year, says Volkswagen South Africa chairman Peter Searle

"While the resultant buy-down into the medium sector has benefited many manufacturers, it has also increased pressure on the luxury car market.

"This market has become enormously competitive as car makers fight tooth and nail for a bigger share of a smaller cake," he says

Mr Searle says that Audi, VWSA's luxury marque, expects a modest increase in the luxury sector's share for this year, prompted primarily by the large number of all-new cars which will make their debuts on the South African scene

"It is a known fact that new car launches have had a stimulatory effect on the market," he says

"And with cars such as the new Audi 500, the BMW 3-series and other expected contenders from Toyota and Nissan making their bow, this year should see greater interest in the car market in general," Mr Searle says

Peter Cleary, management board member of Mercedes-Benz (car division), says that in line with general market conditions the prestige car market has also declined in recent months

"We believe many of our customers are businessmen as well as entrepreneurs who thus have a social responsibility towards the welfare of their employees in these difficult times," Mr Cleary says

"We think this will be a motivation not to re-purchase new cars in the light of the prevailing depressed economic conditions

"The result could be that there will be a pent-up demand for prestige cars once economic conditions improve"

The market for prestige medium to large cars that cost more than R120 000 has shown a year to date April decline of about 20 percent

However, despite new competitors Mercedes cars increased market share by three percent compared with 1991

The two faces of a costly strike

Star 27/5/92.

MIKE SILUMA takes a look both the workers' and management's sides of the strike by workers at Toyota's Prospecton assembly plant. 192

THROUGH the outsider's eyes, the strike at Toyota's Prospecton, Durban, assembly plant — affecting about 6 000 workers and in its third week — might seem like an oddity

The question is How is it possible for a company which is the undisputed leader of the country's car manufacturing industry to experience such tumult in in its employee relations?

So far the strike, over employees' demands for the dismissal of three members of management for alleged discriminatory practices, has cost the company no less than 5 000 vehicles in lost sales, worth at least R270 million

It is also affecting the livelihood of an estimated 2 600 workers employed by Toyota's component suppliers

Talks between management and the National Union of Metalworkers (Numsa) have failed to resolve the crisis, with workers insisting that a return to work is contingent upon the outcome of any arbitration proceedings Even a court order has failed to persuade the workers to return

As a result of the dispute, Toyota stayed out of the latest round of national wage negotiations between Numsa and motor assemblers

In an effort to break the deadlock, Toyota has evoked disciplinary procedures against the management members

That Toyota has been forced to use newspaper advertisements to appeal for strikers to return to work is an indication of how far relations between it and the strikers have deteriorated, underlining the existence of an "us and them" syndrome

So what has caused this souring of relations?

To every story there are, as they say, two sides And in its latest issue the labour journal South African Labour Bulletin attempts to give the workers' side, through an article written by Numsa shop stewards at Toyota before the strike

According to the workers, good industrial relations at the plant have been undermined by the introduction of Japanese management and productivity techniques, hugely successful at the company's Toyota City in Japan but the subject of some controversy here.

Key components of the system criticised by the shop stewards are the quality circles, cost-saving competitions and the multiskilling of employees

This is how the shop stewards describe the introduction of quality circles to the plant "In the early 1980s . . the bosses came back from a trip to Japan with new ideas of how we should organise our work But from the beginning they never discussed these ideas with us

"Then they started to organise groups of workers into work teams. These work teams were never established to listen to the voice of workers. They were simply there to give management more control over the workers "

Describing workers' relationship with management as "one of war", the shop stewards complain that management's attitude towards workers "is not right"

"For example," they write, "you could never find a situation where a manager enters his department and greets all the workers on the line . Our managers don't even greet us They're just like enemies here "

Perhaps not surprisingly, in the light of current events at Prospecton, Toyota rejects the allegations in the Bulletin article as "subjective" and lacking in "factual substance"

A spokesman said a survey undertaken by the company last year painted "a vastly different picture"

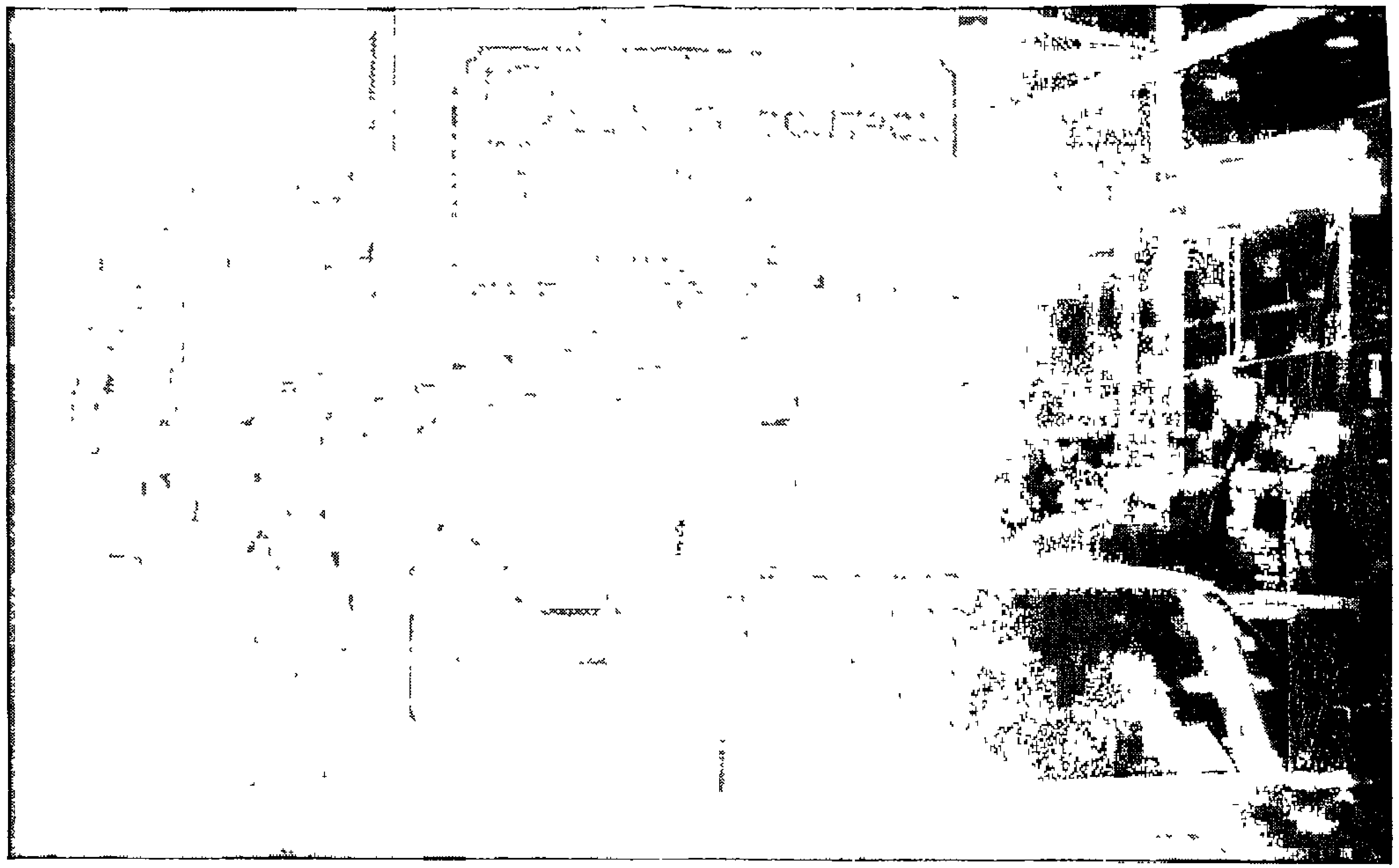
"According to the results of the survey, undertaken by an outside market research company in face-to-face interviews, relationships in the plant were described as good by 78 percent of employees The survey also found that 92 percent of employees regarded intercultural relationships at Toyota as good

"Our company assumes that the comments by the shop stewards in the (Bulletin) article reflect the views of a minority as per the survey we conducted "

The company found it "curious" that it was being targeted by Numsa as an unfair employer when its employees were among the "leading wage earners in South Africa"

The company had pledged R25 million to assist employees with housing between 1991 and 1996 and R3 million a year for educational assistance to employees and their communities

Worker involvement in productivity programmes was "entirely voluntary" and workers themselves had made 8 328 problem-solving presentations to management □



Before the strike . . a Cressida comes off the line at the assembly plant at Prospecton in Durban. So far the strike has cost the company no fewer than 5 000 vehicles, worth at least R270 million, in lost sales.

Toyota and union in bid to end strike

B/Day 26/5/92 [redacted] (1/2) [redacted]

[redacted] Own Correspondent

DURBAN — The dispute which has brought the giant Toyota motor assembly plant at Prospecton to a halt for the past two weeks remained unresolved last night

And yesterday the National Union of Metal Workers warned that it would not be held to ransom by Toyota's refusal to attend national vehicle industry pay talks because of the strike, reports Sapa

Toyota did not attend the third round of national pay negotiations in Port Elizabeth on Friday, employer spokesman Dave Kirby said yesterday

As a result, agreements reached at the pay talks would not be binding on Toyota

At Toyota's Prospecton plan representatives of the management and workers were engaged in a day-long internal inquiry yesterday into complaints against three staff members at the plant

The inquiry would continue today, MD Ralph Broadley said last night "Hopefully it will come to an end soon," he said

☐ To Page 2

Toyota

B/Day 26/5/92 [redacted] ☐ From Page 1

About 6 000 workers downed tools on May 7 in support of their demand for the dismissal of a superintendent for alleged discrimination, and later added the removal of two managers to their demands

Frequent talks between management and the National Union of Metalworkers of SA officials failed to break the deadlock

Union spokesman Thomas Magrapes Hlatshwayo said if the outcome of the inquiries was "satisfactory", strikers would return to work today

Commenting on Toyota's decision not to attend the wage talks, Numsa chief negotiator Les Kettledas said any agreement reached at the national bargaining forum (NBF) would be binding on Toyota

"We do not believe that the NBF should be held to ransom by any company that experiences problems at plant level which are not related to national negotiations"

Kirby said employers tabled a full response to wage and other demands by Numsa and the Iron and Steel Workers Union on Friday

He said the demands, if met, would cost employers R110m An additional 45% for benefits would raise the real cost of the demands to more than R160m

Other demands relating to job security, workers' rights and workplace discrimination were either rejected or referred to quarterly NBF meetings

A senior Toyota spokesman said negotiations had to end by June 30.

B/Day 26/5/92

7/92

Motor industry talks

NO DECISIONS emerged from Friday's meeting between the Board of Trade and Industry and motor industry representatives on the future of the Phase VI local content programme. No date had been set for further discussions

BUSINESS DAY, Monday, May 25 1992 3

Labour strife will force car prices up, says motor retailer

BDay 25/5/92

(192)

KARIN FRANKEN

IF labour unrest and strikes continue to gain momentum in the coming financial year, vehicle prices will increase and supplies will be disrupted, retailer Combined Motor Holdings says in its 1992 annual report

Chairman Maldwyn Zimmerman said the industry was faced with an uncertain future following the demand by National Union of Metalworkers of SA (Numsa) for a 25% pay increase and guaranteed employment

Zimmerman urged employers not to heed the demands, saying they would lead to stagnation in productivity and reduced sales and margins

He said the total passenger car market declined from 221 000 units in 1989 to a near-record low of 198 000 However, new product launches in the future would help stimulate sales.

The group's income from new vehicle sales in 1991 remained static at about 30%

The report said sales by used vehicles departments should continue to improve with the lengthening of the maximum credit sale repayment period to 54 months.

The market was characterised by a shortage of units under the R30 000 mark, Zimmerman said

Motor manufacturers predicted a 2% to 5% increase in vehicle sales in 1992 compared with 1991.

A 16% price increase for new vehicles was expected in 1992 if wage negotiations were successfully concluded, Zimmerman said in the report.

The group, whose operations include Nissan, Toyota, Ford, Mercedes Benz, MMI and Delta products in the lower and medium car sector, reported earnings of 19,4c compared with 22,3c the previous year A final dividend of 7,2c was announced, bringing the total to 9,3c

Toyota strike toll mounts

(192)

By DON ROBERTSON

S1 Times (B455) 24/5/92

THE 12-day strike at Toyota's Prospecton plant near Durban has cost the company lost sales of 5 160 vehicles worth about R276-million

Prospects of a quick return to work seem remote

The strike has affected about 6 000 workers at the plant and 2 600 at component suppliers in the region, some of whom are on short time

The strike was sparked by demands that a supervisor be fired for alleged discrimination The demands were extended to a call for the dismissal of two other supervisors

Toyota estimates that workers in the assembly and component industries have lost about R12-million in pay in the past 12 days, affecting more than 63 000 dependants Component suppliers have lost R55-million in revenue Loss of revenue to both industries is expected to grow by about R5-million each day the strike continues

Toyota group director of personnel and industrial relations Theo van den Berg says negotiations are deadlocked Shop stewards have asked that arbitration be completed before workers return.

The inference is that any return to work will be conditional of arbitration finding in favour of the workers

Mr Van den Berg says "This is obviously an untenable situation for us"

Toyota obtained a court order on May 7 declaring the strike illegal and unprocedural But the company continues to recognise the right of employees to voice grievances within the procedures and provisions laid down, says Mr Van den Berg

New Hondas tackle high-cost problem

(192)

S Times (BUSS) 24/5/92

By DON ROBERTSON

MERCEDES-BENZ SA has come to a precarious market with a new Honda Ballade and an equally aggressive pricing policy

The car, for which tooling cost about R50-million, is the first fully built-up Phase Six one in its range Mercedes hopes for sales of about 1 000 a month for a 6% share of the market.

Several alterations have been made to the car to suit the SA motorist.

The fuel tank has been increased in size from 45 litres to 52*l*, the suspension has been raised to allow greater clearance on rough roads and power steering is standard on all models

The car is presented in eight model variants, all with 16-valve engines Some include optionals such as radio-tape Air-conditioning is standard

The models range from the base-line 150 with a single overhead camshaft engine to two Luxline models with a 1,5*l* motor and optionals A similar strategy is employed in the 1,6*l* models. The basic 160i has no optionals, but manual and automatic Luxline versions have them

The flagship is the 160E, automatic and manual, with twin-overhead camshaft engines Apart from normal optionals, additional features include anti-lock braking systems, alloy wheels, a compact disc player and leather seats

Fleet owners will also receive special attention A corporate marketing division has been established to provide products and services to dealers, enabling them to make vehicles attractive to fleets

The Honda range has traditionally been more expensive than its competitors, but pricing has been carefully considered for the new launch In many instances, the new model is priced lower than its predecessor or is only marginally more expensive

Guise

Prices range from R47 500 for the Ballade 150 manual compared with the old model's cost of R48 524 The Luxline with optionals sells for R53 800 for the manual compared with the old model without optionals at R53 855

The 160i in its new guise costs R60 247 compared with R60 247 before The Luxline with optionals sells for R65 900 The 160E manual model will cost R75 500 and the automatic for R79 300

South African Agricultural Union (SAAU) made a final decision on the

posals the first was whether key leg-

Everything keeps going wrong at Toyota plants

WMail 22/5-28/5/92 (192)

By FERIAL HAFFAJEE

MANY prospective Toyota buyers now face a four-month wait for their new wheels because of a two-week strike at the company's Durban plants.

Every day 430 motor cars do not roll off the assembly line and the 6 000 workers on strike lose R800 000 in wages. Experts estimate that the company has lost R207-million in turnover and the communities where workers live have lost R7,2-million workers would have spent there. In addition, the company's 68 component suppliers have lost R42-million with the figure climbing by R5-million a day.

These are the startling statistics behind the strike which was sparked by the actions of an allegedly racist line manager "who practises outdated industrial relations", alleges the National Union of Metalworkers of South Africa (Numsa). Workers are on strike to demand that he be fired.

But the company says: "By demanding that we act against a supervisor without any recourse to due process, workers are violating their own hard-won advances toward security of employment."

On Tuesday, the parties agreed to refer the matter for arbitration. But workers refuse to return to work until the arbiter makes an award. "The inference is that any return to work will be conditional on a finding in favour of the workers. This is an untenable situation for us," says Toyota.

The union says that management was alerted to workers' dissatisfaction with the line manager in February and failed to do anything about it.

"We feel that if workers come back to work now, management might come up with delaying tactics so problems must be resolved while we are on strike."

On May 7, the company was granted an interdict by the industrial court forcing workers to go back to work. Workers have ignored the interdict and are adamant about staying on strike "even for a thousand days".

The call for the dismissal of the line manager has been extended; two other senior managers are also on the firing line. In addition workers are demanding the reinstatement of a shop-steward dismissed six months ago.

Numsa regional organiser in Durban Magrapers Hlatswayo, said that the parties held five meetings to iron out the dispute. On Wednesday they worked late into the night to find a way out of the impasse.

BUSINESS BAROMETER

W/mail 22/5 - 28/5/92

Phase Six scrapped

TRADE and Industry Minister Derek Keys announced in his budget vote in parliament that Phase Six of the local content programme would be scrapped before its scheduled 1997 completion date. 192

Keys said the programme — whereby motor manufacturers were compelled to use locally manufactured components — had been open to fraud with component manufacturers making false claims to the Board of Trade and Industry and car manufacturers. Phase Six has also cost thousands of jobs and raised car prices. He admitted that the effective 110 percent tariff rate for built-up vehicles was overprotection.

Keys' announcements coincide with a growing furore over high car prices. Car manufacturers, who have been critical of the programme for some time, welcomed the move.

BUSINESS DAY, Friday, May 22 1992

Midas hosts 'Africa' at Midrand headquarters

B/Day 22/5/92

(192)

ANTHONY MACKAISER

A LEADING motor accessories company is to host a three-day convention in Johannesburg with the aim of boosting exports to Africa. Businessmen from several African countries will attend the Midas African Export Convention which gets under way at the company's Midrand headquarters on Sunday

The annual convention is designed to promote the export of locally manufactured components and quality branded automotive parts and accessories to African countries.

Attending will be delegates from Zaire, Tanzania, Kenya, Zambia, Zimbabwe, Malawi, Mozambique, Uganda, Madagascar, Botswana and Swaziland.

Midas export director Giovanni Schule said the convention formed part of his company's efforts to market themselves outside SA.

One of the highlights of the convention will be the presentation of a series of locally made television programmes to be screened throughout sub-Saharan Africa in English and French

The convention ends next Tuesday.

can Defence agent, Mr Richard Moulton

Mercedes-Benz to cut Honda prices, up production 50%

The Argus Correspondent

(192) Arg 21/5/92

JOHANNESBURG — Mercedes-Benz SA has launched a range of cut-price Honda cars, announced that production had been increased by a staggering 50 percent, and has called on industry to become involved in politics

The new medium-size range of Honda compact sedans are priced from R47 500

Board chairman Mr Christoph Kopke said industry could no longer sit back, watch political developments, and hope for the best.

"It is imperative that the private sector became pro-active and a worthy player in the creation of the future South Africa, with the specific emphasis on economic development," he said at the Sun City launch of the new Honda Ballade

"The creation of wealth for the upliftment of the disadvantaged sector of our community can only happen in a combined effort of capital and labour.

"In my opinion this type of co-operation is more important than the efforts of the politicians

"A political system without a functional economy will result in a political desert"

Local content changes to be discussed

BDay 21/5/92

JONO WATERS

CHANGES to the motor industry's Phase VI local content programme are expected to be discussed tomorrow when Board of Trade and Industry (BTI) officials meet representatives of the vehicle assembly and components industries

Industry sources said the meeting followed the announcement by Finance, Trade and Industry Minister Derek Keys that Phase VI could be scrapped because of fraud involving millions of rands through abuses of the scheme.

Keys had said Phase VI had reduced jobs and increased vehicle prices Industry sources said discussions would centre on what line of action to take, what programme of events should be followed and how they should be implemented (192)

Two members of the National Association of Automobile Manufacturers of SA, two of the National Association of Automobile Component and Allied Manufacturers, and BTI chairman Nic Swart would be at the meeting, the sources said

This is not the first time Phase VI has faced restructuring

Keys's predecessor, Org Marais, announced changes in December

TOYOTA STRIKE (192)

Everyone loses FM 22/5/92

The crippling strike at Toyota's Prospecton plant in Durban has entered a new phase Toyota and the union are likely to go to arbitration and the group's chairman, Bert Wessels, has entered the fray

The strike has stalled production at the plant, which produces 430 vehicles a day, since the first week in May. The cost so far is estimated at R430m

The industrial action, said to involve more than 6 000 employees, began on the Cressida production line after workers demanded the dismissal of a production-line supervisor It has subsequently spread to other facilities and the list of worker demands has grown to four — all related to disciplinary action and worker-management relations

National Union of Metal Workers (Numsa) regional secretary Ekkie Esau concedes that the original walkout was not preceded by a ballot And, though an urgent court interdict ordering a return to work was granted, this has subsequently been postponed twice, by mutual consent This was to allow a chance for negotiations to proceed

Esau maintains that morale and relations

FM 22/5/92 (192)

with management are on the whole good at Toyota's Durban plants, with generally good dispute resolution procedures He claims this strike would not have happened had management addressed complaints when they were raised.

However, management's response is that, though the matter was raised at divisional line level, it was assumed that the matter had been dealt with when it was subsequently removed from the agenda. It stresses that the complaint never reached management because it was not registered through the agreed grievance procedure.

A statement from Wessels says little progress is being made in negotiations Management has requested a return to work, offering to refer some of the issues to independent arbitration and handle others through the normal in-house grievance procedures

Though the offer seems largely acceptable to the union, Esau this week said Numsa does want an arbitrator appointed as soon as possible, one condition is that they return to work before the hearing.

On Tuesday, workers were in the process of deciding whether to return to work before an arbitration hearing is held.

There clearly are mutually acceptable dispute procedures within Toyota, as both sides indicate Why these have apparently not been properly applied or adhered to is not clear ■

MOTOR INDUSTRY

FM 22/5/92 (192)

The impossibility of pleasing everyone

Trade & Industry Minister Derek Keys' admission that the motor industry's Phase Six local content programme is seriously flawed should come as no surprise His announcement of an urgent damage-control exercise to undo some of the harm caused to the motor industry and consumer is welcome It is also overdue

It's not certain yet what will happen to Phase Six Board of Trade & Industry officials were to meet representatives of the vehicle assembly and components industries

today to discuss changes One option is to abandon the programme That is unlikely, given the level of investment that has been made to meet its requirements The more probable outcome is yet another tidying-up process Board chairman Nic Swart favours this option He adds that discussions might also look beyond 1997, when Phase Six is due to expire, to building a longer-term process

Many in the industry would be unhappy to see the sudden disappearance of Phase Six After initial misgivings they have come to accept the principles behind the programme, if not its complex workings But to find a universally acceptable version will require a huge measure of restraint by all parties

Says Swart "We have to get to a point where we agree with the industry on a long-term strategy " To achieve this, participants will have to stop the special pleading that has hamstrung Phase Six until now

Phase Six, as originally devised, was always looking for trouble The patchwork nature it assumed as board officials plugged gaps and fiddled with details added to the woes Nevertheless, it is unfair to lay the blame solely at the door of the board True, as Keys says, it is dangerous to place industrial decisions in the hands of people who are unaffected if their plans produce unintended results And the nature of the subsequent tampering suggested too much concern for central policy and not enough for the industry's real long-term needs

But the industry contributed to its own problems From day one, vehicle assemblers were pitted against component manufacturers in seeking favourable terms Even within the rival camps individual companies sought preferential treatment The special pleading reached deafening levels No wonder the board couldn't find an acceptable solution

Phase Six, which sets value-based local content targets for SA-built vehicles, has been the target of criticism since its introduction in mid-1989 Yet it was created with three laudable ambitions to reduce the industry's rocketing foreign exchange bill, encourage exports, and stimulate local production and employment

The result foreign exchange spending has undeniably been stemmed and exports are flourishing — though at some cost to the motor industry and economy But production and employment are down

That makes two out of three, but there have been bonuses At least one senior executive finds the timing of Keys' statement unfortunate For while the industry may have suffered under Phase Six, some of the long-promised benefits are beginning to filter through He argues that it was always going to take time for the industry to overcome the inefficiencies of the weight-based Phase Five

Until now, assemblers have produced vehicle ranges with their roots in previous programmes Current new models are all born of Phase Six, which allows them more cost flexibility to source components In addition, the emphasis on high-value components is encouraging local hi-tech development But benefits thus far have been outweighed by grievances One of the biggest has been the shifting nature of Phase Six

It can cost R250m and take up to four years to bring a new model from planning to production For that kind of commitment, companies need to know the rules won't change That hasn't happened

At the outset, vehicle assemblers were told they must immediately reach 55% local content, to rise in carefully administered stages to 75% by 1997 But the self-funding nature of the programme — whereby duty rebates for companies exceeding the target would be paid from penalties imposed on non-achievers — proved its undoing

The Phase Six formula allowed export earnings to be offset against import costs in determining local content values So companies poured resources into export programmes in order to raise local content levels above the target level and so avoid penalties

But if no-one was paying in to the central fund, where was the money to pay the duty rebates of companies exceeding the limit? The answer raise the target, push companies into arrears, and get the penalties flowing again So companies responded with more exports and again pulled themselves above the limit — which was then raised again

Instead of taking eight years to move from 55% to 75%, the industry got there in two And the pressure for exports meant that many of them were uneconomic Just before the central fund was abandoned in a major shake-up on December 1, and the target pegged at 75%, Toyota CE Bert Wessels complained "Companies have been chasing each other in circles and pushing unproductive exports to ensure they remain ahead of their competitors "

And who paid the additional cost of those exports? The motorist, in the form of higher prices The motor industry has been excluded from the General Export Incentive Scheme, which applies to other industries, so its customers paid for the incentives

They have also helped to pay for the huge investment the industry has made to meet local content requirements Companies admit that the investment will stand them in good stead in the long term But they must be paid for in the short term

By one estimate, Phase Six is responsible for adding between 9% and 12% to car prices And though the worst of this cost-push is over, it is the high prices that are considered mainly responsible for the long-term slump in vehicle sales At the same time as they introduce new machinery and tooling to meet Phase Six requirements, companies are watching production machinery lie idle because no-one's buying new vehicles

Assemblers have shed thousands of jobs because of the slump And while the year-old moratorium on lay-offs has halted further unemployment, it has resulted instead in widespread short-time working Component manufacturers also blame Phase Six for job losses They argue that because the programme deems local content to include manufacturing costs, assemblers buy fewer local components

Components companies complain that by the time they include assembly costs, overheads, profit margins and, of course, export earnings, assemblers are too close to the target level To achieve the 50% minimum local content decreed by Phase Six, they estimate that assemblers need only 15% from local components

So what are the chances of components companies, assemblers and government getting it right this time? When Keys' predecessor, Org Marais, announced December's Phase Six shake-up, he expressed hope that this would be the final version Few shared his confidence

So what of the Keys plan? Will it lead to a final, final version of Phase Six that will satisfy everyone? Don't bet your shirt on it ■

STAR 21/5/92

New bid to end Toyota strike

192

Toyota management and representatives of 6 000 striking workers met yesterday evening in an effort to end the action, which has so far cost the company more than R2 million in turnover and employees almost R1 million in wages

Toyota in deadlock

TALKS intended to end a strike by 6 000 Toyota SA employees in Durban remained deadlocked over arbitration yesterday, the ninth day of industrial action. A management representative said a deadlock arose over the union's demand that arbitration be completed before strikers would consider returning to work (192)

B/D cm 20/5/92

Toyota talks stalled

DURBAN — Talks aimed at ending the nine-day-old Toyota SA strike here remained deadlocked yesterday CT 20/5/92 (192)

News in Brief

4 000 Toyota workers on strike

(192)

Sowetan 19/5/92

PRODUCTION of more than 3 000 vehicles has been held up since 4 000 Toyota workers at Prospecton, Durban, downed tools eight days ago

A Toyota spokesman said yesterday the strike had not yet affected their customers, but if it continued it could have serious repercussions for them. - *Sapa*

Toyota production losses top R140m

EDWARD WEST

PRODUCTION of 3 440 vehicles — or 430 a day — worth about R140m, has been lost since 6 000 Toyota workers at Prospecton, Durban, downed tools eight days ago.

Yesterday negotiations deadlocked on the issue of arbitration. (192)

Toyota SA executive chairman Bert Wessels said management had requested a return to work and had offered to refer some issues under negotiation to arbitration Other issues would be handed by in-house grievance procedures.

In a statement Wessels said: "It would appear as if this offer is unacceptable."

Wessels said his company would have to consider its position as a court order had been obtained delaring the strike illegal and unprocedural. BiDay 19/5/92

Toyota public affairs spokesman Flip Wilkin said the supply of vehicles to dealerships was reasonable, though there were waiting lists for certain models.

Sapa reports that the National Union of Metalworkers of SA said it would continue meeting management in an attempt to resolve the dispute.

Yesterday workers extended demands for the dismissal of a supervisor at the Prospecton plant for alleged discrimination to call for the dismissal of another supervisor at the Jacobs plant and a personnel manager at the Prospecton plant

Converters provide catalyst for platinum

(192) CT 19/5/92

By AUDREY D'ANGELO
Business Editor

DEMAND for platinum is [illegible] — and [illegible] metal dealers Johnson Matthey (JM) forecast a [illegible] in the platinum price [illegible]

The [illegible] out in the [illegible] Platinum 1992 report that [illegible] ceeded [illegible] 1991 [illegible]

[illegible] diesel [illegible] the [illegible] platinum and [illegible] ing into [illegible] munit[illegible] 1992 [illegible]

[illegible] recession caused the price [illegible] $424 an ounce [illegible] average for [illegible] the price average [illegible] $47[illegible]

[illegible] supply [illegible] ble [illegible] Russia

But demand from the [illegible] du[illegible] regulation [illegible] sions in Europe and the [illegible] coming [illegible] the [illegible] more [illegible] commenced yesterday that the narrowing of the gap between supply and demand [illegible] reason- [illegible] medium [illegible] platinum in [illegible] market

However the [illegible] optimism for [illegible] in Japan."

The report [illegible] that "platinum [illegible] and [illegible] selling.

The report [illegible] demand for platinum [illegible] tripled [illegible] Last year [illegible] platinum [illegible] of rhodium [illegible] catalyst [illegible]

[illegible] 1992 [illegible] in Western Europe [illegible] metal autocatalysts [illegible]

The automotive [illegible] in addition to the [illegible] market platinum [illegible] demand to rise by 8% [illegible]

[illegible] industrial demand was [illegible] 5 [illegible] of clean air regulations.

of rands
The two suspects, Mr Shay Taieb and Mr Sagi Malachi, have already appeared in court Both Israeli citizens, they allegedly claimed to be acting as agents for

work were ... of other artists, and not as originals, made the case unique, police said
Kors usually sells his huge oil

two ... of the ... lic.

Rapid rise in price of medicines

JOHANNESBURG — Medicine prices had risen 10 times during the past 15 years compared with a rise in the consumer price index of eight times, Medical Association of SA (Masa) director Mr Reg Magennis told the Pharmaceutical Society's national conference in Somerset West yesterday

Mr Magennis said medical aid schemes were facing a crisis precipitated by the increase in the cost of medicines

The average annual increase in payouts for medicines since 1975 was 26%, while general-benefits payouts rose 25% CT 19/5/92

The volume of medicine consumed had dropped back to below 1975 levels by 1991, which indicated a growing resistance to price increases, he said

News in Brief

Security guard robbed

A SECURITY guard at SBH Cotton Mills in Epping Industria was held-up and robbed of goods worth R5 000 at the weekend, police said yesterday

Strike talks deadlock (192)

DURBAN — Talks between management and representatives of 6 000 striking Toyota SA employees deadlocked yesterday over the issue of arbitration, according to the National Union of Metalworkers of SA CT 19/5/92

Blue Light robber jailed

JOHANNESBURG — Blue Light gang robber Gavin Schultz, 20, was yesterday jailed for an effective 10 years for his part in attempting to murder Rand Merchant Bank executive chairman Mr Gerrit Ferreira on February 26 last year

Guard's trial postponed

THE trial of a security guard who allegedly raped two Table View women was postponed to May 26 for further investigation

Man dies after beating

JOHANNESBURG — Mr G Smith, a 65-year-old caretaker at the premises of an Alberton firm, has died after being beaten up by six thugs on Friday night.

Hout Bay alarm at crime

Dutch burial

for SA man ... Since we ...

Nissan plans investment cut

BIDay 19/5/92

(192)

TOKYO — Nissan Motor Company was responding to a weak market outlook with plans for a 7,7% year-on-year cut in capital investment in plant and equipment to 240-billion yen for the fiscal year ending March 31 1993 a company spokesman said

Nissan spent 260-billion yen on capital investment in fiscal 1991, and 318,6-billion yen in 1990 Total investment for the three years between fiscal 1992 and 1994 would not fall short of 600-billion, he said

The capital investment cutback is expected to ease the burden of depreciation costs from the high levels of capital investment over the past few years

In February, company spokesmen said unofficial estimates saw parent pre-tax profit in fiscal 1991 plunging about 58% year-on-year to 70-billion yen In March, Nissan predicted a 5% reduction in its domestic production to about 2,2-million vehicles this year — AP-DJ

Toyota goes for Eurobond

B/Day 19/5/92

NEW YORK — Japan's Toyota Motor Corp would soon launch the largest fixed-rate Eurobond corporate issue, valued at $1bn, the Wall Street Journal reported yesterday.

Probably a five-year issue, the Toyota Eurobond may come to market some time this week. Co-lead underwriters are Nomura International plc and Merrill Lynch International. 192

A Nomura official said the previous largest fixed-rate corporate Eurobond offering was a recent £500m issue from British industrial company Hanson plc, while the largest dollar-denominated issue was a 1989, $600m issue, from energy concern Chevron.

Toyota Motor said proceeds from the bond issue, the company's first fixed-interest European bond offering, would be used to refinance a maturing equity warrant issue. B/Day

Andrew Pelling of Nomura International in London said while the bonds would be sold in denominations as small as $1 000, "we expect the buying to be dominated by overseas institutional investors".

Nomura international expects a triple-A rating for the issue from US rating agencies. — AP-DJ

Fraud could sabotage local content plans

BDay 18/5/92

EDWARD WEST and LINDA ENSOR

(192)

FRAUD worth millions of rands, committed through abuses of Phase VI of the motor industry's local content programme, has led to a government threat to scrap the programme before 1997

Trade and Industry Minister Derek Keys said in his budget vote in Parliament on Friday that the scheme had reduced jobs and increased vehicle prices The Board of Trade and Industry (BTI) had been asked by the industry to review it.

Keys said "very material frauds" had been committed by various false claims against government and manufacturers

He said flaws in the scheme made it unlikely that it would last until 1997 as planned While a tariff of about 40% on built-up vehicles was reasonable, SA's 110% tariff constituted overprotection.

National Association of Automobile Component and Allied Manufacturers director Denzyl Vermooten welcomed a revision of the programme

He said the scheme in its current form would eventually lead to the demise of local component manufacturers.

He said Phase VI was inflationary. The fact the programme measured local content in terms of forex usage meant vehicle manufacturers' overheads, profits and costs were included in the deemed local content As a result, only 25% to 30% of the deemed local content was made up of SA components

Small-time component export/importers had committed fraud which could run into hundreds of millions of rand.

Vermooten said known fraud cases included over-invoicing, and exporting without repatriating the proceeds.

Keys said no sudden or undiscussed changes were envisaged. The long lead times for model and production changes had been taken into account

He said structural adjustment programmes for industries which linked the right to import to export achievement were the product of poor policy-making, because the BTI did not administer the programmes Policy could only be made

☐ To Page 2

Fraud

BDay 18/5/92

(192) ☐ From Page 1

by a body directly exposed to the results of its decisions, he said

Keys also highlighted flaws in the General Export Incentive Scheme (GEIS) The Department of Trade and Industry was examining the fact GEIS could not be claimed for exporting, consulting and professional services, particularly to Africa

The tourism aspects of the scheme were also being examined

Keys said the lifespan of the GEIS until 1995 was too short to justify investment for export purposes

It was even too short for certain contracts beyond existing capacity, which had to be tendered for now but whose delivery date was far beyond 1995 As a result, the scheme did not test the maximum effectiveness per rand, he said

Trade and Industry director-general Stef Naude said in a report released on Friday that vehicles and components worth R900m were exported last year, compared with R136m in 1989 before the progamme was introduced

Fleet owners feel breeze

S1 Times (Buss) 17/5/92. (192)

By DON ROBERTSON

THE rising cost of new cars, even in the medium-cost range, is forcing motorists to shed both image and status and buy down

Small cars, although a significant sector of the market five years ago, are now the only variants the private buyer can consider

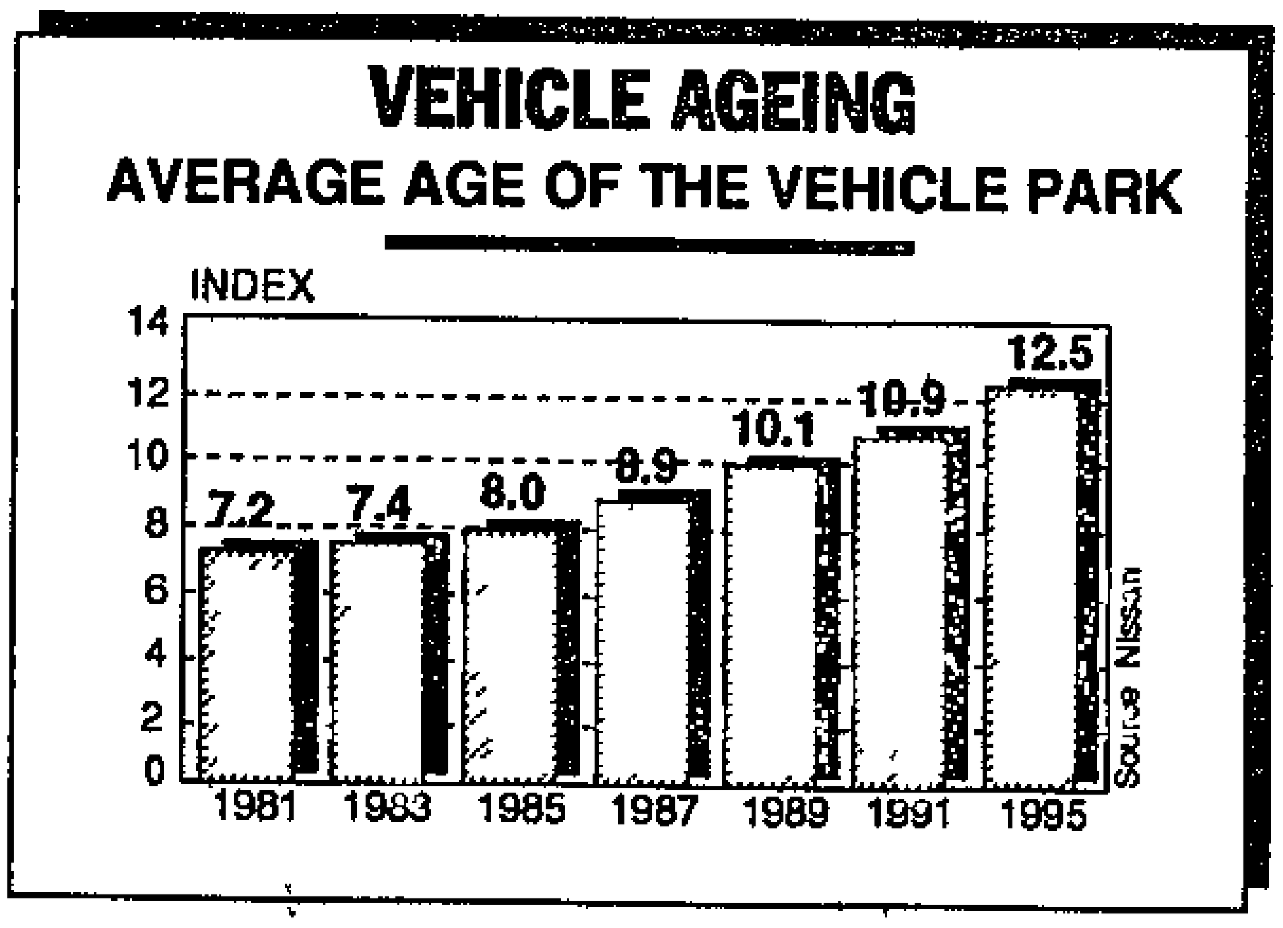
Fleet owners, which buy about 85% of new cars, are also buying cheaper vehicles In 1988, cars in the A, B and C sectors — Nissan's Uno (alone in the A sector) and hatchbacks and sedans from various manufacturers — had a market share of 66,3% It grew to 71,7% last year and in the first three months of 1992 it was 73,7%

This switch in buying has been largely at the expense of the D sector — Toyota Cressidas, Nissan Skylines, Audis, Ford Sierras and Mazda 626s Its market share fell from 25,4% in 1988 to 19,2% last year and 17,2% in the first quarter of 1992

Nissan Marketing managing director Stephanus Loubser says the buy-down is likely to continue until the economy revives

"The D segment could then pick up marginally"

Surprisingly, the E — luxury — segment has shown



modest growth, rising in market share from 8,3% in 1988 to 9,1% Fleet buying dominates this market, suggesting that executives are able to maintain their status

The affordability problem has become a major issue, not only for the ordinary person but for manufacturers Perhaps the main reason for continuing price increases is lack of economies of scale The recently launched Audi, BMW 3 Series and Nissan Sentra cost each manufacturer more than R100-million for tooling

With sales of perhaps between 200 and 1 000 a month, amortisation of expenses has to be carried by a commensurate "profit" on each car for about five years. Similar manufacturing expenses in Europe would be written off rapidly

In 1988, the cost on an average car would have represented about 65% of annual income for the ordinary buyer Accepting the decline in disposable income, today's cost would be almost a year's salary (see graph)

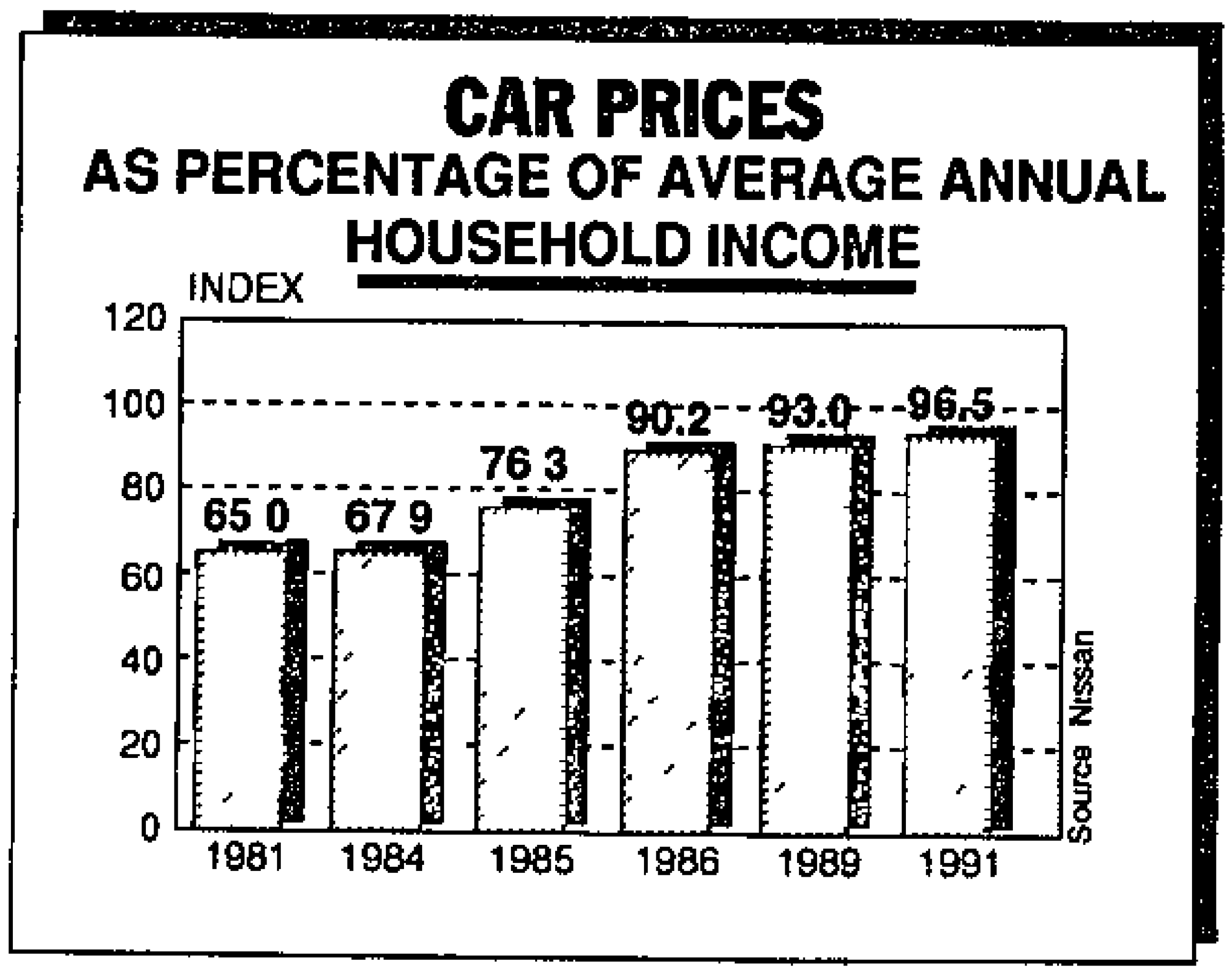
Pressure on buyers also means that the average age of cars is increasing In 1981, the average age of cars was 7,2 years It rose gradually and was 10,9 years in 1991 It is expected to reach 12,5 years by 1995

Major

Car sales in holiday-shortened April were the lowest for seven years, excluding December figures Light commercial sales were the lowest in six years

Nissan, perhaps the only manufacturer to recognise the swing to "mini" cars, has been successful with its entry into the A segment

The Uno, which "owns"



this division of the market, took a 4,7% share in its second year It is now 5,3%

Mr Loubser says small cars are no longer as featureless as before At the top end of the range, air-conditioning, electric windows and side mirrors and more space are now standard

Easing of hire-purchase terms two months ago has not led to the expected boom in sales The market has not benefited because lenders are reluctant to grant credit to buyers able to pay only the minimum 10% deposit, spread over 54 months

The industry needs support of another sort, perhaps a reduction in local content, now 75% and a figure due to have come into force only in 1995

The motor industry is a major contributor to the economy In 1988, sales of new and used vehicles, workshop revenue and spares and accessories amounted to R21,9-billion This will rise to an estimated R34,9-billion this year

The Government has also benefited Tax from the sale of cars, spares, vehicle insurance, excise duties, fuel taxes and fringe benefit tax, was R9,6-billion last year

CAN Atlantis Diesel Engines (ADE) survive without overt government support? This is a question vehicle manufacturers and many truck owners would like answered.

The government's decision to reduce protection of locally manufactured commercial vehicles and components, and the vagaries of Phase Six of the local content programme, once again casts a shadow over the Cape-based engine builder's future

Should the motor industry recommendation of reducing protection to 60% (not 30% as offered to GATT by government) over the next five years, and assuming Phase Six continues along its path to an ultimate 50% protection, is it likely under such a scenario that ADE would retain all of its current client base? ST Times 17/5/92

The advent of Nissan's Cabstar and the new Iveco heavy rigs shows it is possible to make use of "thoroughbred" motors (3455 Truck Times)

By MAX BRAUN

Nissan's director of trucks, David Scott, says that while he agrees with ADE's contention that locally built motors are superbly engineered, reliable and long-lasting they should not be compared with Japanese truck engines designed and built a decade ago when ADE first started.

Mr Scott believes there are considerable advantages for his and other Japanese products to benefit from the latest driveline technology available from source companies 192

SURVIVE

The benefits include power to mass ratio, fuel efficiency and optimum productivity from "matched" components

To overcome the problem of proliferation that has bedeviled ADE from its inception, motor industry and business consultant Ian Byers says "If ADE wants to survive the 90s they ought to be building just one engine with which they can dominate world sales

"Manufacturing more than 200 versions of three or four engine families in minute quantities can never be made to pay," says Mr Byers

Only time will tell if ADE can hold on to its market shares MAN for one has been evaluating the possibilty of fitting home-grown motors

However, marketing director Don Vale says MAN is committed to giving its users the best possible deal, which for the moment is ADE power

Market leader Toyota confirms its commitment to ADE both now and in the near future

However, says director of heavy trucks, Des Gush, this will, in the future, depend on price differentials

Perhaps ADE should be more aggressive by finding ways to export its motors as truck motors, not just part of a generating or pumping plant

Even if their licence excludes or limits exports this could be achieved through competent third parties with little fear of comebacks In this regard, ADE should ruthlessly pursue government for assistance in making such ventures possible

Hopefully, if he stays in the portfolio long enough, Minister Derek Keyes will prove to be interested in this important industry

ADE chief executive Fritz Korte confirms there is a need for a level of protection it if is to survive in the future

"ADE breaks even when production reaches 12 000 units a year (naturally, a variety of vigorously growing exports helps in lowering break even point)

PROTECTION

"If engine sales rise to, say, 25 000 units a year we could introduce modest price reductions It is the level of sustainable sales that determines the degree of protection we will need in the future," says Mr Korte.

A further point to consdider is the inevitable price premium of at least 15% to 20% for locally made engines when compared with equivalent imported engines It would be fickle to believe a low volume plant, regardless of where it is situated, could match the economies of scale of major producers

Whatever happens to ADE in the next few years, we should not forget the important role it has played in making the cost of engine replacement parts highly competitive

HP changes could bring cash savings

(192)

CHANGES in the hire purchase teams for buying cars will result in a worthwhile savings in cash flow, according to Neville Frost, director of the Toyota Marketing Finance Co

"The monthly savings in cashflow work out at approximately R30 per R10 000 a month of the cost of the car," he said

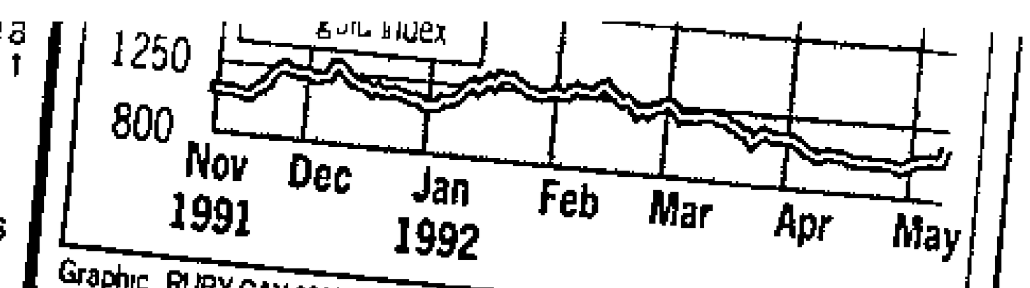
"We believe this relaxation of the hire purchase terms will help to stimulate sales in a depressed market

"It will be particularly welcomed by the private, family motorist who faces an affordability crisis not only in terms of the purchase price of a new car, but also in terms of the effect of monthly payments on his monthly cash flow."

Car dealers point out that new car prices begin at around R30 000, with repayments at 15% deposit extending over 42 months at 24% interest and repayments at 10% deposit extending over 54 months at 24% interest

(Cape metro)

3/5/1985



Graphic RUBY-GAY MARTIN Source I-NET

New look at rules

192

GOVERNMENT's admission to flaws and material frauds in the Phase Six local content programme for the motor industry will lead to a review of the import-replacement scheme by the Board of Tariffs and Trade. S/Times (BUS)

Finance Minister Derek Keys told Parliament this week it was clear that the scheme had certain flaws, the overall effect being job losses and higher vehicle prices.

Mr Keys said false claims perpetrated on both the Government and manufacturers made a review of the policy urgent. 17/5/92

Any local content programme would require a protective tariff of 40% on assembled vehicles, but SA's 110% showed by how much the industry was overprotected.

Dome

SARB accommoda
Treasury bill tend
Basic call of disco
Three-month bank
Three-month NCDs
Three-year RSA s
Prime overdraft ra
All-in yield of fines

SECONDARY MA

Long-term RSA sto
Long-term Escom s

Best s

Mining houses
Steel and Allied
Tobacco and Match
Rand and others
Electronics, etc

Overal

Motor industry scheme reviewed

CT 16/5/92 (192)

By BARRY STREEK

THE recently approved Phase Six scheme for the motor industry was being reviewed as a matter of urgency, the Minister of Trade and Industry, Derek Keys, said yesterday.

The many-times amended scheme had flaws and very material frauds had been perpetrated in the way of false claims of various kinds, he said at the start of the debate on his Vote in Parliament.

He had hoped that the Phase Six scheme could be allowed to run its appointed course until 1997, giving sufficient time to allow for a thorough review of its aims and achievements

"Unfortunately, it it already abundantly clear that whereas the scheme has achieved one of its objectives, in making the industry export conscious, it has certain flaws which have the overall effect of reducing local jobs and increasing motor vehicle prices

"In addition, very material frauds have been perpetrated on both the government and the manufacturers in the way of false claims of various kinds"

Keys said the vigilance and of the department's staff had uncovered these

The industry world-wide was at a point where the economics of concentration and of large scale were of such an order that any local manufacture programme is bound to involve higher costs to an extent requiring a protective tariff of the order of 40% on built-up vehicles

"The fact that ours is at a level of 110% gives a rough indication of the extent to which our programme could be said to overprotect"

"I want to make it clear that no sudden and undiscussed changes are envisaged and that the long lead time associated with model changes and production changes is fully appreciated

"The time frame for change will be non-threatening, all the more reason for accelerating the review itself," Keys said

● The government was looking at creating export incentives for professional and consulting services, particuarly in regard to the rest of Africa, and for tourism, Keys said yesterday

MOTOR INDUSTRY FM 15/5/92
(192)

Heading to a showdown

Motor industry employers are to reassess their response to union demands for job security Negotiations on a new industry agreement to cover vehicle assemblers are stalemated over union demands for extension of the present moratorium on retrenchments

With the current agreement due to expire next month, employers still haven't responded to unions' pay demands Unions, of which the National Union of Metalworkers is the biggest, proposed several weeks ago that hourly paid workers be awarded rises of 25% or R2 an hour, whichever is greater

Employers, however, have yet to table a counter-offer They want the moratorium issue settled before they talk cash Their representatives on the industry's national bargaining forum, where negotiations are taking place, have been under instruction to hold firm against the moratorium

Now, CEs are due to meet on Monday to consider their next step While they remain opposed to the moratorium, they recognise it can't be ignored

Bert Wessels, Toyota CE and president of the National Association of Automobile Manufacturers of SA, says "We have conceded job security is a valid concern"

Wessels is particularly aware of the consequences of conflict This week, there was no end in sight to a strike at Toyota's Prospecton assembly plant The strike, over shop-floor demands for a supervisor to be moved, was declared illegal by a judge last week

Complicating the Toyota issue is a shop-floor refusal to work overtime, amid union claims that Toyota has unilaterally changed production schedules to unreasonable levels, something the company denies The company has also inherited a dismissal dispute at its recently acquired TAC component manufacturing operation

The Toyota strike and brief stoppages this week at BMW and Nissan are undoubtedly complicating national negotiations Companies with large export commitments and others involved in costly new-model introductions are anxious for the stalled talks to make headway as soon as possible

Wessels, however, insists negotiations will not be governed by short-term considerations "We are dealing with fundamental issues and adherence to procedures We can't be motivated by expediency"

Assemblers, meanwhile, continue to hope against hope that the ongoing sales slump will soon show signs of ending In particular, they are relying on the spate of new model introductions to generate fresh interest

They may have a point Sales of BMW's latest 3-Series doubled in April, the first month the new model was available And the sudden dip in demand for the Honda Ballade suggests customers are waiting until the new model is available later this month

Most other companies are also launching new models in the next few months, and expect to benefit accordingly Few suggest, though, that the renewed demand will make up for the industry's current misery

While one or two continue to predict total car sales close to last year's 197 736, the majority are looking for a target closer to 190 000 With sales in the first four months 11,4% down on 1991, there's little realistic chance of wiping out the deficit in the current depressed economic mood ■

Price of cars: It's the economy

(192)

CT 14/5/92

Staff Reporter

CAR manufacturers yesterday conceded that spiralling car prices were one of the major reasons for plummeting sales, but blamed "economic factors" for ever-increasing hikes.

Embattled South African motorists can expect to brace themselves for further hikes next year but increases can be expected to be below the inflation rate, industry sources said yesterday

Spiralling inflation, higher labour costs, rising operating costs and the poor international exchange rate have conspired against the South African motorist, putting the cost of new cars out of the reach of the average South African motorist, Mr Johan Kleynhans, spokesman for BMW SA, said yesterday

"Price is one of the biggest factors, with 80% of new luxury cars bought or financed by companies," Mr Kleynhans said

A recent survey by a fleet management organisation, Prime Car Leasing, showed that this year's models were 21% more expensive than last year's on average

In the eight-year period from 1984 to 1992, prices rose by an alarming 287% for most popular fleet vehicles

Even at the bottom of the range the Fiat Uno Fire, launched two years ago at R17 650, has gone up 34,2% to R23 691

Of Toyota's top models the Cressida 2,4 GLE has gone up 26% and the Corolla GL 22%

Manufacturers interviewed yesterday said that every attempt was made to keep the increases below the local inflation rate

Mr Dirk de Vos, a spokesman for Samcor, said "Prices are increased on a three-monthly average to enable the manufacturers to calculate the local inflation rate, foreign exchange movements, plus labour and material costs"

No agreement in Toyota strike talks

Own Correspondent

DURBAN — Management at Toyota SA and representatives of the National Union of Metalworkers of SA have still not reached an agreement on ending the massive strike

BiDay 13/5/92

A Toyota spokesman said yesterday negotiations were still taking place but there had been no progress as yet

The strike at the Prospecton plant, south of Durban, spread yesterday with union officials claiming all 6 500 Durban workers were out

Workers at the plant began their strike a week ago with production being brought to a standstill from Thursday causing a loss of 430 vehicles a day A Numsa shop steward, Mduduzi Ngema, said the workers were demanding the dismissal of a production line supervisor they regarded as discriminatory and unfair

Sapa reports that a management official, who declined to be named, said the company would act only if the correct grievance procedures were followed

Ngema said "We did follow procedures We took up the issue with line management and the department manager When the problem was not resolved we took up the matter with the personnel department, and when it was still not resolved we went on strike."

Ngema said the strike had spread from the production plant at Prospecton to the automotive components and stamping divisions in Jacobs and Mobeni

Meanwhile, Ngema said union representatives would today challenge a court interdict declaring the strike illegal and which last week ordered strikers to return to work.

HOUSE OF DELEGATES

QUESTIONS

†Indicates translated version

For oral reply

General Affairs

Transfer of homes to Blacks free of charge: policy

*1 The LEADER OF THE OFFICIAL OPPOSITION asked the Minister of Local Government and National Housing

(1) Whether the Government has decided on a policy to transfer certain homes to Blacks free of charge, if not, why not, if so, what are the details in this regard,

(2) whether he will make a statement on the matter?

D140E

The DEPUTY MINISTER OF LOCAL GOVERNMENT AND NATIONAL HOUSING

(1) No, it is assumed that the hon member is referring to the homes which form part of the stock of State-financed family rental homes In this regard I would like to mention that the National Housing Policy and Strategy Task Group investigated this aspect fully with a view to the formulation of proposals for a national housing policy and strategy The Task Group's proposals with regard to State-financed rental units will be handled as part of the formulation of a new housing policy and strategy

(2) The Minister intends to further elucidate the handling of the report of the Task Group during the debate on Budget Vote No 29, later today

The LEADER OF THE OFFICIAL OPPOSITION Mr Chairman, arising out of the hon the Deputy Minister's reply, I am going to ask an awkward question Is the hon the Deputy Minister aware that the hon the Minister has written to me on this particular issue, which has been taken far further than the hon the Deputy Minister is aware?

The DEPUTY MINISTER Mr Chairman, I was not aware of that fact, but if the hon the Leader of the Official Opposition has a problem regarding my answer, he should feel free to submit his question in writing We will then answer it

Dog-fights/attacks on people by dogs: investigation

*2 Mr M RAJAB asked the Minister of Justice

(1) Whether his Department is investigating (a) dog-fights and (b) attacks on people by dogs, if not, why not, if so, (i) what progress has been made, and (ii) what proposals is his Department considering, in this regard,

(2) whether he will make a statement on the matter?

D143E

The DEPUTY MINISTER OF JUSTICE

(1) (a) and (b) Yes

(i)and (ii) In the past on several occasions I have made mention of the fact that I have requested the Department of Justice to investigate into the whole matter pertaining to the occurrence of dog-fights and attacks by dogs on people The first phase of the investigation has been completed and I may now announced that the Government has decided that—

- a Bill, in which dog-fights as well as attacks on people by dogs will be addressed, is to be published for comment shortly, and
- a project is to be launched in terms of which the dog ordinances and regulations of the Provinces and municipalities will be consolidated in a general dog statute, concomitant with the involvement of the various dog breeders associations, animal protection associations, interested state departments and other interested organizations and institutions in deliberations on and preparation of such a dog statute

The Bill referred to by me is in a final stage of preparation and further particulars will be announced shortly

(2) A statement is not necessary

Phase 6 Export Scheme: abuses

*3 Mr M RAJAB asked the Minister of Trade and Industry

(1) Whether any abuses of the Phase 6 Export Scheme have been brought to his notice or that of his Department, if so, what are the relevant details,

192

(2) whether his Department has taken any steps to investigate these abuses, if not, why not, if so, what steps,

(3) whether he will make a statement on the matter?

D144E

The DEPUTY MINISTER OF TRADE AND INDUSTRY

(1) Yes, certain abuses have been identified by the Department of Trade and Industry and brought to my notice These relate, inter alia, to rebates of excise duty granted to motor vehicle manufacturers by Customs and Excise in terms of the provisions of the Customs and Excise Act, 1964, in respect of the export of unassembled motor vehicles by Beira Motor Industries (Pty) Ltd and bolts and nuts by CET Trading (SA) (Pty) Ltd (CET) and certain other export trading houses In all instances the export values were overstated and the export proceeds were not repatriated In the case of bolts and nuts the export trading houses concerned ceded the overstated export value instead of the net foreign currency earnings to certain motor vehicle manufacturers

The Department of Trade and Industry was only responsible for the payment of excess rebates to motor vehicle manufacturers on advice by Customs and Excise Certain parties in the private sector were responsible for abusing the incentives in terms of Phase VI of the Local Content Programme for the Motor Vehicle Industry

(2) Yes, the following steps were taken

(a) A Co-ordinating Task Group, consisting of representatives of the Department of Trade and Industry, Customs and Excise and the S A Reserve Bank was formed to investigate the abuses,

(b) Payment of the excess rebates in respect of which doubt existed was summarily suspended by the Department of Trade and Industry,

(c) The matter was referred to the State Attorney and a legal opinion was obtained from senior counsel,

(d) The Auditor-General and the Directors-General of Finance and of State Expenditure were fully informed in respect of the state of affairs,

(e) Following the suspension of payments, Beira Industries (Pty) Ltd instituted legal action against the State The case was opposed by the State and a legal team gathered evidence in Hong Kong to which the motor vehicles were allegedly exported The case was dismissed with costs by the Supreme Court on 22 April 1992,

(f) After CET was placed under provisional liquidation, additional liquidators were appointed at the insistence of the Department of Trade and Industry and Customs and Excise to attend to the interests of the State,

(g) Chartered Accountants were appointed as inspectors in terms of the Companies Act, 1973 to investigate, inter alia, the affairs of CET and its associated companies,

(h) The Commercial Branch of the S A Police and the Office for Serious Economic Offences were also included in the investigations,

(i) A legal team is presently abroad to gather evidence with a view to possible legal action against guilty parties

(3) No, since the investigations have not yet been finalized, no further details can be supplied or a statement be made at this stage

The LEADER OF THE OFFICIAL OPPOSITION Mr Chairman, arising from the hon the Deputy Minister's reply was it ever divulged during the course of these investigations that officials of the customs and excise department, also of neighbouring countries, might possibly have aided such persons in undertaking such

Cont — P

abuses, and if so, is any action being contemplated? (192)

The DEPUTY MINISTER This has not been brought to my notice, but if it is the case, I ask the hon the Leader of the Official Opposition to provide me with the necessary facts

Chemical plant in Cato Ridge: mercury poisoning

*4 Mr T PALAN asked the Minister of Water Affairs and Forestry

(1) Whether, with reference to a certain chemical plant in Cato Ridge and instances of mercury pollution of a nearby stream, particulars of which have been furnished to the Minister's Department for the purpose of his reply, an investigation is to be instituted to determine the environmental impact of the chemical plant in question if not why not, if so, (a) (i) when and (ii) by whom will the investigation be conducted (b) what is the name of this chemical plant and (c) what are the details of the case

(2) whether he will make a statement on the matter?

D146E

The DEPUTY MINISTER OF WATER AFFAIRS AND FORESTRY

(1) Yes A comprehensive geohydrological investigation and impact assessment of the plant on groundwater and on the surface water and sediments of the Umgeni River and its tributaries has been instituted

(a) (i) Studies commenced towards the end of 1990

(ii) Constultants appointed by the Company concerned and the Department of Water Affairs and Forestry

(b) The name is the one provided by the hon member

(c) Elevated mercury levels were limited to a relatively small area in the soil in the direct vicinity of the plant Action taken by the Department resulted in the termination, on 19 April 1990, of the production of any effluent containing mercury This together with further remedial actions, resulted in a marked improvement in the surface and groundwater quality

(2) Yes No effluent containing mercury is presently produced at the plant Effluent containing mercury which has been generated in the past is contained in double lined dams This effluent is currently treated to remove mercury to a level below the General Standard in terms of the Water Act, 1956 (Act 54 of 1956) The treated effluent is used, under strict control, for intermittent irrigation and the environment is not adversely affected by this practice

---

INTERPELLATIONS

The sign * indicates a translation The sign †, used subsequently in the same interpellation indicates the original language

Own Affairs

Court actions to defend Department

1 The LEADER OF THE OFFICIAL OPPOSITION asked the Minister of Education and Culture

(1) What total amount was paid in legal costs to defend his Department in court actions during the period 1 January 1990 up to the latest specified date for which figures are available,

(2) whether he has taken a decision in regard to the engagement of any member of the legal fraternity to represent the Administration House of Delegates, if not why not, if so, what did he decide?

D163E INT

Mr Y M MAKDA Mr Chairman as I informed the House yesterday, unfortunately the hon the Minister of Education and Culture has been hospitalised As he is still in hospital I wish to suggest that this interpellation be withdrawn While I am on my feet I also wish to suggest that Question No 1 and No 2 for oral reply under own affairs, which the hon the Minister of Education and Culture was to reply to, also stand over

Allocation of business/industrial plots: Transvaal

2 Mrs R EBRAHIM asked the Minister of Housing and Agriculture

(1) What procedure is adopted by his Department in allocating business and industrial plots in the Transvaal,

(2) whether this procedure has been adhered to in all such allocations, if not, what exceptions are made?

D155E INT

The MINISTER OF HOUSING AND AGRICULTURE Mr Chairman, hon members will know that when a business person requires a piece of land for the purposes of conducting business, it is required of him to apply to the Department of Local Government, Housing and Agriculture where such an application will be scrutinised and processed provided the applicant is a displaced person in terms of the Group Areas Act or other legislation

Whilst it is the policy of the Administration to sell off commercial and industrial stands in order to generate funds which in turn are used for our low-cost housing delivery programme such actions are governed by the aspect of proclamation and registration of townships Where the latter has not been finalised sales cannot be concluded since transfer of the property into the name of the purchaser cannot be done in such circumstances

Where the situation of non proclamation and non-registration pertains sites can only be leased to successful applicants who are willing to opt for this alternative Over the years sites have been allocated to individual entrepreneurs on the basis of applications submitted and often also taking cognisance of the support given by local public representatives such as local affairs committees In non proclaimed areas sites were leased to individuals whilst in proclaimed areas sales by private treaty could be and have been concluded

Furthermore in view of the limited number of such sites available the large number of applicants of more or less equal standing and the keen interest evident among applicants to acquire sites, certain available sites have been advertised for sale by tender where the highest tenderer is allocated the site tendered for

In this way the needs of those entrepreneurs who are not displaced persons are also satisfied Another method of allocation is sale by public auction, where a site is auctioned and allocated to the highest bidder

To summarise, there are basically four alternatives for disposing of land, which implies the allocation of sites The first is leasing to individual applicants for a specific period at a specified rental [Time expired]

Mrs R EBRAHIM Mr Chairman, newspaper articles and both direct and indirect intimidation of Mr Sayed, the towing operator who was allocated stand No 10058 in Lenasia, prompted me to place this interpellation on the Question Paper I want to add that I had ascertained many facts before arriving at a decision regarding this interpellation

The Ministry of Housing confirmed in a letter to me—I have the letter here—that business sites are sold exclusively by tender However there have been exceptions where land has been sold by private treaty During the course of last year representations were made to me as a member of Parliament by three businessmen to assist them in their endeavours to purchase land At that stage two of them had been negotiating through Mr T C Chetty and a third through Rev Reddy the Ministerial Representative in the Transvaal Two persons have already entered into deeds of sale with the House of Delegates

Mr O Sayed of Omar's Towing Services has taken occupation of the erf allocated to him on lease pending sale and transfer In terms of a letter addressed to Mr Sayed by Mr Meiring the regional representative of the department the erf would be leased to Mr Sayed with effect from 1 April 1992 at a monthly rental of R350 until such time as the area is proclaimed and a sales agreement entered into

Notwithstanding the written commitment given to Mr Sayed the Department refuses to honour its undertaking and enter into this lease agreement Mr Sayed is occupying the land has effected improvements and has established his business on these premises What is the reason for not honouring the written undertaking given by the regional representative?

The hon the Chairman of the Ministers Council who was the Minister of Housing is personally aware of the situation He chaired the meeting at

Cont →