

# MINING - GENERAL

1982

JAN. - DEC.

## Metal prices

STERDAY'S London Metal Exchange (in a metric ton and quoted by Separator (with previous prices in parentheses))

**Wirebars** Cash buyers £861 50  
Sellers £862 (£863 50) Three  
months buyers £890 50 (£891) Sellers  
£891 50) Turnover 11 150 tons  
Copper price (for Phalabrwa)  
January R1 693 26 (December  
670 86)  
**Standard** Cash buyers £8 300  
Sellers £8 301 (£8 330) Three  
months buyers £7 870 (£7 920) Sellers  
£880 (£7 925) Turnover 895 tons  
**Grade** Cash buyers £8 300  
Sellers £8 301 (£8 330) Three  
months buyers £7 870 (£7 920) Sellers  
£880 (£7 925) Turnover nil  
Cash buyers £357 (£355) Sellers  
£358 (£355) Three months buyers  
£2 50 (£368 50) Sellers £373  
£350) Turnover 8 900 tons  
Cash buyers £456 (£452 50) Sell  
£456 50 (£463) Turnover 7 400  
Cash buyers £2 865 (£2 830)  
£2 870 (£2 840) Three months  
£2 940 (£2 900) Sellers £2 945  
905) Turnover 480 tons  
**and copper** (McKechnie South  
Africa reports) Basis price brass rod  
49 a kg copper rod R3 10 a kg rolled  
R3 01 a kg rolled copper R3 42 a  
concast 044 R3 86 a kg concast 021  
76 a kg  
Alumina primary aluminium  
price R1 625 (39 5% minimum puri-  
fied Richards Bay  
timony \$2 440 to \$2 540 (\$2 440 to  
\$40)

### PRECIOUS METALS

**Platinum** Producer price \$475 an oz  
Market price \$385 50 (\$381 50)  
Price \$381 25 (\$382)  
Morning fixing \$400 75 (\$399)  
Evening fixing \$403 50 (\$395)  
Cash 425 40p (417 50p) Three  
months 441 60p (433 50p)

## Money market

SHORT-term rates eased  
sterday as demand contin-  
ued to exceed supply and the  
discount houses fixed the key  
three-month bankers' accep-  
tance rate 15 points lower at  
9%

The bankers' acceptances  
rate has now fallen 35 points  
two days as money chases  
securities and other short dated  
assets eased in line. Non-liquid  
assets also softened with de-  
mand centred on the May to  
July area.

The market is fairly liquid  
with accommodation to dis-  
count houses and banks down  
\$111-million under Mon-  
day's date and with R22 mil-  
lion in the National Finance  
Corporation in the form of  
banks' free balances. Opera-  
tors expect the market to  
move into a net surplus with-  
in a day or two.

Meanwhile, the Reserve  
Bank has come to the market  
with a special February  
Treasury bill issue, which is  
expected to be keenly bid for  
by the discount houses.

The bills are dated Janu-  
ary 7 and are due February  
1. Bids close this morning.  
Operators said the issue is  
designed to mop up liquidity  
in the market. Yesterday's  
three-month bankers' acceptances  
rate fell 14.7%, two months  
14.8%, three months 14.9%,  
six months 15.3%, one year  
15.5%, Treasury 14.04%, call  
2% — Reuter

## Foreign exchange

THE RAND closed at the  
day's lows of \$1.0450/60 in Jo-

# 1981 — Year of the trough for metals investors

(210)  
RDM  
6/1/82

**DEPRESSED** demand and prices characterised most mineral markets last year, with gold showing the way to an unremarkable trough

In a review of the metals and minerals markets for 1981, the London Mining Journal notes that in a year when international alarm signals were flashing on several occasions, investors still steered clear of gold

The average gold price for 1981 was \$458 80 which compares with the average of \$614 36 in 1980 and the peak of \$850 an ounce on January 18 1980

World gold supplies for investment in 1981 were expected to be about 220 tons, against 280 tons in 1980 while industrial demand was forecast at 490 tons, compared with 328 tons the previous year

However, Russian sales have recently been stepped up and more gold is being sold by South Africa, and these developments, accompanied by fears of a deepening recession in the US, affected market sentiment

In mid-November the London gold price dipped below \$400, and although it rose briefly to \$426 early in December, the \$400 mark has again been tested with some frequency

Other precious metals were equally depressed last year, and in September spot silver fell sharply on the news that the US proposed selling about 75% of its silver stockpile over three years, starting on October 1

Historically high prices in 1979/80 brought out huge quantities of hoarded silver, which compounded the oversupply situation

The US sales met with limited success and in December US Congressional action stopped silver sales temporarily, and this may assist the market

Industrial demand for platinum remained sluggish, and the Russians reportedly increased supplies to the open market in an effort to boost much-needed foreign exchange

The two major South African platinum producers, Rustenburg and Impala, maintained their producer price at \$475 throughout the year, but the free market price declined from \$588 an ounce at the start of 1981 to \$381.50 by the year-end

In an effort to counter the worsening demand position Rustenburg and Impala announced plans to reduce output

Meanwhile, according to the Mining Journal, some hopes for a better supply/demand balance may rest with US Government plans to increase its platinum stockpile to 1 200 000 oz from 400 000 oz

Diamonds came in for the biggest drubbing for years, with the weakening in world demand for rough diamonds reflected by a 40% fall in Central Selling Organisation sales in the first half of 1981, and unsold stocks carried and financed by the CSO rose dramatically

By JOHN MULCAHY

Zaire, the world's major producer of industrial diamonds, withdrew from the CSO, in spite of some hard bargaining by the marketing organisation

Probably the most significant development in diamond production was the progress made by the Australian Ashton joint venture, which will reportedly be in a position to produce up to 20-million carats a year by the mid-1980s

The CSO has approached the Ashton consortium on establishing a marketing role for the Australian stones but no firm decision has yet been made

On base metals the copper market was faced with a number of false dawns last year. In August, prices rose above \$1 000 a ton for the first time since April before falling again

Poor demand has persisted and high interest rates are encouraging consumers to keep stocks at a minimum

At the start of 1981 US producer prices were around 85c to 88c a pound. Renewed confidence sent the prices up to 92 5c a lb in August but recessionary fears in the US brought prices down again to around 81.6c a lb, and the price expressed in dollars fell in November to its lowest level for thirty years

Lead stocks in London Metal Exchange warehouses amounted to 80 000 tons a year ago, but by August 1981 they had fallen to less than half this amount

The lead price rose from under £275 a ton at the start of 1981 to over £500 in August, but prices have since dropped substantially to around £360 this week, and stocks have risen again because of poor demand

The European producer price of zinc was raised three times last year, but was reduced early in December. At one point in 1981 zinc prices rose to their highest levels since 1973, but have since fallen sharply, and consumer demand for the metal has been at a low level

Tin prices climbed to all-time peaks in July, soon after the market had fallen to the lowest levels for some years

The increase began shortly after consumer members of the International Tin Council shocked producers by rejecting their demand for a rise in International Tin Agreement 'floor' and 'ceiling' prices

The abnormal market behaviour has been attributed to intervention by Malaysian producer interests, possibly with the assistance of Middle-Eastern funds

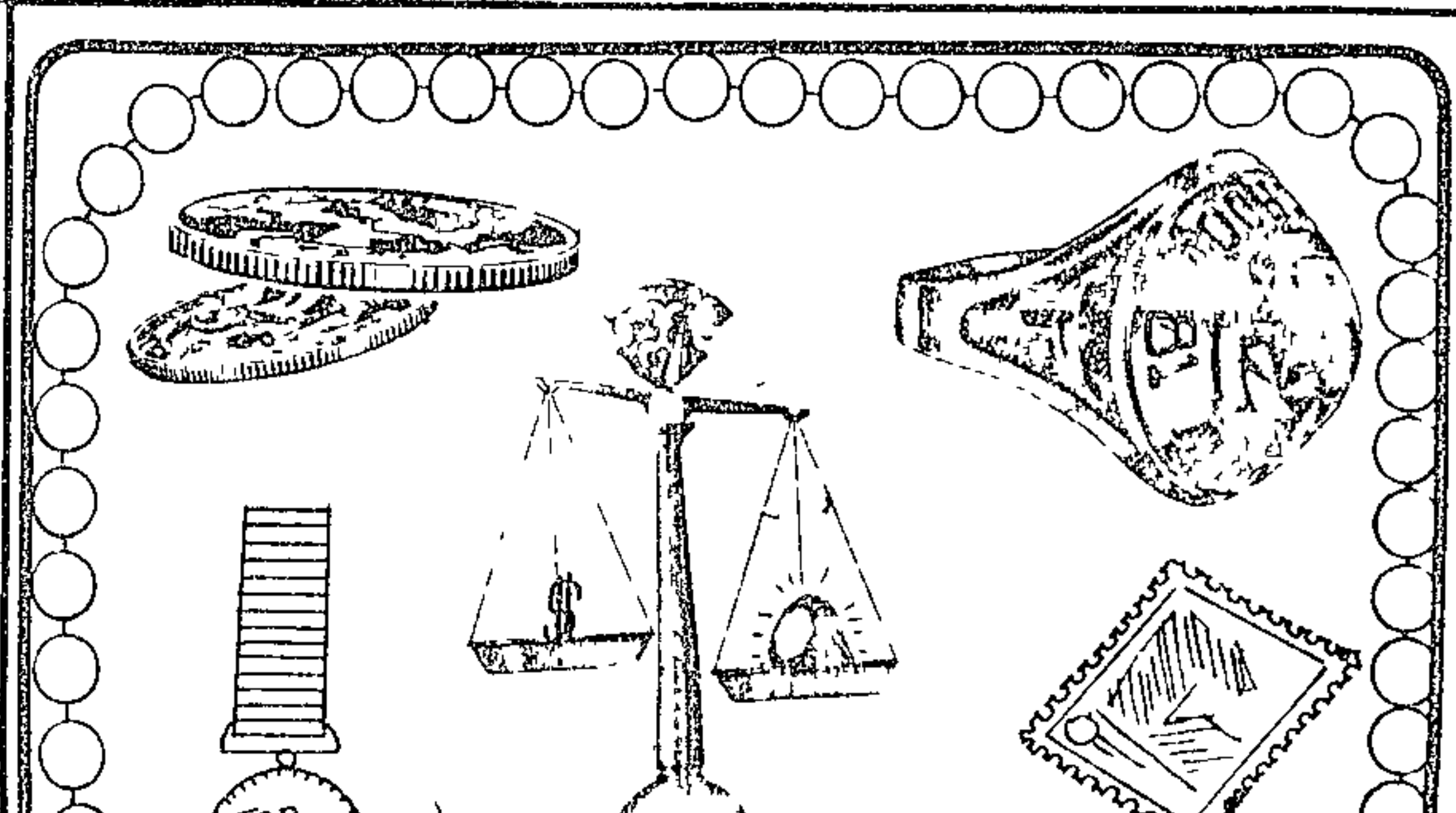
At the end of November the tin market was thrown into further turmoil — the three month price fell by £527 50 in a single day — as the influential buyers switched their attention to cash metal

## Throgmorton street

LONDON — Share prices finished well above early lows in London yesterday after the UK banking figures. Towards the close the Financial Times index was down 4 5 at 517.8

## Trade volume

A TOTAL of 1 661 889 shares were traded on the Johannesburg Stock Exchange yesterday, valued at R5 300 436, compared with 1 389 743 shares (R4 027 607) on Monday and 1 530 500 shares (R4 786 546) on Tuesday last week





FM 8/1/82

# KWAZULU DEVELOPMENT

## Rural realities

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The Anglo American-sponsored rural development plan for KwaZulu is beginning to bear fruit. The first phase was begun by the Institute of Natural Resources (INR) 18 months ago. A preliminary survey of resources was conducted in a 700 000 ha area representing 21% of KwaZulu.

Having completed the groundwork, the INR is now ready to move on to phase two, which will include further research in a more confined area and the implementation of some of its recommendations.

The area selected for the experimental project is the Entembeni Biyela district south-east of Melmoth. It is a poverty-stricken region with vastly differing topography, populated by roughly 25 000 people.

According to Dr John Erskine, INR's coordinator for rural development, the institute's development plans for the region have been fully endorsed by the KwaZulu Department of Agriculture and Forestry and the people who will be affected by them.

The project envisages the establishment of dairy farms on the less steep crests as well as firewood and commercial plantations.

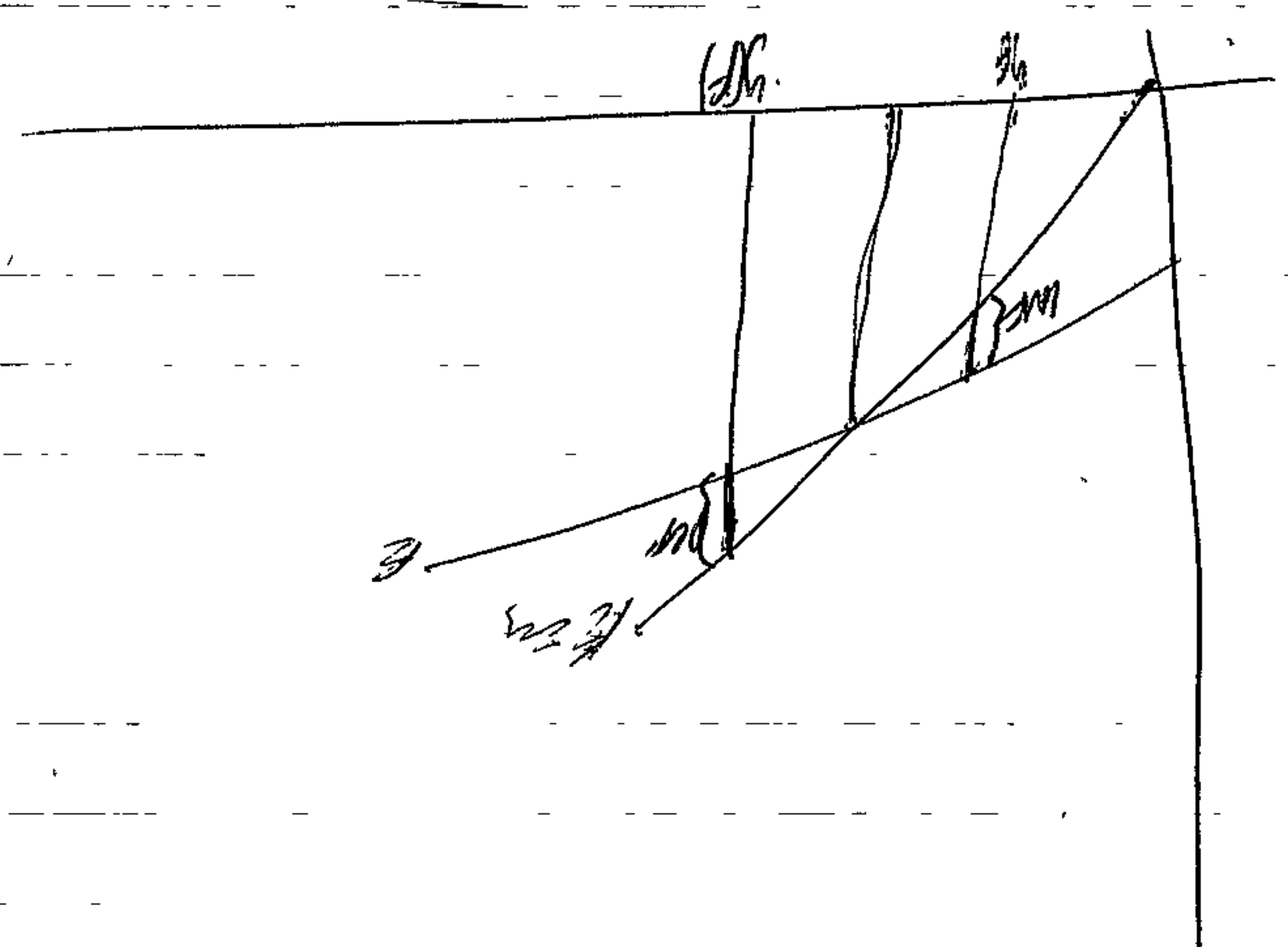
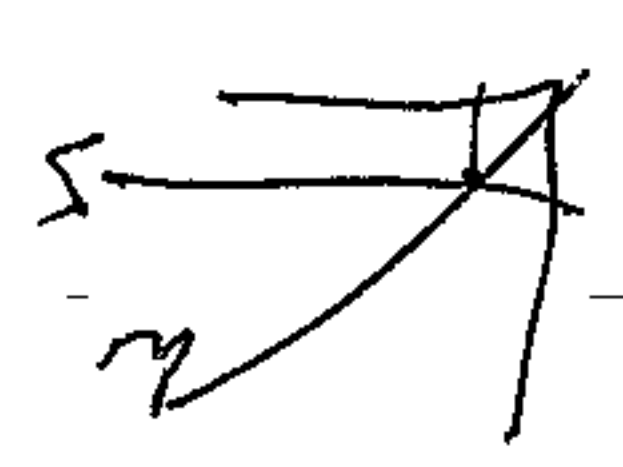
In addition, there are plans for the improvement of infrastructure, development of water supplies, the establishment of vegetable gardens, and possibly small scale poultry, egg and lamb production. Similar proposals are envisaged for the lowlands, with the inclusion of an irrigation scheme to help produce food and cash crops such as lucerne, which would find ready markets in the organised dairy industry of the uplands.

Erskine says one of the most significant

results of the development programme could be that it becomes the forerunner of a change in KwaZulu's traditional land tenure system. Communal grazing would be eliminated as all pastures would be individually owned and enclosed. "These changes would constitute a fundamental and vital breakthrough for land use in KwaZulu," he says.

The INR scheme has parallels with successful poultry production and smallholder dairy schemes in Lesotho and Kenya, but has been tailored to meet KwaZulu's requirements. If the project is successful, Erskine says there is no reason why it could not be adapted and applied to other regions of KwaZulu.

MS Development  
Output 12  
Reg. Executive  
1982



# Slide in SA minerals will hit the taxpayer

210 E. Post 16/1/82

By ALLISTER SPARKS

**JOHANNESBURG** — The glitter is going out of South Africa's big three precious minerals — gold, diamonds and platinum — all of whose world prices are plunging and costing the country billions of rands in foreign exchange.

Gold has been worst hit, though the value of world diamond sales crashed by 46% last year.

The Government estimates that its tax revenue from gold, one of its major sources, will be down 47% on last year. That indicates cuts all round in the Budget in March.

South Africa produces three-quarters of the free world's gold. Its soaring price, which reached a high of \$820 a fine ounce in 1980, carried the country to its greatest boom in a decade while the economies of the rest of the world were stagnating.

It is characteristic of South Africa, whose racial

policies have caused it to be dubbed "the polecat of the world", that it should have a perverse tendency to prosper when everyone else is in trouble.

The high gold price which brought it such an unprecedented bonanza was primarily a consequence of the economic malaise which weakened the dollar and other major currencies. Investors hedged into gold.

Now gold is on the way down — it was \$370 an ounce in New York yesterday — and South Africa loses an estimated \$200 million (about R200 million) for every \$10 that the price falls, averaged out over a year.

Last year's sales earned South Africa \$8 billion compared with \$10.1 billion the year before. The current price of gold is \$244 below 1980's average and \$89 below last year's.

The past week has seen the decline dip more

steeply as the Soviet Union, the world's next biggest producer, sold off large quantities of gold to buy grain in expectation of another poor crop and increased calls for aid from Poland.

The drop in diamonds has been no less spectacular, though its impact on the South African economy is not as serious.

More seriously affected will be SWA/Namibia. Diamonds are the biggest item in its economy and production is being cut by a quarter this year.

South Africa is the world's third largest diamond producer after Zaire and the Soviet Union, but Zaire produces mostly industrial diamonds while South Africa leads it in gems.

This week De Beers, which controls the marketing of most of the world's diamonds, revealed that sales last year crashed by

● Turn to Page 2

## Glitter is going out of precious minerals

○ From Page 1

\$1.472 million, or 46%. The decline reached 54% in the second half of the year.

This time the stagnant Western economies have not worked to South Africa's advantage. The slackening demand for jewellery, particularly in the United States where more than half the gem diamonds are sold, has caused the decline.

What makes the slump in diamonds remarkable is that De Beers has for years controlled one of the world's most successful commodity stabilising systems.

Through its London-based subsidiary, the Diamond Trading Company, more commonly known as the Central Selling Organisation, it buys as many of the world's diamonds as it can get and then sells only what it believes the market can

gain control of the situation and that diamonds would bounce back beginning early in 1983. It is holding back large numbers of diamonds and has cut output in its own mines.

The platinum story is much the same.

South Africa produces 51% of the world's platinum group of metals, and the United States and Japan are its main markets. The American motor industry is its biggest single customer, using platinum as an anti-pollution catalyst.

The motor industry's troubles have hurt platinum badly, added to which are technical advances that have reduced the amount of platinum needed to meet current emission control standards.

The platinum price has fallen from a high of \$722 in September 1980 to a current level around \$300.

De Beers, which owns the world's largest platinum mine, has pegged its own producer price at \$475 but reports that sales are badly down.

Viewed overall all this points to a tight year ahead for South Africa.

It does this to a selected handful of only 300 cutters and dealers who are invited to viewings in London and Kimberley. That way De Beers has been able to ensure that diamonds have had a steady rise in price over the 48 years since it founded the selling organisation.

However, the system has begun to falter in recent years. First, diamond cutters, particularly in Israel, began to stockpile large numbers of high-quality gems in the hope of making later profits. Then Zaire broke away from the CSO and established its own marketing agency.

These developments coincided with the world recession, which cut back the demand for diamonds. In its annual report this week De Beers expressed surprise that it was able to



210 0014 3/2/71

# Lawrence leads Rand Mines

By ADAM PAYNE

MR A C (Tony) Petersen, 61, chairman of Rand Mines and Transvaal Consolidated Lands, will retire on March 31 and be succeeded by Mr R S (Bill) Lawrence, deputy chairman, and a former president of the Chamber of Mines.

Mr Damocles (Dammy) Watt, chairman of Rand Mines gold and uranium division, will become deputy chairman.

These changes will mark the departure of an outstanding mining engineer in Mr Petersen, who has grasped the intricacies of high finance since entering the head office from the mines.

He has taken Rand Mines from strength to strength on

the coal side with new power station contracts at Duvha and Khutala.

He took the initiative in launching the RM Props gold-from-sand project at Crown Mines.

Another venture under his direction was the entry of Rand Mines into asbestos — a venture which has since been called off with the sale of the asbestos interests to Gefco.

Mr Petersen was educated at Jeppe High School and graduated as a BSc (mining) from Wits University.

He served as a pilot with the SAAF in World War 2 from 1941 to 1946 and after the war became an underground manager at Blyvoor.

After managerial posts at City Deep, Harmony and Crown Mines he became general manager of Rand Mines

mining division in 1971 and chairman of Rand Mines the following year.

Mr Bill Lawrence, 59, who joined the Transvaal Scottish as a private, fought in four theatres of conflict in World War 2 and ended as the commander of his regiment. He has been a popular and effective president of the Chamber of Mines twice.

On retiring from the presidency in June last year he said a sound basic schooling for everyone in this country must be the starting point to solving manpower problems, regardless of race or colour.

On that basis people of all races could be taught technical skills.

Mr Lawrence started his career on the secretarial side at Rand Mines in 1937. His first managerial post was in the industrial division and in 1970 he was appointed assistant general manager of the mining division.

He was made deputy chairman of Rand Mines 10 years ago.

Mr Dammy Watt, 52, was educated at Forest High School and took a science degree at Wits University, majoring in maths and chemistry.

This inevitably led him into uranium as plant superintendent at Blyvoor, from which post he graduated to head office to become consulting metallurgist. He is now chairman of four quoted gold mines.

Mr Watt has decided views on management and on indus-

trial relations problems.

At head office he has made his mark not only in being the top man concerned with the great expansion of Harmony gold/uranium mine, but also in the bold decision to rejuvenate ERPM, giving it a possible further five years life.

Modestly, he says that it was a case of coming in as the managing director and converting a plan at Harmony into reality with some extensions along the way.

"The Merriespruit uranium plant was something I superimposed on what I was given to start with."

He considers the ERPM expansion is likely to be more difficult to manage and keep going than the Harmony expansion.

"We are dealing with a much older mine that has to be kept in production while we rejuvenate and we have had to cope with a declining gold price."

The industrial relations developments that are facing the industry are high on his list of priorities.

"I have no doubt that we are going to see black unions or the unionisation of our black labour," he says.

"Unionisation of the more skilled classes of black labour will probably not be as difficult to manage as the unionisation of unskilled migratory labour. That is where probably the biggest problems will occur."

# Minerals over export slump

(210) S. Times 14/2/82

THE value of South Africa's total mineral export sales is likely to rise by 2,4% during 1982, from R11 573 776 last year to R11 857 300.

This would follow a slump of 13,2% in the country's mineral export earnings during 1981

These are among forecasts for 1982 and estimated sales and earnings for 1981 made by the South African Minerals Bureau

A major feature of the bureau study is that a marginal rise of only 1,1% expected in gold earnings this year will be overshadowed by a 6,3% in non-gold mineral exports, whose value will rise to R3 220-million

Gold earnings, which account for about 73% mineral exports, are based on an average price forecast by the bureau of \$425/oz (\$459,21 last year) and an exchange rate of \$1,06/R1

Due largely to new mines coming into production and mill expansions on some existing mines, the amount of gold produced by South Africa is expected to rise to 670 tons from 658 tons last year, resulting in gold export earnings of R8,637-million (R8 545-million)

Coal remains the star export performer among non-gold mineral commodities, with its export earnings this year forecast to rise by 16,5% to R1 105-million from about R946-million last year

By Andrew McNulty

The average coal export price is expected to be R36/ton (R32/t), and the amount exported about 30,7mt (29,6mt)

The bureau notes that, although the expansion of Richards Bay towards the 44 Mt/a stage started as planned in January 1982, prices are expected to stagnate in real terms

"Consumption has not increased as fast as was expected, as users of industrial fuels and electricity utilities have come to believe that there will be sufficient supplies of fuel oil at stable prices until the mid-1980s

"Present high interest rates make the large stockpiles uneconomical. Against this, however, a recovery in world economic activity is expected in the second half of 1982, with decreasing interest rates and increasing demand for fuels

"The main effect of such an increase would be felt in 1983, but the expectation has already had an effect on the negotiations for 1982 contract sales"

An increase of 3,6% is forecast for diamond export earnings this year, up from R309-million in 1981 (when diamond export earnings slumped by 44,1% on earnings of R552,7-million in 1980) to R320-million in 1982

The bureau forecasts that the price will rise to R42,1/ct (R41,4/ct) and the quantity exported will be 7,6-million

carats (7 45-million carats)

The extent of stockpiling during the currently depressed diamond market is indicated by the bureau's estimate that production totalled 9,5-million carats last year and will be about 9-million carats in 1982

Iron ore, whose production tonnages and prices are not disclosed is expected to earn R243-million this year, up by 11,8% on last year's R217,7-million, attributable to small tonnage and price increases

Last year iron ore was the only ferrous commodity to chalk up a real-term increase in export earnings, albeit small

The Bureau expects a significant rise in the price of manganese ore in 1982, resulting in a 9,3% increase in export earnings to R118,8-million (R108,6-million)

Earnings by chrome ore

and sand, however, based on a 17,5% decline in quantity exported only 1-million tons and a stagnant price of R45/t, are forecast to slump by 16,4% this year to R45-million from R53,8-million in 1981

Among non-ferrous metals, copper earnings are depressed by the copper price, which is currently at its all-time low in real terms

Revenue earned by copper in 1981 was 12% below 1980 levels at R138-million, and a further decline to R113-million is forecast for 1982, but this is mainly attributable to the decrease in tonnage available for export which results from relatively constant production levels and steadily increasing local consumption

The lead price has followed the same pattern as the copper price in the past two years, and the bureau expects no significant change for 1982

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(107)  
210

Black states: mineral production 12/3/82  
Hansard Q Col. 379-380  
289 Mr R A F SWART asked the  
Minister of Co-operation and Development

What was the value of mineral production, excluding platinum, in each of the Black states in 1980 and 1981, respectively?

MARCH 1982

380

The MINISTER OF CO-OPERATION AND DEVELOPMENT.

Value of Mineral production for 1980-'81

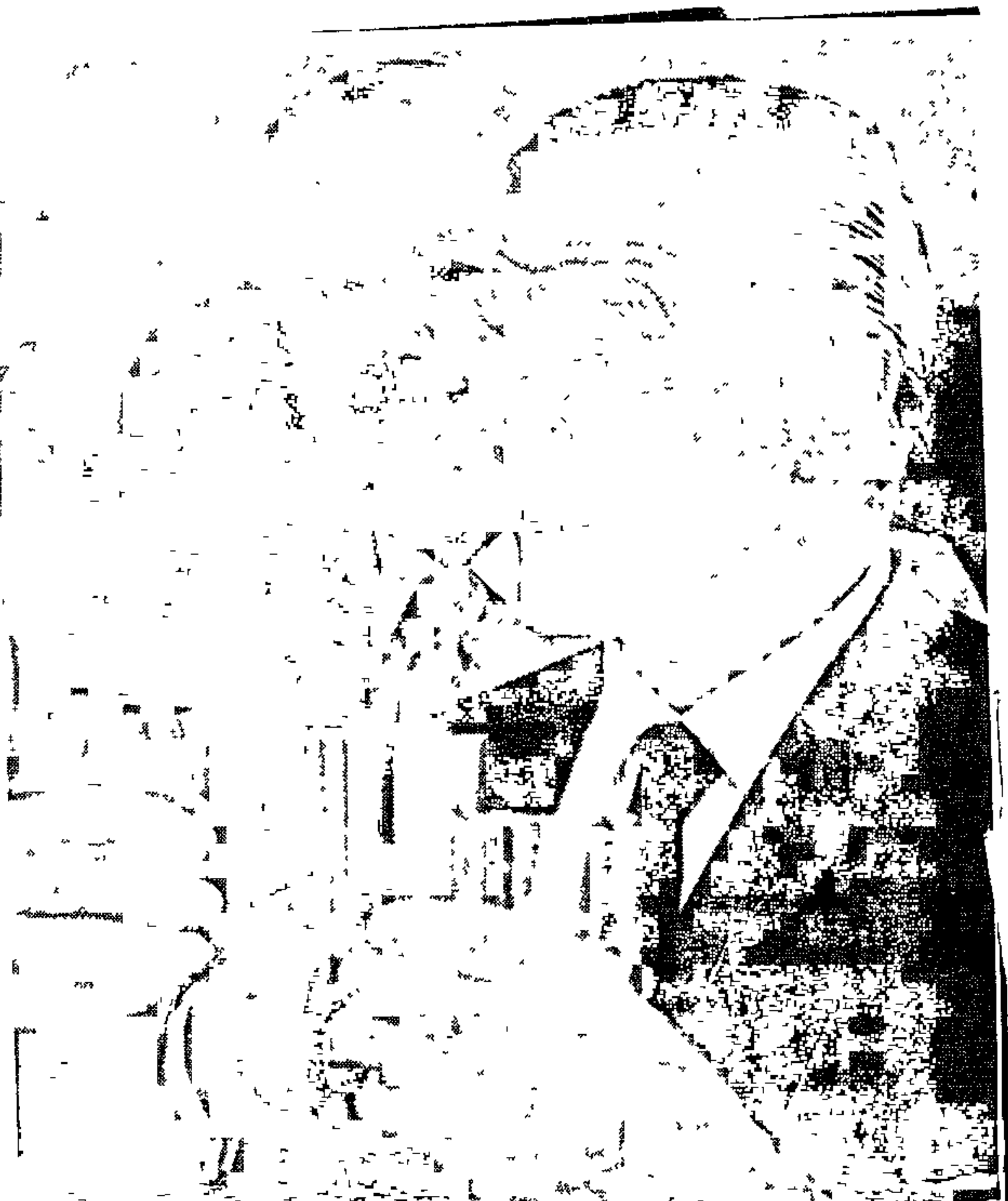
	R
Kangwane	16 000 000
KwaZulu	100 000 000
Gazankulu	1 800 000
Lebowa	65 000 000
Qwaqwa	Nil
KwaNdebele	Nil

The figures have been furnished by the Department of Mineral and Energy Affairs. Particulars are only available in respect of the 1980-'81 financial year.



# Lonrho: the giant with a history of fierce in-fighting

210  
COM  
18/3/62



CHEERS . Mr Syd Newman stays on as Lonrho's SA boss.

Lonrho is back in the news, remaining as controversial as ever with its Southern African chief executive Mr Syd Newman retiring one day, and bouncing back the next. JOHN MULCAHY reports on the two men who epitomise the multinational conglomerate — Mr Newman himself, and Mr Roland "Tiny" Rowland

"LONRHO chief now almost certain to quit," screamed the headline in May 1973, as Mr Roland "Tiny" Rowland's control over the huge mining and industrial conglomerate faced its most serious threat ever.

Dubbed a "palace revolution", eight Lonrho directors joined forces to oust the enigmatic Mr Rowland, who since 1961 had expanded the group at a furious pace, acquiring 400 companies throughout the world.

The major complaint by the dissident eight was that Mr Rowland did not always tell his board or the shareholders everything that was going on, and that a large proportion of Lonrho's investments were locked in countries that restricted remittances.

In typical flamboyant style Mr Rowland emerged from the coup attempt victorious, when at Lonrho's annual meeting on May 31, 1973, the shareholders voted overwhelmingly in his favour.

Described as one of the most extraordinary general meetings ever held in the City of London, there were cheers and shouts of "Hurrah" as the postal votes were read out by the chairman, Mr Duncan Sandys. For Rowland — 29 500 000 votes, against — 4 500 000. It was a victory for Rowland of more than six to one.

With 47 000 shareholders, Lonrho has long been regarded as the "small man's company", and at the historic meeting one man stood up and said he was one of the many shareholders, and had wondered about allegations of shady deals.

Mr Sandys replied. "In view of all that has been said about Lonrho late-

ly, I think most of us welcome the fact that there is going to be an official inquiry from which, I am sure, we will come out well."

Amid uproarious laughter Mr Sandys added "If we all go to prison I'm sure you will come to visit us."

Criticised for creating a paper empire, Mr Rowland once replied "This is no paper tiger. I have had support from Lonrho West Africa, Lonrho Zambia, East Africa and South Africa and this loyalty, support and courage should have weight with you."

While the 1973 boardroom battle has been the outstanding event of Mr Rowland's reign, the group and its chief executive have seldom been far away from the news.

An avowed supporter of independence in Africa, Mr Rowland said in 1973 that the future of Lonrho, if it was to be a success, would lie with black Africa, and he predicted "Southern Africa will be Black Africa in 10 to 15 years."

For 18 months from September 1971 five Lonrho directors, including Mr Rowland and Mr Angus Ogilvie, husband of Princess Alexandra, avoided travelling to Southern Africa for fear they might be arrested.

Their fears arose from the arrest in 1971 of Mr Fred Butcher, Lonrho's finance director, on a fraud charge in South Africa.

Mr Rowland commented on Mr Butcher's apprehension "I believe it was a sort of political charge because in the event, after a year and a half, all charges against us were withdrawn."

In 1974 Mr Rowland reiterated his support for black Africa, when in the group's annual report he said Lonrho's

links with the Arab and African world took priority, and in the same report the group's substantial South African interests were ignored.

A willing contributor to the hectic political debate raging around Southern Africa, Mr Rowland at an early stage declared his aversion for Mr Ian Smith's Rhodesian Government.

He said in 1974 that Mr Smith was blocking the peaceful development of Southern and Central Africa towards mutual prosperity, and "he must now go."

He also said, a little prematurely, that "Namibia's opening-up for nationhood and development will, without a shadow of a doubt, take place within the next 18 months."

In 1975 Mr Rowland said any expansion of Lonrho activity in South Africa depended on whether South Africa stayed "politically clean."

He was not prepared to jeopardise the considerable financial support Lonrho received from Kuwait and invest in South Africa if this proved to be a political risk.

And Lonrho's connections with the Arab world were highlighted again in 1976, when Kuwait was reported to have built up its interest in the group to 21.5%, ousting Mr Rowland from his long-standing position as the largest shareholder in the group.

Attempts were made to shift Lonrho's head office from the UK, but were thwarted by the group's substantial investments in that country, and the requirement for all UK assets to be sold before a move could be made.

As the bush war in Rhodesia escalated, so too did Lonrho's political involvement in Southern Africa, and in 1978 it emerged that Mr Rowland

had openly given money to anti-Rhodesian guerrillas.

In the same year Scotland Yard announced that an investigation had been initiated into allegations of fraud and sanctions-busting in Rhodesia by Lonrho.

Lonrho was then accused by Tanzania of expanding its interests in white-ruled Africa, and expelled from the country.

In 1979 another boardroom battle developed at Lonrho, when the Kuwaiti interests tried to have two of their representatives reinstated as directors, after resigning two years before.

Lonrho resisted the attempt, and pointed out to shareholders that three Kuwaiti directors who had served on the board at different times over two years had produced no acceptable new business to the group, and they resigned on the grounds, "believe it or not, of pressure of work."

Lonrho's most recent claim to fame was the exhaustive battle for control of the House of Fraser, Britain's largest store group.

After a protracted fight lasting two years, Lonrho was finally rebuffed by the UK Monopolies Commission, which said the takeover would be "detrimental to the public interest".

The Commission did, however, rule in Mr Rowland's favour when in August last year it approved his takeover of The Observer, Britain's oldest Sunday newspaper.

Never one to avoid conflict, "Tiny" Rowland actually appears to relish it, and the internal problems in the South African operation must seem small fish in Lonrho's history.



2014  
18/3/82  
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CONTROVERSY is no stranger to the Lonrho boardroom, or in fact to Mr. Syd Newman.

Mr Newman has had a remarkable career, starting with first place in South Africa in the matric examination in 1935, when he achieved six distinctions.

He graduated in mining engineering from the University of the Witwatersrand and after being awarded a Rhodes Scholarship, played rugby for Oxford, England and the Barbarians. He also represented Transvaal, Northern Transvaal and Free State.

He served with the Transvaal Scottish in the Second World War and was captured at Tobruk. After the war he returned to Oxford to take an MA and later took an MSc (Engineering) at Wits.

Mr Newman started his mining career with Rand Mines in 1949, and was appointed general manager of Durban Roodepoort Deep in 1962, where he initiated his first major controversy. Regarding the classification of workers into daily

# Newman's long road through controversy

paid and monthly paid categories as a bad feature of the South African industrial system, he scrapped the day's pay system at Durban Deep, a move which threatened to develop into a huge row.

Mr Newman admits he was "wrapped over the knuckles" for doing away with the "day's pay" system, but was later lauded by trade unionists for his courage and foresight.

The transition was successful and pressure was applied to the Chamber of Mines to extend the system throughout the industry.

Transferred to Rand Mines head office in 1964, he became a manager; the following year, and was soon general manager of the group's gold, coal, exploration and oil division.

However, in December 1970 Mr Newman dropped his second bombshell, and resigned from Rand Mines. At the time of his departure from Rand Mines Mr Newman was chairman of four subsidiaries; a director of six others; and deputy chairman of the group.

At the time commentators suggested that Syd Newman's greatest tragedy was that he joined a company which had neither the inclination nor the ability to go surging ahead.

One comment set out the likely reasons for the fall-out with Rand Mines: "The local difficulties and frustrations which Newman faced in his quest for a more aggressive and more independent Rand Mines led almost inevitably

to a quest for greater authority to carry out the job he felt ought to be done. When he was not given this authority, he resigned."

In 1971 Mr Newman joined Lonrho where he soon immersed himself in the activities of Western Platinum, and studied the platinum industry from mining to refining and marketing.

He has continually been a controversial figure in the platinum industry, refusing to adhere to the strict principles of secrecy employed by South Africa's major producers, Rustenburg and Impala.

Addressing the annual Platinum Dinner in London in 1980, Mr Newman freely gave details of this country's production and sales, to the considerable embarrassment of the other producers.

Mr Newman appeared on front pages in 1972 and 1973, when he and a number of other Lonrho directors were arrested on charges relating to the Companies Act.

He not only won the case, but was awarded substantial damages from the Government and the police for wrongful arrest.

Perhaps the most telling aspect about Syd Newman is one of his favourite past-times. He loves spy stories, and has said "I love the spy rubbish - American stuff. I love looking for the flaws - to turn back a few pages, and say 'you said that here and you didn't say it there'. Of all spy people the most stupid was James Bond. He made more mistakes per chapter than any other spy, or villain."

It is possibly this attraction for intrigue that drew Mr Newman into the Lonrho fold, as in the past 20 years there can be few multinational companies with a record of international wheeler-dealing, to compare with Mr "Tiny" Rowlands empire.



(E10) E. Post 24/3/82

# When Mr O's world shakes . . .

HARRY Oppenheimer's world shook this month, and when his world shakes so does the whole of South Africa

It is not only that Mr Oppenheimer's stake in the South African economy is so large, it is also that it is so fundamental South Africa's economy is based largely on mining, and the mining is based largely on Oppenheimer's companies

More specifically, the glitter in Oppenheimer's financial crown, which has made him reputedly the world's eighth richest man and his Anglo American Corporation one of the world's top 100 multinationals, is of gold, diamonds and platinum

Of late, all three have turned to lead

South Africa produces three-quarters of the world's gold, and Anglo American mines are responsible for most of that. The price of gold, which touched \$820 a fine ounce two years ago, has plunged to the low three hundreds

Mr Oppenheimer's De Beers Consolidated Mines produces most of the world's gem diamonds and controls 80% of all the world's diamond sales

Recently De Beers' annual report revealed that diamond sales had crashed 46% last year, 54% in the second half of the year, and this month, for the first time in its history, De Beers cut its dividend

It was like a public declaration that suddenly diamonds are no longer forever

South African produces 51% of the world's platinum group of minerals, and Mr Oppenheimer indirectly controls most of that production, including the world's biggest platinum mine at Rustenburg

Eighteen months ago the platinum price was \$722. Now it is around \$320

Shocks like that not only rock powerful institutions, they rock whole economies. As investment analyst Douglas Brooking puts it "Anglo is really a microcosm of the South African economy, and what happens to the one happens to the other"

It is no coincidence that in the week that De Beers cut its dividend for the first time, the rand fell below parity with the dollar for the first time

As Oppenheimer's companies run into cash flow shortages and have to rethink their budget planning, so Finance Minister Owen Horwood had to redraft today's Budget

As the gold price falls, so do South Africa's export earnings, and that is as bad for Mr Horwood as it is for Mr Oppenheimer. 44% of the earnings go to the Treasury in tax

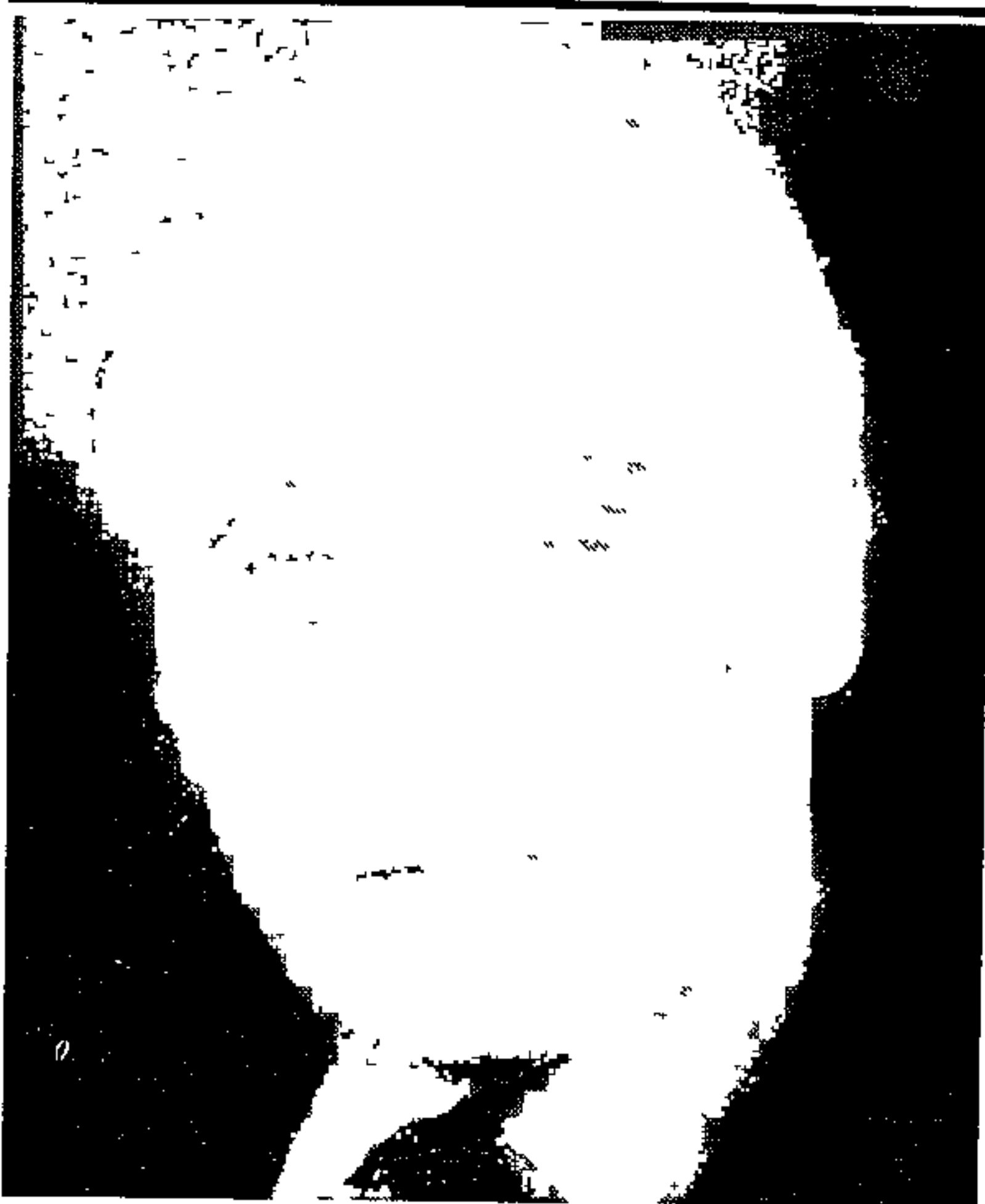
The swinging graph of the last four years gives the picture. Tax and lease payments from the gold mines to the Treasury soared from R450 million in 1977-78 to R3 700 million in 1980-81 with the great gold bonanza

For the financial year ending now it looks likely to be about R2 200 million and depending on how low the bullion price falls it could go below R1 000 million for the new year

That means Mr Horwood had to take drastic action to make up the shortfall — action that seems certain to send up interest rates and cut consumer spending, spelling recession

Beyond that lie the political repercussions. There is no other country that so needs to prosper in order to survive. South Africa already has many of the

Today's Budget was bound to reflect the hard knock the mining industry has taken over the past few months. ALLISTER SPARKS examines the likely consequences of the blows suffered by the mining world.



Mr HARRY OPPENHEIMER . . . huge stake

symptoms of a classical pre-revolutionary condition, and an economic crisis would add considerably to them

A punishing Budget could spell trouble not only from black workers but from the lower income-group whites in the civil service and in the mining towns of the Witwatersrand, who are pretty worked up anyway over the recent Right-wing split in the National Party

The country's economic strength has been a major shield and a major weapon. It has prevented the big powers from agreeing to international sanctions. They may go along with a sports boycott, but South Africa is too important a trading partner for them to

apply the one sanction that would really matter, which is a general trade boycott

South Africa uses its economic strength to keep some of its black neighbours quiescent, to squeeze others like Zimbabwe as a political warning, and even to try to lure some into a closer alliance

If a crack now appears in this central pillar of the apartheid state, the psychological effect will be considerable

All this highlights the ambiguous position Mr Oppenheimer occupies in South Africa. On one hand he is the Government's most powerful critic and he bankrolls the official opposition. On the other he is the man chiefly responsible

for keeping the central pillar of the apartheid state intact

Over the years the Nationalist Government has had an abrasive relationship with Oppenheimer and the "English money power" he represents. In the early days cartoonists of the Afrikaans Press invented a character called "Hoggenheimer" to personify this malevolent influence

Yet "Hoggenheimer" has in fact shored up the Government and its apartheid system throughout its 34 years in power

To an extent the paradoxical alliance is recognised today. At Mr Botha's recent meetings with South African businessmen, Mr Oppenheimer has been his principal guest and has made the main responding speeches

The ambiguities do not stop there. Mr Oppenheimer is outspoken against race discrimination and has been at the forefront of every major effort to improve black wages and living conditions. Yet his vast mining empire was built on a system of low-paid migrant labour living in single-sex compounds far from their homes and families

This is not to suggest any double standards in the man himself. Mr Oppenheimer exudes honourableness. It is just that, in the first place, he was born into his position the way a crown prince is. His father, Sir Ernest, founded the empire in 1917 and Harry Oppenheimer has run it for the past quarter-century with a total devotion to it and a conviction that its wide-ranging activities are the best possible thing for everybody concerned

Secondly, it is in the na-

ture of the multinational animal to coexist with governments despite ideological differences

What are the plunging prices going to mean the Oppenheimer empire?

"There is no question of these grants going down the plughole," says Mr Brooking. "But they are going to face a stringent couple of years

"Obviously there will have to be a rescheduling of Anglo's whole master programme. It's going to be tough. And of course the danger is that if you get national problems flowing out of it all, labour problems, riots, that kind of thing, then the South African mining industry could fall into big disfavour with overseas investors"

What of the national implications?

Dr John Cloete, economic analyst for Barclays Bank, feels the main impact of the Budget will only have their full recessionary impact on the economy in six to nine months' time

"It is 1983 that is going to be the tough year," says Dr Cloete. "Everything depends on how far the gold price goes down, but it is entirely possible there could be negative economic growth in 1983"

With some 50 000 new black job-seekers coming on to the labour market every year, negative growth is a nightmare to South Africa's political as well as economic watchers

It was part of the characteristic perversity of the "polecat of the world" that it should prosper while everyone else was struggling — and indeed because they were struggling. But global factors are working the other way now, and South Africa is discovering that it is part of this planet after all



# Embattled mines take another knock

(210) (720)  
ROOM 25/382

By JOHN MULCAHY

REELING from the devastating slump in mineral markets, the gold and diamond industries have received another body blow from Mr Horwood.

The increase in the tax surcharge for the gold and diamond mines to 15% from 5% will have a significant impact on producers. Some mining analysts forecast a 5% to 10% softening in gold and diamond share prices on the Johannesburg Stock Exchange.

The president of the Chamber of Mines, Mr Lynne van den Bosch, said the chamber was concerned that in these difficult times Mr Horwood found it necessary to place an additional burden on the gold mining industry.

"The gold-mining industry is under severe pressure, as a result of the substantial fall in the gold price, a depressed uranium market and continuing escalation of mining costs.

Furthermore, immediate prospects for any really significant improvement in the gold price are not favourable.

At a gold price of \$325 an ounce gold mines' distributable earnings will be slashed by between 10% and 14% as a result of the increased surcharge, with direct implications for dividends.

Although market sources expected some form of additional tax, the manner chosen in raising mining tax was a surprise as it penalises the "good" mines and is less harsh on high-cost producers.

Discontent over the existing State assistance scheme has arisen in the past because of its impact on the tax liability of low-cost producers.

It has been suggested that marginal producers be allowed to suffer the conse-

quences of gold-price declines, and the industry should not be subject to a "rob Peter to pay Paul" policy.

Mr Van den Bosch said that although it could be argued that the Budget burden had been placed on all companies, the mining industry was such a sensitive nerve in the economy that the increased tax on gold and diamond mines would have disproportionately adverse effects.

Had the 15% surcharge been in effect last year, De Beers Consolidated Mines tax bill would have been about R10-million higher, and distributable earnings would have been around 3c lower.

One analyst feared that the increased tax bill could be a decisive factor when the De Beers board decided on the interim dividend.

The diamond market is as weak as ever, and with no immediate signs of an upturn the interim dividend may have to be passed.

De Beers last year paid an interim of 25c a share, and analysts suggest that the interim may be passed and the final left at 25c.

The surcharge will have the most serious impact on the low-cost gold producers, and analysts estimate that at a \$325 gold price, Driefontein's distributable earnings could fall 14% as a direct result of the additional tax.

Total gold-mining tax in calendar 1981 dropped to R1 685-million from R2 279-million the year before, and Mr Horwood estimated additional revenue of R115-million to flow from the higher surcharge.

One industry source said the increased burden would have a retarding effect on the

gold and diamond industries' ability to recover when the markets improved.

The two industries were already struggling to cope with immense market and cost problems, the source said, and some producers on the brink of losses would find great difficulty in operating at a profit.

Another view was that the gold and diamond industries contributed a lower proportion of earnings when profits were under pressure, and it was to be expected that they would be called on to assume more of the burden.

However, some analysts contend that the industry is ill-equipped to cope with this setback, and the authorities should beware of "killing the goose".

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# Big 2 clash on labour, say unions

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23/3/82

By STEVEN FRIEDMAN  
Labour Reporter

A "MAJOR" dispute on labour issues between the country's two biggest industrial groups, Anglo American and Barlow Rand, erupted at a recent meeting of metal industry employers which decided to take a "hard line" against strikers, Fosatu's Metal and Allied Workers Union has claimed.

The union said Anglo proposed a "very hard line", while Barlow adopted "a more pragmatic approach"

It said the meeting — a regional Steel and Engineering Industries Federation (Seifsa) meeting held on the East Rand earlier this month — decided on a tough line against strikers and claimed companies were "taking production losses and stoppages to maintain the Seifsa/Anglo American ideological line"

Barlow declined to com-

ment yesterday but Anglo angrily rejected claims that it was unwilling to negotiate with workers. And Seifsa's director, Mr Sam van Coller, questioned the union's account of the meeting

In a statement yesterday, MAWU referred to a regional Seifsa meeting held on March 11 to discuss the Wadeville/Germiston strikes

It said it had learned that the meeting recommended that no talks should be held with workers on general pay increases outside the industry's industrial council negotiations — now in progress

It also charged that the meeting recommended a tactic to "break strikes and intimidate workers" by dismissing and then re-employing them

The union said Seifsa members were inviting unrest by "refusing to talk to their employees"

It added that the industrial council system was being "imposed" on black workers who had no belief at all in the system

Mr van Coller said yesterday the meeting had not "taken any resolutions" and was

"just an exchange of views"

But there had been a "consensus" that employers would continue with their "present view" that pay would be negotiated only on the council.

He said no firm decision had been taken on firing strikers

In a statement yesterday, Anglo said it "deplores wild-cat strikes", but added that Seifsa's strike guidelines "have at no time recommended a tactic to break strikes and intimidate workers by dismissing employees and then re-employing them" Anglo supported this fully, it said

Seifsa, it added, was fully committed to bargaining with unions representing metal workers. It had thus invited unions not on the industrial council to attend the current wage negotiations, but MAWU had declined

It had also begun talks with all metal unions to see whether the bargaining system should be changed. Discussions with Fosatu, to which MAWU belonged, were due shortly

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25/3/82 EDM

# Gold exports fall 17%, all minerals 11%

By JOHN MULCAHY

THE value of gold exports in 1981 was R8 557-million — down 17,6% from the previous year's R10 370-million — and the value of all mineral exports last year fell 11,7% to R11 655-million from R13 204-million

The Minerals Bureau commodity summary for 1981 shows that diamond production rose to 9 525 876 carats from 8 420 000 carats, but the collapse in the market over the past year reduced the value of these exports to R340-million from R560-million in 1980

Minerals Bureau figures show 1981 gold production of 655,7 tons compared with 1980's 674 tons

That 1981 was a difficult year for gold mines emerges from a Chamber of Mines survey last year in which total profit for the industry is given as R4 890-million — 33,3% down on the R7 335-million earned in 1980

The chamber says 1981 was only the second year in the past 10 years — the other was 1976 — when the gold price dropped in nominal rand terms

The gold price averaged R402,61 an ounce last year against R479,57 in 1980 — a fall of 16%

The dollar price fell 25% to \$462,15 an ounce from \$615,89, highlighting the buffer of the rand's depreciation since the beginning of 1981

The gold-mining industry's capacity expanded again last year, with tonnage milled 2,2% higher at 91 680-million compared with 89 915-million in 1980

The capacity expansion was partially responsible for the 32,5% increase in capital expenditure by gold mines last year to R1 222-million from R922-million

However, average grade slid by 5% to 6,92 g/t from 7,28 g/t, reflecting the increasing number of mines which now have only low-grade reserves, says the chamber

It is also a result of the industry's policy of mining the lowest economically payable grades to extend the life of the mines and the "inevitable time lag before mining can be shifted to higher grades of ore to compensate for lower gold prices"

The upward trend in the gold price over the past 10 years has allowed the industry to switch from mining ores of an average grade of

13,11 g/t in 1971 to last year's 6,92 g/t

According to the chamber this has significantly enhanced SA's most valuable resource, but the increased capacity last year was not enough to fully compensate for lower grades, and gold production fell by 17 tons

The industry's working revenues fell to R8 301-million last year from R10 193-million in 1980, and the impact of the gold price plunge was compounded by a 17,9% increase in average working costs to R41,89 a ton milled from R35,53

Inflation was the main contributor to the working cost increase, and the higher cost of mining lower grade ores and at greater depths added to overall costs

Tax and State's share of profits in calendar 1981 plummeted 45% to R2 099-million from R3 838-million the year before, and the State's contribution to marginals in aid surged to R26 900 000 from R1 500 000

Total outflows, through tax, capital expenditure and dividends amounted to R5 006-million, which resulted in a net depletion of R115-million in the industry's capital reserves

State aid was claimed by five mines, and the total claimed represented 1,2% of the industry's tax bill Mines

claiming assistance produced 27 tons of gold worth R362-million

Shareholders did not escape the effects of the gold-price decline, and dividends were 26,1% lower at R1 685-million compared with R2 279-million

The Minerals Bureau says coal exports rose last year to R977-million from R688-million in 1980 — a 42% increase which partly offset the tumble in gold revenue

Coal production rose to 130-million tons from 115-million tons, but exports were only marginally higher at 29 900 000 tons against 29 200 000 tons in 1980

In a recent forecast for 1982 the Minerals Bureau estimated gold production of 670 tons this year and diamond production about 5% lower than last year

Coal exports are set to exceed R1 000-million for the first time this year as unit exports are expected to increase by a million tons, and the small increase in negotiated contract prices, together with the lower rand, should add R150-million to the export value

The Minerals Bureau estimates that the value of mineral exports will rise to R11 857-million, which indicates a real decline of around 12% if inflation continues at its present level

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30/3/82 (210)  
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**Employers  
hit back  
at union**

By Hugh Poulter

ANGLO American Corporation and the Steel and Engineering Industries Federation (SEIFSA) have hit back at the Metal Allied Workers Union (MAWU) who claimed last week that Anglo and Seifsa were taking too hard a line with striking metal workers

Sam van Collier, Seifsa's director, tells Industrial Week: "As employers we have set in motion discussions with non-party trade unions about attitudes to the Industrial Council

"We have set out guidelines to the members of Seifsa and hopefully they will use them, but in individual management makes it's own decisions."

"We have not pushed or recommended that management should fire or re-instate their employees in an effort to break strikes, the ideal objective is to try to de-escalate a conflict," he says

A spokesman for Anglo American says Seifsa is fully committed to negotiating wages with unions representing workers in the metal industry.

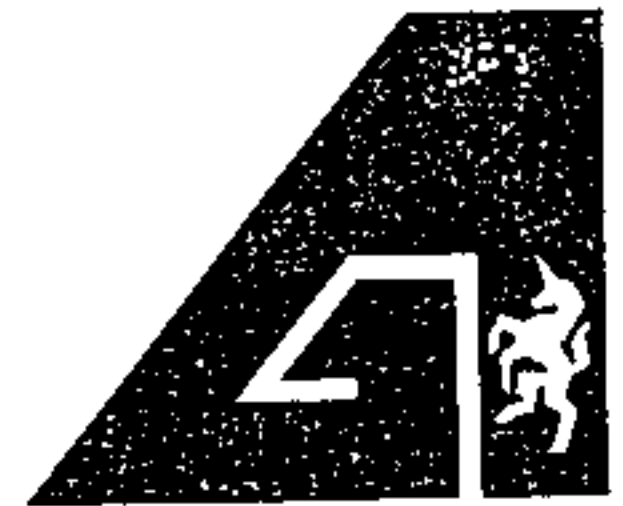
"For this reason it urged the Industrial Council to invite the unions that had not yet joined the council to attend the wage negotiations that are currently taking place, but unfortunately MAWU declined to attend"

Speaking at a meeting earlier in March to discuss the wave of unrest that has affected the Reef metal industries MAWU general secretary, David Sibabe said: "Employers are sitting on the lid of a volcano unless they agree to negotiate on pay directly with workers"



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ROM 1/4/82



# General Mining Union Corporation Limited

Abridgement of

## Review by the Executive Chairman – DR W. J. DE VILLIERS

In my review last year I forecast that the group would show reasonable growth in 1981. This has been achieved with attributable income of R319,8 million compared with R269,7 million in 1980 which is an improvement of 19 per cent. Although the number of ordinary shares in issue was slightly higher than in the previous year earnings per share improved by 17 per cent from 343 cents in 1980 to 401 cents in 1981. These results are most satisfactory, particularly in the light of the lower gold prices that prevailed during the year. Despite depressed markets for platinum and other metals and minerals, in which the group has investments, these divisions improved their results. The coal and industrial interests performed strongly, and significantly increased their contributions to group results. Equity shareholders' interest, taking investments at book value, has now exceeded R1 000 million for the first time and if outside shareholders' interests in subsidiaries are added, the group equity amounts to more than R1 500 million. If investments are taken at market value, the equity shareholders' interest was approximately R2 500 million at 31 December 1981. This growth is remarkable in comparison with the figure of five years ago which was about R500 million.

The South African economy is estimated to have shown a real growth in gross domestic product of some 4,5 per cent in 1981 which is half the rate achieved in 1980. Fiscal measures applied during the year were not designed to dampen the economy but continued to create conditions whereby the private sector could take the lead in achieving higher levels of productivity and employment in the country. Regrettably, most of this country's trading partners were going through a period of recession and, as a result, some of the group's export industries experienced reduced demand for their products with weaker prices. The relative stability of the oil market adversely affected the gold price, as did the extremely high interest rates in force in the United States and other Western countries. The resultant fall in the price of gold, coupled with the reduced contribution from other exports brought the South African balance of payments under severe pressure. For a time it was hoped that there would be an earlier recovery in the economies of the United States and Western Europe but it now appears that this is unlikely to happen before the end of 1982 or early in 1983.

Imports into the country have continued unabated and the Government has only recently seen fit to introduce a 10 per cent surcharge on imports and to allow interest rates in South Africa to rise to levels comparable with those overseas. Hopefully these measures will dampen domestic demand for imports without creating a negative phase. The internal financial position has weakened and the value of the Rand, measured in terms of foreign currencies, has fallen dramatically over the last 12 months and could fall further if stern measures are not implemented. The domestic inflation rate, which is expected to be between 14 and 16 per cent in 1982, is unacceptably high and the reduction to more reasonable levels continues to be a major objective of economic policy. It is possible that the latest measures will assist in ameliorating inflation, but unfortunately many of the price increases are of an administrative nature and are not due to market forces. If the South African currency weakens any further, the inflation rate could move to even higher levels.

The need for the industrial sector to embark on a period of expansion will require investment on a massive scale and a significant expansion in the skilled labour force. The capital resources to achieve this are not available internally and it is essential that political stability in the country be maintained in order to attract large-scale investments from overseas.

### Gold and Uranium

The average price of gold in the 1981 calendar year was \$460, which was well below the average of \$615 per ounce in 1980. To an extent, the South African mining industry was insulated against the fall in the price by the weakening of the Rand against the U.S. Dollar.

The uranium producers of the group are fortunate in having the bulk of their production committed under long-term contracts at reasonable prices.

Although gold is at present trading at lower levels, the group remains confident in the long-term future of gold and also the use of uranium as a source of power.

### Platinum

During the past year, the slack economic conditions which prevailed in the major industrial economies of the free world resulted in a decline in the consumption of platinum. It is believed that the demand for platinum and platinum group metals is unlikely to improve in 1982.

### Coal

The prospects for the ensuing years are promising and good progress has been made in planning projects for utilisation of the remaining 4,75 million tons per annum of the group's export quota of bituminous coal and 1,5 million tons per annum of anthracite as part of the third phase of the development of the Richards Bay export facilities.

The conversion of the Optimum colliery, which at present supplies coal only to Escom, into a multi-product mine at an estimated cost, in escalated money terms, of R234 million, will contribute the major portion of the remaining allocation of export coal.

It is in the interests of the country that coal reserves should be utilised to best advantage and that opportunities to develop multi-product mines should receive high priority.

### Northern Transvaal

The dramatic decrease in the consumption of oil throughout the world, and the resultant position of oversupply, has diminished the urgent need for the development of processes for the production of fuel from coal. South Africa's particular circumstances demand, however, that technical research into potential oil-from-coal processes must be continued, but this is a long-term project. Significant expenditure is, therefore, being incurred on the acquisition of mineral rights and technical research.

### Metals and Minerals

In October 1981, the group increased its investment in asbestos production through the acquisition of the asbestos interests of Transvaal Consolidated Land and Exploration Company Limited by the Griqualand Exploration and Finance Company Limited at a cost of approximately R43 million. The amalgamation of the asbestos interests of the two companies will permit their respective operations to be rationalised and result in substantial cost savings through the integration of production, and exploration and sales activities.

All metals and mineral products produced by the group suffered from the weak market conditions existing in Europe and the United States and the prices for these products were under pressure. Some benefit was derived from the weakening of the Rand against the U.S. Dollar which helped to offset inflationary increases in production costs.

### Industries

The industrial division of the group generally performed strongly throughout 1981 and contributed approximately 38 per cent of attributable earnings despite the slowing down in the level of economic activity in the country.

Of major importance to the future operations of the division was the announcement during the year of a major expansion programme by Sappi. This entails the construction of an integrated pulp mill at Ngodwana in the Eastern Transvaal to provide additional pulp, newsprint and liner board capacity. The estimated cost is approximately R800 million. It is one of the largest single undertakings by private enterprise in South Africa.

The new Astas gearbox factory came on stream at the end of October 1981, and it is planned to produce 10 000 heavy vehicle gearboxes in the first year of operation.

In the meat industry, the group's investments are held through Kanhym Investments Limited, which has made an offer to acquire the shares not already held by it in Karoo Meat Exchange Limited.

Despite general predictions of more difficult business conditions in the year ahead, the group expects continued growth in this division as a whole.

### Manpower

The training and development of workers at all levels is regarded as a priority of the highest order as a means of expanding the severely limited leadership group. The group's development policy is aimed at the creation of opportunities for workers of all categories to progress increasingly to higher positions. The group is therefore committed to striving continually for equality of opportunity for all its employees.

The group is involved in various external projects aimed at the development of all communities in South Africa, with the accent on projects which promote self-reliance within communities.

With regard to industrial relations, the group accepts that the relationship between employees and management is not inevitably an adversary relationship but that in fact a large area of common interest exists. With the provision that industrial relations remain essentially a management responsibility, the group endeavours to use every opportunity at all levels to promote sound industrial relations.

### Prospects

The year ahead is likely to be difficult but it is confidently felt that the economies of the United States, Japan and Western Europe will begin to emerge from their current depressed state at the end of this year or early in 1983. This will have a beneficial effect on exports and should result in a marginal strengthening of the South African currency by the end of this year.

The group's interests are widely diversified and it can, therefore, be confidently stated that in the year ahead the results of certain divisions with better opportunities will counter-balance those that continue to suffer from slack demand. It is, however, expected that, in the absence of unforeseen circumstances, the level of earnings for 1981 will possibly again be achieved in the current year.



# 'Forgotten' R2200-m assets boost Anglo

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S. Times

18/4/82

By Elizabeth Rouse

**MINORCO**, Anglo American's 42%-owned overseas arm, has "forgotten" assets which will act as a prop in the current world metals slump.

The forgotten assets are in the Minorco empire — the \$2 200-million sales entity now named Engelhard Corporation — which was hived off last year from the \$27 000-million-asset Engelhard Minerals & Chemicals Corporation

The hive-off was unnoticed by the financial Press because of the drama of the formation of Philbro Corporation, Engelhard's enormous raw materials trading and marketing division, and Philbro's subsequent \$550-million acquisition of investment bankers Salomon Brothers

Bermuda-based Minorco has a 27% interest in both Engelhard and in New York-based Philbro, the world's largest publicly owned commodities trading company

No wonder most analysts have neglected Engelhard Corporation, the suburban

Menlo Park, New Jersey, operation

However, the diversity of Engelhard's interests, which range from platinum, oil catalysts to chemotherapy, offers Minorco shareholders a holding in profitable operations

The corporation is a major fabricator of precious metal products for industrial uses, a miner of minerals such as kaolin and talc, and a leading manufacturer of catalysts used in industries such as cars, petroleum and pharmaceuticals

During its past five years as part of the old EMC, Engelhard's earnings grew a compound 27%, which looked shabby in comparison to Philbro's 37% rate over the same time

In spite of recession in customer industries such as chemicals and paper, to which much of Engelhard's 30 000-plus product line is sold, and a drop in income from the refining of precious metals, the corporation has done remarkably well after one year of independence

Reason for its resilience is that a capable research and development department — despite its lean \$15-million budget — has been able to come up in recent years with premium products that are more resistant to economic downturns

The corporation's kaolin-based Ansilex, which gives brightness, whiteness, bulk and capacity to paper, helped maintain Engelhard's profitability in the paper market

Meanwhile, the corporation introduced two new

coatings and a line of weight-reduction products for publication paper

Other strong sellers have been fluid cracking catalysts for the petroleum industry developed in the 1970s, which provide more petrol and high-octane yields from feedstocks

The jazziest thing coming off the shelf at Engelhard today is an asphalt residual treating process (ART) that removes all the heavy metals and most of the poor carbon, residues, sulphur and nitrogen from heavy and reduced crude oil

The process is expected to increase the yield per barrel by 10% to 35%, while lowering costs as much as 20%

According to experts, Engelhard has a three-year jump on competitors like W R Grace, Signal, Mobil and Shell

Engelhard is building a major facility in Georgia to manufacture the contact material used in the process

It is estimated that ART alone could account for \$2.50 to \$3.75 in Engelhard earnings a share by 1985, more than the \$2.46 the whole of Engelhard earned in 1981.

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# Minerals major earner <sup>(210)</sup> for next 100 years <sup>stau 19/4/82</sup>

South Africa could regard minerals as its major source of foreign earnings for the next 100 years or more, Mr Dennis Etheredge, chairman of the Gold and Uranium Division of Anglo American Corporation, said last night.

Speaking on a radio programme, Mr Etheredge said that the

present Chamber of Mines figures suggested gold production could be held at slightly under 700 tons a year for the next seven or eight years.

There would then be a gradual decline to an estimated 350 tons by the end of the century but production would continue for 20 to 30 years more.

If the gold price went very high — which it could well do if newly-mined gold became scarce — the industry could probably continue for quite a while longer on the basis of lower-grade ore. It was certainly not a dying industry.

Mr Etheredge said the mining industry was highly diversified. There had been considerable expansion and diversification in the base-metal field over the past 10 years. Many of these new developments formed the basis of long-life industries.

## MANGANESE

He said South Africa would still be mining coal in 150 to 200 years. Projects involving manganese, chrome, iron ore and other minerals would also have exceptionally long lives. The next 20 to 30 years would see a gradual reduction in the importance of gold and diamonds as export earners and their replacement by the other base metals and coal. — Sapa.

## DIVIDENDS

Dividends declared between April 8 and 14. Volkskas Prop Trust (final) 4,2c payable

April 30; Portland Holdings (interim) 2,5c Zimbabwean currency payable June 9.

## THE WEEK AHEAD

### TODAY

#### Ex-dividend:

Wilbarz 4,5c, Foschini 53,2c; Sage 19c, Rusplat 12,5c; De Bond 7c; Lyd Plat 12c; Hanhill 6c; IFM Group 4c, B & S Steel Furniture 12c, Picardi Hotels 6c; Wankie 3c (Zimbabwean currency); Volkskas Prop Trust 4,2c.

### MEETINGS

**TODAY:** Group Five Engineering (Ordinary) 10 am, 150 Rivonia Road, Rivonia, Sandton.

**TOMORROW:** Amic (Ordinary) 11 45 am, 44 Main Street, Johannesburg.

**WEDNESDAY:** Palabora Mining (Ordinary) 11 30 am, Unicorn House, 70 Marshall Street, Johannesburg.

**THURSDAY:** Field Industries (Ordinary) 9 30 am, corner Albert and Eloff streets, Johannesburg, Evelyn Haddon (Ordinary) 9 30 am, 20 Laub Street, Johannesburg.

**FRIDAY:** Chem Hold (Ordinary) noon, Riepen Avenue, Riepen Park, Sandton; Msauli (Ordinary) 9 30 am, 74/8 Marshall Street, Johannesburg, Gefco (Ordinary) 10 am, 74/8 Marshall Street, Johannesburg, Veka (Ordinary) 9 am, corner Lili-an and Commercial roads, Fordsburg, Am-

gold (Ordinary) 9 am, 44 Main Street, Johannesburg; Cadswep (Ordinary) noon, 11 Hyser Street, Heriotdale; Congella Federation (Ordinary) noon, 333 Smith Street, Durban.

**FRIDAY:** Last day to register for dividend.

General Optical 6c; Cullinan 12c, Xactics 5c; Congella Federation 13c; Pick 'n Pay Stores 37,43c; Pick 'n Pay Holdings 18,4c

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19/4/52 (210) 204  
**Minerals 'will be top SA cash earner'**

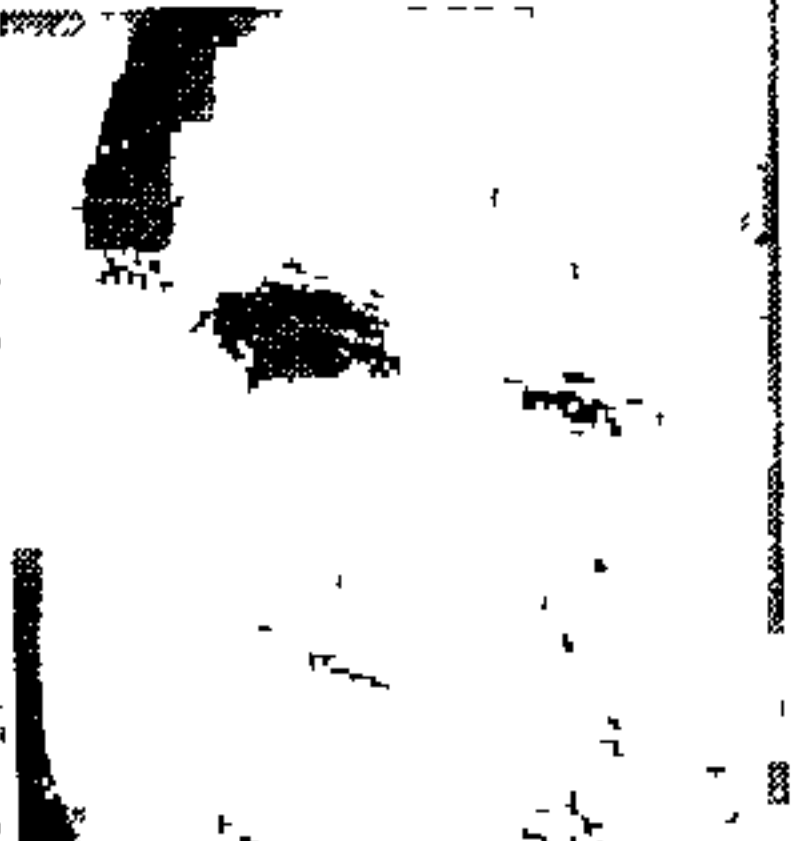
SOUTH AFRICA could regard minerals as its major source of foreign earnings for the next 100 years or more, Mr Dennis Etheredge, chairman of the Gold and Uranium Division of Anglo American Corporation, said last night.

Speaking on the Springbok Radio programme "Top Level", Mr Etheredge said present Chamber of Mines figures suggested gold production could be held at just under 700 tons a year for the next seven or eight years.

There would then be a gradual decline to an estimated 350 tons by the end of the century. But production would continue for 20 to 30 years more.

If the gold price went very high, which it could well do if newly-mined gold became scarce, the industry could probably continue for longer on the basis of lower grade ore. It was certainly not a dying industry.

Mr Etheredge said the mining industry in South



**MR DENNIS ETHEREDGE**  
Coal for 150 years

Africa was highly diversified. There had been considerable expansion and mining diversification in the base metal field over the past 10 years.

Many of these new developments formed the basis of long-life industries, he added.

South Africa would still be mining coal in 150 to 200 years, he said.

Projects involving manganese, chrome, iron ore and other minerals would also have exceptionally long lives — Sapa

767

THURSDAY, 6 MAY 1982

THURSDAY, 6 MAY 1982

†Indicates translated version

For written reply  
Howard Q. Col. 767  
Group Areas Act: Woodstock  
6/5/82

81  
565 Mr S S VAN DER MERWE asked the Minister of Community Development

How many (a) persons and (b) families were moved from Woodstock in terms of the Group Areas Act (i) in 1981 and (ii) from 1 January 1982 to the latest specified date for which figures are available?

The MINISTER OF COMMUNITY DEVELOPMENT

(a) and (b) None, but five families left the area of their own accord

127  
Howard Q. Col. 767 - 768  
6/5/82  
Soweto: housing schemes

572 Mrs H SUZMAN asked the Minister of Co-operation and Development

(1) How many housing schemes are at present being developed in Soweto by the (a) West Rand Administration Board and (b) private sector,

(2) (a)(i) when were such schemes initiated and (ii) when is it envisaged that they will be completed and (b) how many housing units are involved in each case,

(3) whether any housing schemes for lower income groups are under construction in Soweto, if so, (a) how many and (b) how many housing units are involved in each case?

The MINISTER OF CO-OPERATION AND DEVELOPMENT

(1) (a) 2 (b) 3

(2) (a) (i) 1980

(ii) End of 1982

768

THURSDAY, 6 MAY 1982

(b) C'hawelo 800  
Diepkloof 829  
Pamville 560  
Dobsonville 132

(3) Yes

(a) 1

(b) 800

210  
Howard Q. Col. 768  
6/5/82  
National states: mineral production

578 Mr P R C ROGERS asked the Minister of Co-operation and Development

What was the value of mineral production in each mineral category in each of the national states in 1981?

The MINISTER OF CO-OPERATION AND DEVELOPMENT

The Department of Mineral and Energy Affairs is not prepared to disclose to value of each mineral category. The only information available is the figures given in reply to Question 289, namely the value of the mineral production for 1980-81,

Kangwane R 16 000 000  
KwaZulu R100 000 000  
Gazankulu R 1 800 000  
Lebowa R 65 000 000

Financial rand system

582 Mr J J B VAN ZYL asked the Minister of Finance †

(1) (a) What total amount has since the introduction of the financial rand system been approved for investment by non-residents in South Africa in this way and (b)(i) what total amount has been so approved for each main sector in the economy and (ii) how many applications have been received in this connection,

(2) whether the original conditions under which financial rands were granted are still in force; if not, why not,

769

THURSDAY, 6 MAY 1982

(3) whether financial rands are granted for the purchase of farming land if so, how many border farms in (a) the Republic and (b) South West Africa have been acquired by non-residents in this way?

The MINISTER OF FINANCE

(b) (i)

Sector

Industry  
Mining (including exploration)  
Commercial Property  
Residential Property  
Farming Property  
Other

Amount  
R725 554 000  
R231 569 000  
R112 814 000  
R 75 182 000  
R 63 761 000  
R 34 546 000

(ii) 4 493 applications were received

(2) The original guideline laid down by the South African Reserve Bank on 25 January 1979 was subsequently amended so as to provide for wider application of the financial rand by non-residents for investments in terms of the recommendations of the De Kock Commission

(3) Permission is granted to non-residents to utilize financial rand to invest in farming property in the Rand Monetary Area

(a) and (b) Detailed information indicating what amounts have been approved in respect of border farms, be it in the Republic of South Africa or South West Africa, is not available

6/5/82  
National servicemen: solitary confinement  
593 Mr P R C ROGERS asked the Minister of Defence

Whether any national servicemen sentenced to detention barracks since 1 December

(1) 484, including 52 who are awaiting trial

(2) (a) 7 x 14 days

770

(1) (a) Since its introduction on 29 January 1979 up to 31 March 1982 approval of an amount of R1 243 426 940 has been granted for investment by non-residents in South Africa (Rand Monetary Area) through the financial rand system

(b) (a) and (b) were or (b) are being held in solitary confinement, if so (i) how many in each category (ii) what was the nature of their offences and (iii) what are the periods of solitary confinement in each case?

The MINISTER OF DEFENCE

No

(a) and (b) Fall away

National servicemen: detention barracks

594 Mr P R C ROGERS asked the Minister of Defence

(1) How many national servicemen were in detention barracks as at 31 March 1982,

(2) (a) for what periods and (b) on what charges had they been sentenced in each case?

The MINISTER OF DEFENCE

(b) Absent without leave



# Sanlam and Rupert clash

210 ROOM 7/5/82  
By JOHN MULCAHY

**CONTROL** of the giant Federale Mynbou (Fedmyn) group came under the spotlight yesterday with an unprecedented public clash between two major Afrikaner business interests, Sanlam and Rembrandt.

Federale Mynbou is the holding company of General Mining Union Corporation, which last year controlled or administered subsidiary and associated companies with a turnover of R5 900-million

Sanlam controls Fedmyn, with an interest estimated at about 50%

Rembrandt, through its subsidiary Partnership in Mining Beperk, is the second-largest shareholder with 30%, and Volkskas has 5%

A Sanlam proposal to increase the number of directors on the Fedmyn board was opposed by Rembrandt and Volkskas, a polarisation of interests which has never before been evident

Afrikaans business institutions have in the past presented a united front — at least in public — and yesterday's disagreement suggests that battle lines have been drawn between insurance colossus Sanlam on the one hand, and Rembrandt, with Volkskas support, on the other

On the agenda for Federale Mynbou's annual meeting in Johannesburg yesterday was an ordinary resolution, proposed by Sanlam, that "in terms of article 77 of the articles of association the maximum number of directors be increased from 12 to 15 and that article 3 (a) of the schedule to the company's articles of association be amended accordingly"

Section 62 of the Companies Act states that "a company may alter or add to its articles by special resolution"

However, article 77 of Fedmyn's articles of association provides for a maximum of 12 directors "or as otherwise decided by shareholders in general meeting", and this is where the legal dispute arises

When Fedmyn's chairman, Dr W B Coetzer, drew the meeting's attention to the proposal, Mr Dirk Hertzog, a director of Fedmyn and of Rembrandt Group, said he could not support the motion. He did not believe it was necessary or desirable that the number of directors be increased

In his view the proposal required a special resolution, and he asked that voting on the issue be conducted by a poll instead of a show of hands

Dr Philip Morkel, managing director of Volkskas Group, said that after taking legal opinion, he agreed with Mr Hertzog that the resolution calling for an amendment to the articles of association had to be a special one

An ordinary resolution is passed on agreement by a simple majority — more than 50% of those voting — whereas a special resolution requires acceptance by at least 75% of the votes

The significance of the request for the resolution to be considered by a poll instead of a show of hands is that, in terms of the Companies Act (Section 197), on a show of hands each person present has only one vote, irrespective of the number of shares he holds or represents. In a poll a member (or his proxy) is entitled to exercise all his voting rights

Replying to Mr Hertzog,

Dr Coetzer said the resolution had been carefully considered, and would proceed as an ordinary resolution, but agreed that voting would be carried out by a poll

The resolution was carried with about 21-million votes in favour and 15-million against, and Dr Coetzer then proposed that three additional directors, all nominated by Sanlam, be elected by an ordinary resolution

Mr Hertzog and Dr Morkel both asked the meeting to place on record the fact that, as they considered the increase in the maximum number of directors allowed to be ultra vires, and questioned the validity of the resolution, they would not vote in the election of the new directors

After their remarks had been recorded, a vote on a show of hands was taken, and the three Sanlam nominees — Mr P L le Grange, Dr P J Riekert and Mr Pierre Steyn — were elected

Questioned on the clash later, Sanlam's managing director, Dr Fred du Plessis,

said it was merely a case of each side protecting its own interests, and too much should not be read into the proceedings

He said Sanlam had been the controlling shareholder in Fedmyn since the inception of the company in 1953. Although it had a policy of non-interference with management, Sanlam did protect its control situations

Asked why the differences between Sanlam and Rembrandt-Volkskas could not be resolved at board level, without airing them at the general meeting, Dr Du Plessis said the problem had only arisen "a couple of days ago"

There has been growing speculation that Rembrandt is on the verge of launching an extensive investment programme in South Africa, using its foreign reserves to take advantage of the weak rand

Market observers said yesterday the clash over Fedmyn could signal a new era in South African business, with major Afrikaans institutions prepared to compete openly against one another in contrast with the traditional "solidarity" approach





# Slump in economy cuts deep

Financial Reporter

MORE evidence of the sharp downswing in the South African economy came yesterday

Tough conditions in world diamond markets are beginning to make themselves felt in local diamond mines

De Beers, in line with its latest policy of reducing operating costs, is cutting its work force at the Premier Mine in the Northern Transvaal by 9%

The number of employees is to be reduced by 498 from the present 4 275

The company says, however, that every effort will be made to re-absorb affected employees within the De Beers and Anglo-American groups — and where this cannot be achieved compensation will be paid

● Barlow Rand, the mining and industrial giant, reported a growth of only 1,8% in attributable profit — a clear fall when inflation is discounted — in the six months to March 31

● Messina's mining operations had a disastrous six months' trading to end March and incurred attributable losses of R5,600 000 that completely offset a continuing good performance from the Datsun motor division

See Page 11

# Mr O's ordeal

(210)  
S. Times 23/5/82

**AFTER** several years of boom, Anglo American Corporation is caught on a sticky wicket

The diamond market continues to be gloomy, gold is stagnating and most foreign acquisitions are performing poorly

But for Amcoal and a few other interests, Anglo American cannot be described as a happy company. This, at least, is the opinion of several London brokers

Laing and Cruikshank, for example, says "The odds are that Anglo will hold its final dividend at 75c from consolidated earnings of 190c, but then we thought the same of De Beers"

In a recent interview with the Wall Street Journal, however, Anglo chairman Harry Oppenheimer said that profits for the year

ended March 1982 would be only slightly lower and that the decline reflected the reduction in De Beers's dividend and the fall in the price of gold

But Laing and Cruikshank contends that De Beers's lower dividend is only one of Anglo's worries

The Middelplaats manganese mine has been sold to Samancor at an effective loss, says the firm, and there has been a disappointing interim dividend from Minorco, Anglo's international mining holding company

When the group's international assets were reshuffled last year, Minorco's assets were boosted by \$1 000-million

The group forecast that there would be a substantial increase in earnings in the year ended June 1982

The distribution was to be 30c, says the firm. But actual results are disappointing

Minorco's interim dividend is pegged at 6c a share, and the company says that the total is unlikely to exceed last year's 22c

Through Minorco, a Bermuda-based holding company, both Anglo and De Beers have invested hundreds of millions of dollars in North American coal, uranium, gold, copper and other important minerals

But the slump in the mineral markets has dragged down earnings. And Anglo's 43% stake and De Beers's 23% investment in Minorco have so far yielded sour fruit

Minorco, for instance, is the largest single shareholder in Phibro Corporation, the giant US commodities-trading company

In good years the 27% stake in the huge concern yields excellent returns

But Phibro, with worldwide turnover of \$25 000-million last year, is now going through lean times

Its profits tumbled by 28% in the first quarter of this year to \$44-million

Phibro earned \$289-million in 1981, down 38% from \$467-million in 1980

And, sadly, Salomon Brothers, the huge securities firm

By Neil Behrmann  
London

which Phibro acquired towards the end of last year, contributed about 90% of the company's profits in the six months ended March, so Phibro's commodity-trading profits are in a tailspin

Other Anglo interests include Engelhard Corporation, which refines metals and owns petroleum and minerals subsidiaries.

That company is doing better now that it is independent of Phibro, but Minorco's other asset, Consolidated Gold Fields, has been suffering from the collapse of the gold price

Consolidated Gold Fields has also been building up a stake in Newmont Mining, one of the US's largest copper producers

But shares were bought at high prices, and with the slump in copper prices ConsGold's 22.4% stake in Newmont was hardly a well-timed acquisition.

Newmont also controls an extensive holding in oil, uranium, zinc and cement companies, while it owns 27.5% of Peabody Coal, the biggest US coal company. These investments have been hit badly by the US recession

"With hindsight it may be argued that if De Beers had not used its considerable cash on hand to buy ConsGold shares two years ago the interest income on that cash would certainly have boosted earnings," say brokers James Capel

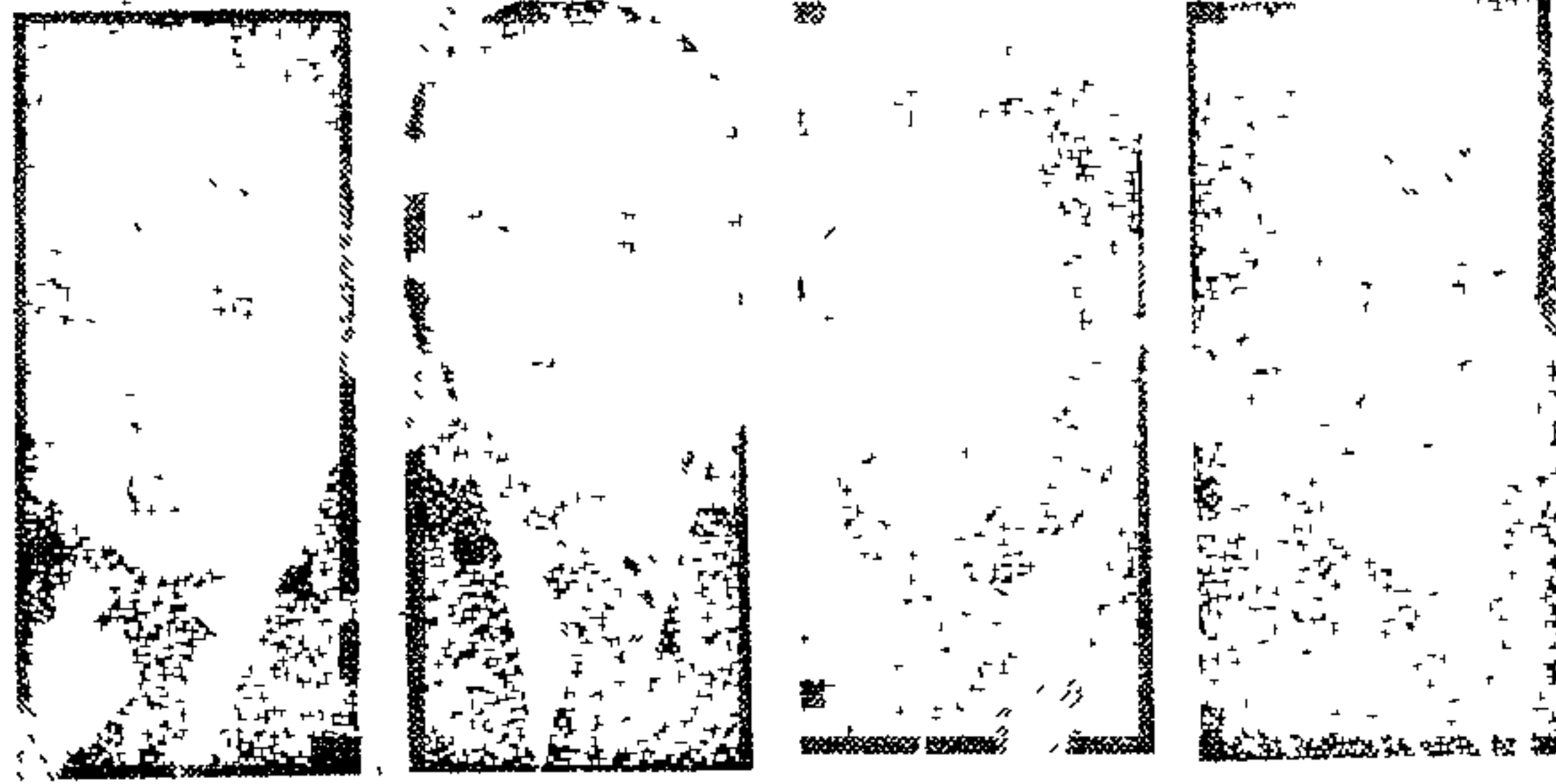
(De Beers secretly acquired 29% of Consolidated Gold Fields stock in 1980, then transferred its holdings to Minorco in exchange for Minorco shares)

James Capel calculates that the purchases of ConsGold shares from around £3 in October, 1979 to £6.15 could have cost the company R200-million in lost interest income, or, say, 20c a share over the past two years

ConsGold's share price is currently trading at £3.74

Meanwhile, Harry Oppenheimer has been in Europe for a month





Harry Oppenheimer

Gavin Relly

Nicky Oppenheimer

J Ogilvie Thompson

By Mervyn Harris

Mr Harry Oppenheimer's abdication as chief of the giant Anglo American empire marks the end of a 65-year chapter of domination of the South African business world by the Oppenheimer family.

For the first time since the corporation was founded in 1917 by his father, Sir Ernest Oppenheimer, there will be no Oppenheimer at the head of the company

But there is a third generation member waiting in the wings to continue the family succession

He is Mr Nicholas Oppenheimer, son of Mr Harry Oppenheimer, who will become one of the two deputy chairmen

**CONFIDANT**

Mr Gavin Relly, at present a deputy chairman, is to become the new chairman when Mr Oppenheimer steps down at the end of the year

Mr Relly has been one of Mr Oppenheimer's closest confidants, and is chairman of the executive committee of the board and head of the three-man executive committee—Anglo's inner sanctum.

Mr O out  
 210 Staw  
 but Nicky  
 2/6/82  
 is waiting  
 for chair

Mr Julian Ogilvie Thompson, another member of the inner sanctum, will be joint deputy chairman with Mr Nicholas Oppenheimer.

Observers believe the change-over at the top of the corporation will be an interregnum before Mr Nicholas Oppenheimer takes the reins of command of the empire started by his grandfather, who was a £10-a-week diamond sorter when he arrived in South Africa at the turn of the century

Mr Harry Oppen-

heimer said today that he had not thought about what he would do after he relinquishes office

He would certainly pursue his own interests

But he thought he was perhaps "too active to sit on the beach"

Mr Oppenheimer is to remain chairman of De Beers Consolidated Mines and its associated companies

When he retires, he will have entered his 75th year, been a director of Anglo for 48 years, and chairman for 25 years

● See Pages 23, 25 and 27



# New triumvirate at Anglo American Humanitarian Relly at the helm When Oppenheimer retires

By Mervyn Harris

Mr Gavin Relly, who is to become new man at the helm of the vast Anglo American Corporation

from January, is regarded as an urbane diplomat as much as a mining and industrial magnate.

He is a humanitarian who holds firm and usually vigorously expressed views but his broad outlook keeps him free of rigid formula or doctrine.

## WIDER ISSUES

Mr Relly has lately been articulating corporate social responsibility and the wider issues facing South Africa on local and overseas platforms.

He told a recent London conference that those involved in South Africa undergo emotions of rage, triumph, despair and sheer excitement over quite short periods of time. "One might argue, therefore, that being involved in South Africa will lead to a short but

spicy life," he said. "But who is to say that this is less desirable than long and dull lives endured in other parts?"

## BORN AT CAPE

Mr Relly's life has certainly not been dull or undemanding.

Born in Cape Town in 1926 and educated at Diocesan College and Trinity College, Oxford, he joined Anglo American in 1949 and was private secretary to Mr Harry Oppenheimer and the late Sir Ernest Oppenheimer.

## IN ZAMBIA

In later years he gained experience in all the important aspects of the business of the corporation. He was leader of the team whose work in the early 1960s paved the way for the entry of the group into local steel and vanadium production.

Mr Relly identified himself completely with the project and as colleagues said "he travelled the world, living and talking steel and vanadium".

Crucial in shaping his

The abdication of Mr Harry Oppenheimer as chairman means a new hierarchy at the vast Anglo American Corporation. Mr Gavin Relly, as widely expected, moves into the chair. To complete the strong triumvirate at the top, Mr Nicholas Thompson will be joint deputy chairman.

much concerned about the people who work with him but sees social responsibility as meaning that a corporation "voluntarily expends its resources to do something not required by law and without immediate economic benefits".

## GROUNDSWELL

He views South Africa as a country with important long-term groundswell developments which will bring radical change.

However, he told the London meeting that the society, a mixture of nuclear and neoliberal, many-tongued and multithreaded, is not in itself imperfect.

He does not believe it will respond to conventional Western democratic solutions which presuppose a high degree of homogeneity but formulate must be found to allow greater consensus about the country's affairs to emerge.

## CRITICAL

While critical of post-war liberalism which was loath to accept that there were differences between men and between cultures, he believes that South Africans have made a debate on the subject more difficult.

This is because they legislated not only in respect of differences but at one period ascribed values to these differences.

Mr Relly does not, however, easily succumb to the difficulties afflicting the country and to the notion that it's all too much.

## OPINION

Some observers believe that his work in the 1960s was part of a preparation for his increasing involvement in the wider international aspects of group business and in handling the complications of differing national considerations.

## RESPONSIBILITY

He is of the opinion that if the will is there, a new opportunity, comes with the dawn of each new day. It is his belief that the opportunity is there and that what most South Africans are



MR GAVIN RELLY

outlook was his later direction of the group's large copper interests in Zambia during the

210 Spaw  
3/4/82

# Ogilvie Thompson's days as a gem sorter

At the suggestion of Mr Harry Oppenheimer, the young Mr Julian Ogilvie Thompson once spent a month sorting diamonds.

The experience did not teach him how to sort diamonds so much as the knowledge he required of diamond terminology and the intricate variety of the gems.

## RESPONSIBLE

Today he is a director of the De Beers Group. He is an executive director of Anglo, is on its operating committee and is chairman of diamond-services division and of American Gold Investment company.

## RHODES SCHOLAR

He is on the boards of numerous major group companies and is a director of local and international companies outside the Anglo and De Beers groups. He is a vice chairman of Barclays National Bank.

The son of a former Chief Justice of South Africa, Mr Ogilvie Thompson was born in Cape Town on January 27, 1934.

He went to Bishops and was a Rhodes Scholar for 1953.

At Worcester College, Oxford, he read politics, philosophy and economics.

He came down from Oxford in 1956, married Tessa, younger daughter of the London banker, Mr Tommy Brand later the fourth Viscount Hampden.

A few months later Mr Ogilvie Thompson started his first job as a management trainee with Anglo in London.

Before leaving London to return to South Africa he did his stint at the Central Selling Organisation and spent some time with La-zard's, merchant bankers, and Rowe and Piers, Anglo's stockbrokers.

In 1958 Mr Ogilvie Thompson became personal assistant to Mr Harry Oppenheimer, moving to the finance division in 1964, and heading the division from 1969 to 1971.

He was appointed to the De Beers Board in 1966 and became a director of Anglo in 1970. — David Braun

# Nicholas Oppenheimer could be third generation chief

By David Braun

Mr Nicholas Oppenheimer, only son of Bridget and Harry Oppenheimer, is likely to follow in the footsteps of his father and grandfather and become chairman of Anglo American.

His grandfather, Sir Ernest, founded the empire 65 years ago.

Harry, took over at the age of 49 and built the corporation into a colossus, straddling

the national business scene and with interests in more than a score of other countries.

Nicholas will be 37 when he take office as one of the two deputy chairmen of Anglo.

He is still in training to be chairman one day, and to emulate, if not better, the awesome achievements of his ancestors.

## AT OXFORD

Born on June 8, 1945, Mr Nicholas Oppenheimer was educated at Harrow and Christ

Church, Oxford, where he obtained a BA in politics philosophy and economics.

He joined Anglo in 1968 as personal assistant to the chairman and worked subsequently in the gold-and-diamond divisions before becoming head of the central services division at the end of 1972.

After spending 18 months in the London Office of De Beers he returned to Johannesburg in 1975 to join the gold division. He was appointed a

director of Anglo American in 1974 and of De Beers in 1978.

ON 70 BOARDS

In 1979 he transferred to the chairman's office of Anglo to "widen his responsibilities," and at the end of 1980 relinquished responsibility as marketing director of the corporation's gold-and-uranium division.

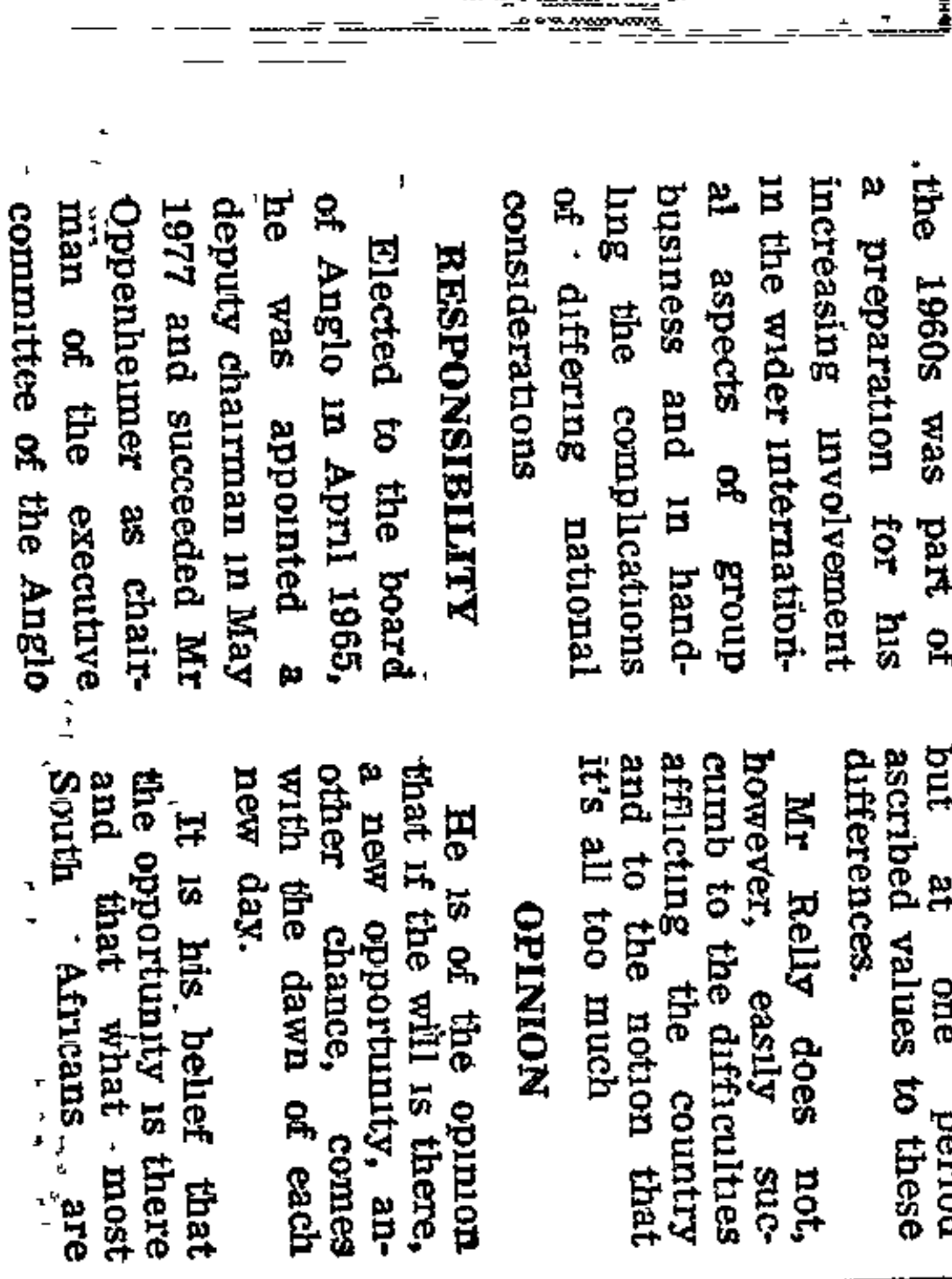
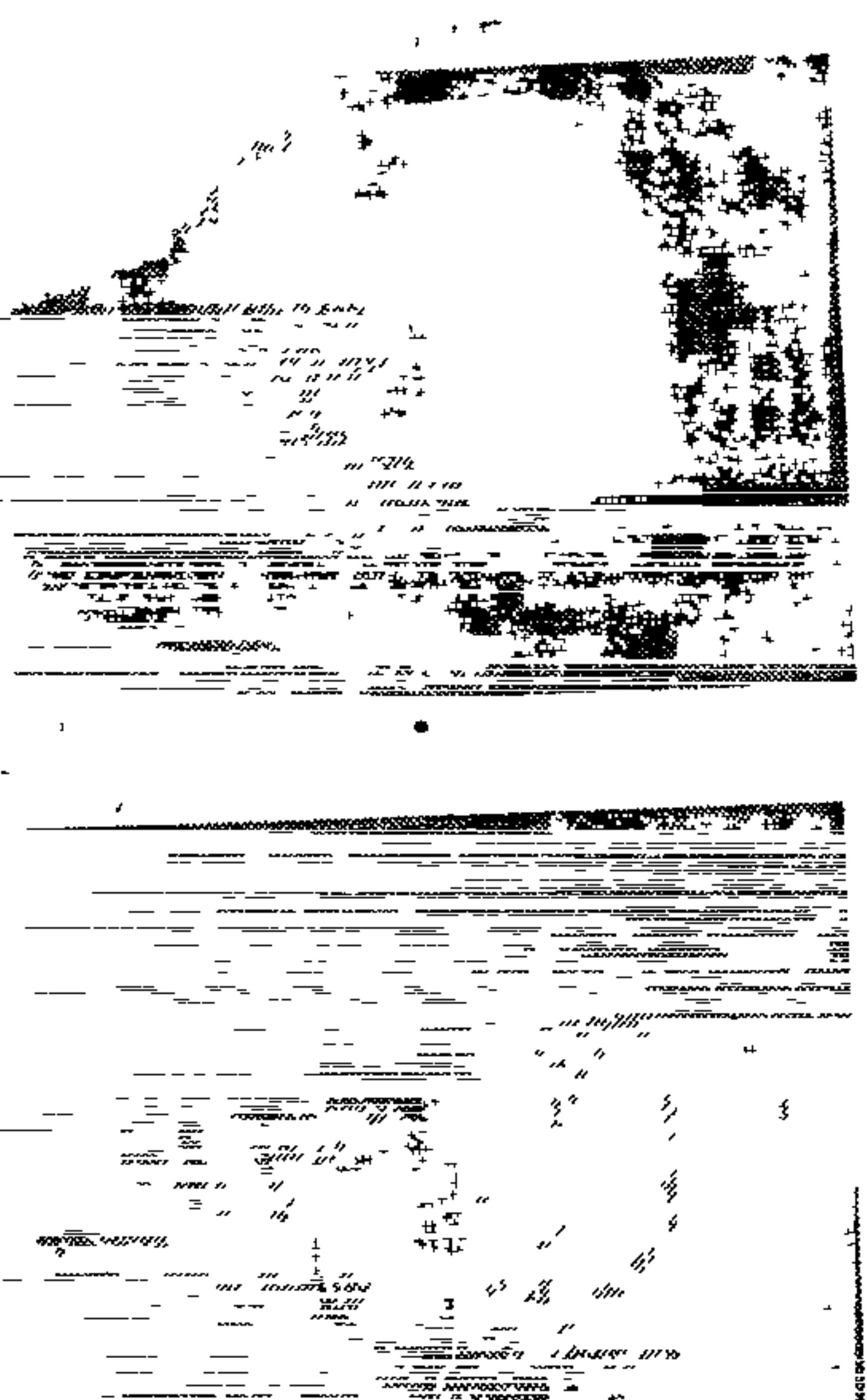
He was appointed a member of the executive committee of the board of Anglo American in 1981.

He is also chairman of SA Land and Exploration Company, and is on the boards of more than 70 other companies.

Mr Nicholas Oppenheimer has a school-boy son, Jonathan Ernest, is Jonathan destined to be the fourth generation in the dynasty to take command of Sir Ernest's creation.

If he is groomed carefully as Nicholas has been the answer is almost certainly yes.

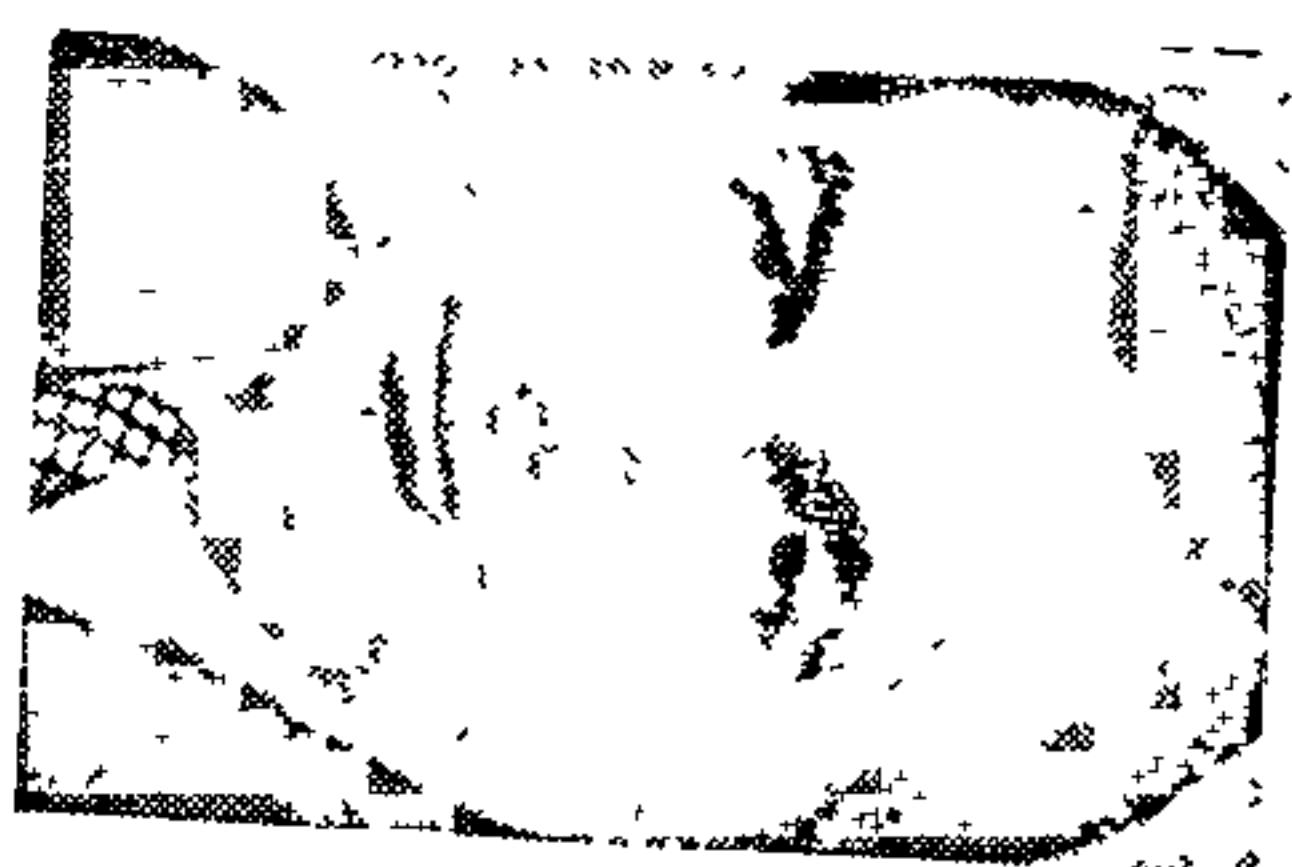
The Star Thursday June 3 1982





# Anglo's Relly 'a humanitarian'

ARGUS 3/6/82  
210



Mr Gavin Relly

Argus Correspondent

**JOHANNESBURG.** — Mr Gavin Relly, who is to become the new man at the helm of the vast Anglo American Corporation, is regarded as much an urbane diplomat as much as a mining and industrial magnate.

He is a humanitarian who holds firm and usually vigorously expressed views but his broad outlook keeps him free of rigid formula or doctrine. He has lately been articulating corporate social

responsibility and the wider issues facing South Africa on local and overseas platforms.

He told a recent London conference that those involved in South Africa undergo emotions of rage, triumphs, despair and sheer excitement over quite short periods of time.

**DULL LIVES**

"One might argue, therefore, that being involved in South Africa will lead to a short but spicy life," he said

"But who is to say that this is less desirable than long and dull lives endured in other parts."

Mr Relly's life has certainly not been dull or undemanding.

Born in Cape Town in 1926 and educated at Diocesan College and at Trinity College, Oxford, he joined Anglo American in 1949 and was private secretary to Mr Harry Oppenheimer and Sir Ernest Oppenheimer.

Later he gained experience in all the important

aspects of the business of the corporation.

He was leader of the team whose work in the early sixties paved the way for the entry of the group into local steel and vanadium production.

He identified himself completely with the project and as colleagues said, "He travelled the world, living and talking steel and vanadium".

Crucial in shaping his outlook was his later direction of the group's large copper interests in

Zambia during the years chairman in May 1977 of political and social change there after independence.

**RESPONSIBILITY**

Some observers believe that his work in the '60s was part of a preparation for his increasing involvement in the wider international aspects of group business and in handling the complications of differing national considerations

Elected to the board of Anglo in April 1985, he was appointed a deputy

Mr Relly is not only much concerned about the people who work with him but sees social responsibility as meaning that a corporation "voluntarily expends its resources to do something not required by law and without immediate economic benefits".

# He served the future



*"He had successfully met the problems of his times and left behind him, in Anglo American, an organisation deeply imbued with his spirit, with the strength and flexibility to work and build and serve in circumstances he could not foresee And that surely is as great a share*

*of immortality as a modest man should ask for on earth"*

When Harry Oppenheimer concluded with these words an article in *Optima* on his father to mark the 50th anniversary of the founding of Anglo American he can hardly have thought that the same could, with equal ease, be said of himself. For though it is very easy to see his pending retirement after 48 years on Anglo's board and 25 years as the group's chairman as the end of an era, it is really not

Oppenheimer has a strong sense of continuity. Not the continuity of a dynasty which merely perpetuates itself, but of a style of thinking and performance which can create the structures for advancement on several interlocking planes. This, essentially, is what Oppenheimer has done in his period of custodianship of the Anglo group. And he is leaving a group which has the direction and economic muscle to continue to influence this country's future.

Corporate structures, are all very well, but it is the people in those structures who will determine whether the edifice stands or falls. As Oppenheimer sees it, the essence of management is to attract the right people to the jobs and provide them with the environment in which their talents can best be used. And this, perhaps, is why the apparently clubby atmosphere of the Anglo boardroom has developed.

Oppenheimer has been able to choose the people he wants to work with, but then does not interfere with what they are doing. It is hard to imagine such different characters as, for example, Chris Griffith or Graham Boustred brooking much interference in their affairs whether or not it comes from Harry Oppenheimer.

Increasingly when talking to Oppenheimer one realises that everything has been planned for the continuation of his mining group. He has drawn around him people at the centre such as fu-

ture chairman Gavin Relly and Julian Ogilvie Thompson whose concern is the central direction of the group. And there are the other board members whose responsibilities lie more in the management of the various divisions. All of them are independently minded, but the care that has gone into their choice and development should ensure that Oppenheimer's strategies will continue long after he has vacated the chair.

But for a group which has been directed and controlled since inception by one family, the management structure Oppenheimer will leave behind is one with more than sufficient flexibility for the future. Oppenheimer has timed his retirement such that his men, who are generally 20 or so years younger than he, can put their mark and shape on the group. The shaping will almost inevitably be along the lines Oppenheimer himself would have chosen. How could it be otherwise? The choice of men was carefully made.

And though it is left unsaid, it paves the way for the third generation of the family to occupy the top slot. This transition should be smooth as the top echelons of Anglo have not been structured as a pyramid. Oppenheimer chooses to describe it as being like a partner's room where, though there is a senior partner, he pays careful attention to the views of his colleagues.

It is, of course, easy to concentrate on the obvious developments by the Anglo group itself and ignore the less obvious ones determined by Oppenheimer and intended to create environments in which the group could flourish. Helping Federale Mynbou acquire General Mining was a case in point. As Oppenheimer puts it, he had long believed that Afrikaner business interests should become involved in the mining industry. It would make a lot of sense if they were, for that would, effectively, make the Afrikaner-dominated government aware of the views and special needs of this country's mining industry.

At the time, Anglo was not particularly happy with the way General Mining was being run. It had a large interest in the house and reckoned that if it was to bring things to rights the stake would have to be increased. The alternative was to take the opportunity of helping Fedmyn establish itself in the gold industry. At the time Oppenheimer probably hoped that a close co-operation would have developed between the





houses. And though it has to a degree Oppenheimer is probably slightly disappointed at the level of co-operation. Nevertheless, he certainly believes that a major Afrikaner house provides great strength to the industry and is a major factor in forming the environment Anglo needs for its own growth.

The same sort of situation cropped up some time later with Rand Mines. Again Anglo was a major shareholder in a company which Oppenheimer describes as being "in a state where someone had to take it over." And, at the time, it made a lot of sense for the salvage operation to be done by someone other than Anglo. By helping Barlows to acquire control of Rand Mines, Anglo not only helped establish yet another force in the mining industry but acquired a relatively large strategic stake in Barlow Rand.

But that is only one side of the picture. Anglo's size relative to SA's economy means that willy-nilly it is frequently pushed into taking decisions which have a political connotation. Since the gold price has risen from its generation-long \$35 level, many of the constraints have been lifted. Now it is possible to improve wages and conditions for the mass of unorganised black workers. More has to be done, Oppenheimer freely admits. And it is significant that joint deputy chairman designate Nicholas Oppenheimer takes a particular interest in this field.

But a large part of Anglo's influence comes from example rather than direct pressure. One sees this in Oppenheimer's personal support of the Progressive Party for so many years. There was never a hope in hell that the Progressives would become the government — but the tentative moves now being made by the Nationalists were the reviled policies of the Progressives only a few years ago. Eventually Oppenheimer's support of the Progressives from the outset resulted in the party gaining respectability among the business community.

Now Anglo is trying to lead other Chamber of Mines members towards black advancement and higher black wages — by example as far as possible for there are differences over how this should be handled.

The core business of the greater Anglo group was, of course, De Beers. And perhaps it would have been easy merely to milk the diamond company of its funds to finance other projects. But this is where continuity comes in. Centralisation of the diamond production side had been established by Rhodes. When Anglo arrived on the scene, all it had to do was ensure that the existing marketing structures were maintained. Easy enough said, but not the easiest thing to implement in a depression.



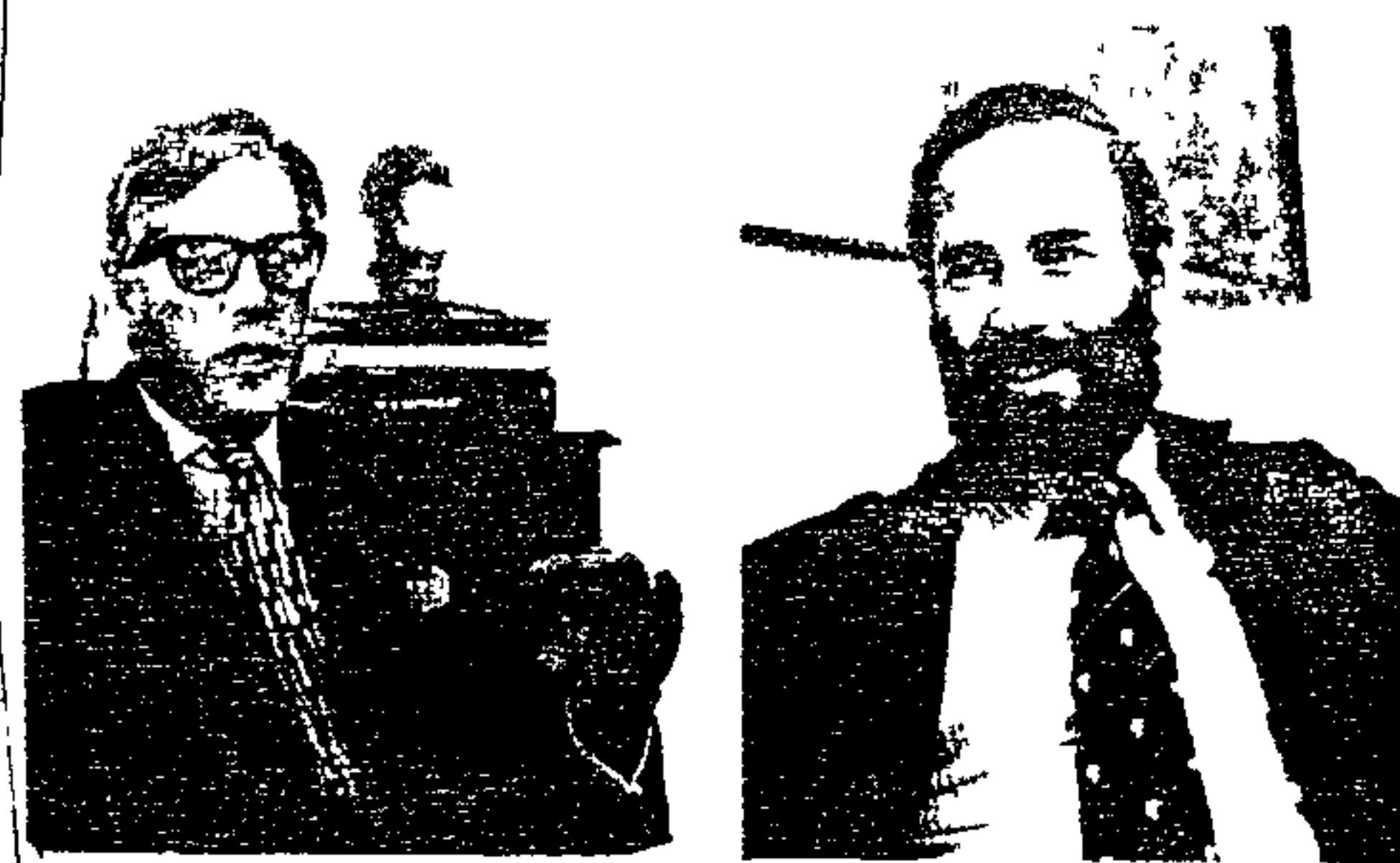
Chairman designate Relly ... groomed for the job

There was no quick fix but under Harry Oppenheimer's guidance there has been a great move towards involvement at all levels of the diamond market. The diamond company has become highly sophisticated in its marketing approach, it has gone a lot further in the promotion and advertising of diamonds. Now decisions by De Beers are based on an intimate awareness of the particular needs of the world's cutting industry and the retail jewellery trade. De Beers' influence is pervasive though the company lacks any formal control beyond the marketing of rough stones.

At the same time, the production side of the industry has changed with several national states appearing on the scene in place of large companies and, importantly, the entry of the Russians. It is a comment on the flexibility with which Oppenheimer has imbued De Beers that the company has evolved with each change of the market.

It is easy enough to take a critical view of De Beers' near term investment rating while the diamond market is depressed. But the structures developed by Oppenheimer and his team are such that De Beers will emerge as strong as ever. This same structuring pervades the whole of the greater Anglo group and provides that confidence that difficulties will not prove insurmountable.

Just as much as the group's successes its failures and disappointments are important in measuring Harry Oppenheimer's contribution and style. He has set the group on the road of participation with the governments of other countries — De Beers' developments in Botswana are sufficient measure of that. But then there is what can only be



Ogilvie Thompson

Nicholas Oppenheimer

EVERY CANDIDATE MUST enter in column (1) the number of each question answered (in the order in which it has been answered), leave columns (2) and (3) blank

UNIVERSITY OF CAPE TOWN  
EXAMINATION ANSWER BOOK



*Johnson B.*



described as the failure of the copper operations in Zambia. They were established in the Thirties depression when the copper price of £27/t and life was a misery. But they pulled through with a lot of the management effort and the determination stamped on the group by the Oppenheims.

Then everything came adrift. The copper industry's size relative to the Zambian economy meant that it was an obvious political target or, at least, the most important sector for government participation. Had it stopped at participation only, things might have been fine. But when the State wanted management control, too, the writing was on the wall. Which may all smack of a paternalistic approach to developing countries — but the evidence is clear. Anglo can accommodate partnerships all round, but there comes a limit beyond which the group's skills are inadequate to prevent a decline developing. And this "lesson" has, apparently, not been wasted. Emphasis is now on developments in more amenable countries.

In Australia several years of exploration have failed to turn up any mineral deposits of sufficiently attractive grade or size — all that has developed is a small partnership operation to recover gold from slimes. But there is no intention of stopping work in high-potential Australia.

Brazil is slightly different — exploration and other operations there are being funded by gold mining profits generated within the country. But we have to look at the so-called North American arm, Minorco, to see the central plan overseas. Minorco has been structured to stand on its own feet, though it is having a thin time of it at present as base metal prices remain weak. The people are in place and the assets given to them and now they have to get on with the job of integrating the group into North America.

The move is towards those countries where government interference can be expected to be minimal.

Let's go back to Oppenheimer's own description of his father's 40 years at the head of the group.

"For all that time he was in full control of policy and up till the end had an astonishingly detailed grip of its affairs. The whole organisation is still marked with his ideas and his personality."

The same is equally applicable to the son. He has developed a structure and a direction which will serve the group and its people in a world proven complex and dangerous.

## THOUGHTS OF CHAIRMAN O

- *It's a thing I've thought of a great deal — the point at which I retire. You have to see the future as best you can. Naturally the odds are that in six years' time I will not be there to argue about it. So, naturally you put people whom you trust and in whom you have confidence in positions of authority and hope it goes.*
- *We have different ways of thinking or at least approaching problems. And I think that is a good thing for a company, it needs a change. Gavin Relly will be able to put a new slant on things in the six years on so that he will be chairman. And this I think is necessary. It's no good having chairmen who aren't there long enough to carry things through.*
- *People have to be left alone to run their divisions. But there has to be something at the centre to make it a reality — to talk about a group outlook, a group policy. I think you get this by keeping at the centre the final say as to who is appointed in major positions. And, of course, you have to have a measure of control about the finances of the group as a whole. You have to look at the total funds available and decide your frontier. And this you have to do centrally or the thing ceases to be a group.*
- *Of course things don't just happen. One makes mistakes, but a company doesn't grow like ours if you make more mistakes than sound judgments.*
- *We are sufficiently large that we have got to decentralise control — there is no question of that. This was also a way of enlarging our operations without having to issue more and more shares in Anglo American.*
- *I always thought that it was a great weakness and danger that there was no Afrikaans business house in the gold mining industry.*
- *The major move into industry or, at any rate, the one I think of as a major turning point was Highveld. We'd been into other things connected with the diamond industry, but Highveld was a major and rather brave new venture.*



INFLATION makes a mockery of numbers. Strict arithmetical comparisons between the Anglo American Corporation today and the group as it was nearly 25 years ago when Mr Harry Oppenheimer succeeded his father, Sir Ernest, as chairman are, therefore, not so much invidious as absurd.

Thus in 1958 Anglo made a profit before tax of just over £6-million, paid dividends of little more than £4-million and estimated the market value of its assets at £96-million.

For the year to March 1962 Anglo's gross profit was R715-million, dividends totalled R248-million and direct assets were valued at R6 000-million.

However, if one adds that £1 500 a year was a good salary in 1958 and that £5 000 then bought a solid house the inflationary distortion can be seen.

In looking at Anglo today, then, and the group as it was when Sir Ernest Oppenheimer retired after 40 years as chairman and founder, what matters is to look at the changing and evolving nature of its interests rather than the price tags put on them. The fundamental difference is that Anglo has not simply expanded its traditional mining activities but has also become an industrial giant by any international standards.

In 1958 Anglo was already the dominant force in South African gold mining, controlled the world diamond market through its De Beers associate, had major coal developments, attached great importance to its involvement in the Rhodesias and had a mixed bag of other interests, including some on the industrial side.

Through De Beers it had joint control of AECI, the chemical and explosives group. Overall, however, Anglo was overwhelmingly a mining house.

A look at the most recent annual report shows how dramatically that picture has altered.

True, the mining interests remain paramount but with many vital differences.

On the acquisition side Anglo has secured a near-30% stake in Consolidated Gold Fields of Britain (thus is held through Anglo's new Bermuda-based overseas arm, Minorco).

That gives it effective control of Gold

# The house that Harry built

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Mr Harry Oppenheimer inherited a mining house. He leaves the chair of a huge industrial giant. HOWARD PREECE, Financial Editor, reports

## Fields of South Africa

Anglo also established de facto control of Johannesburg Consolidated Investments in the early 60s.

The combined result was to give Anglo control of around half the total gold production of the world.

Also, through JCI, Anglo has management control of Rustenburg Platinum Holdings, the number one producer in the international list.

On the other side, however, Mr Harry Oppenheimer deliberately allowed Afrikaner interests to acquire General Mining from Anglo and to build it up to an extremely powerful mining group in its own right.

It was very much Mr Oppenheimer's belief that the whole mining industry in South Africa would be healthier with significant

## Afrikaner participation

Another area in which Anglo played a crucial originating role, briefly under Sir Ernest Oppenheimer but mostly after Mr Harry Oppenheimer took over, was in the full evolution of a South African money market.

But Union Acceptances — Anglo's pioneering merchant bank — now belongs to Nedbank.

Not every Anglo tentacle extends forever outwards, therefore. But most seem to

Of all the moves that Anglo has made into industry it is perhaps the starting of Highveld Steel & Vanadium Corporation in the mid-1960s that has given Mr Oppenheimer the most satisfaction. In another area Anglo now has virtual

## At the end of the day

joint control of the country's sugar industry with Barlows.

A few years ago motor cars were foreign territory to Anglo. Today, through its Sigma subsidiary, it owns the largest single motor group in the country.

The most deceptive element of Anglo's interests lies in the fact that in many cases the holding is of far more importance than it first might seem.

For instance, it has minority holdings in the construction giant LTA, in Mondipar, in Computer Sciences, in the McCarthy Group.

But in each instance the holding is an effective control.

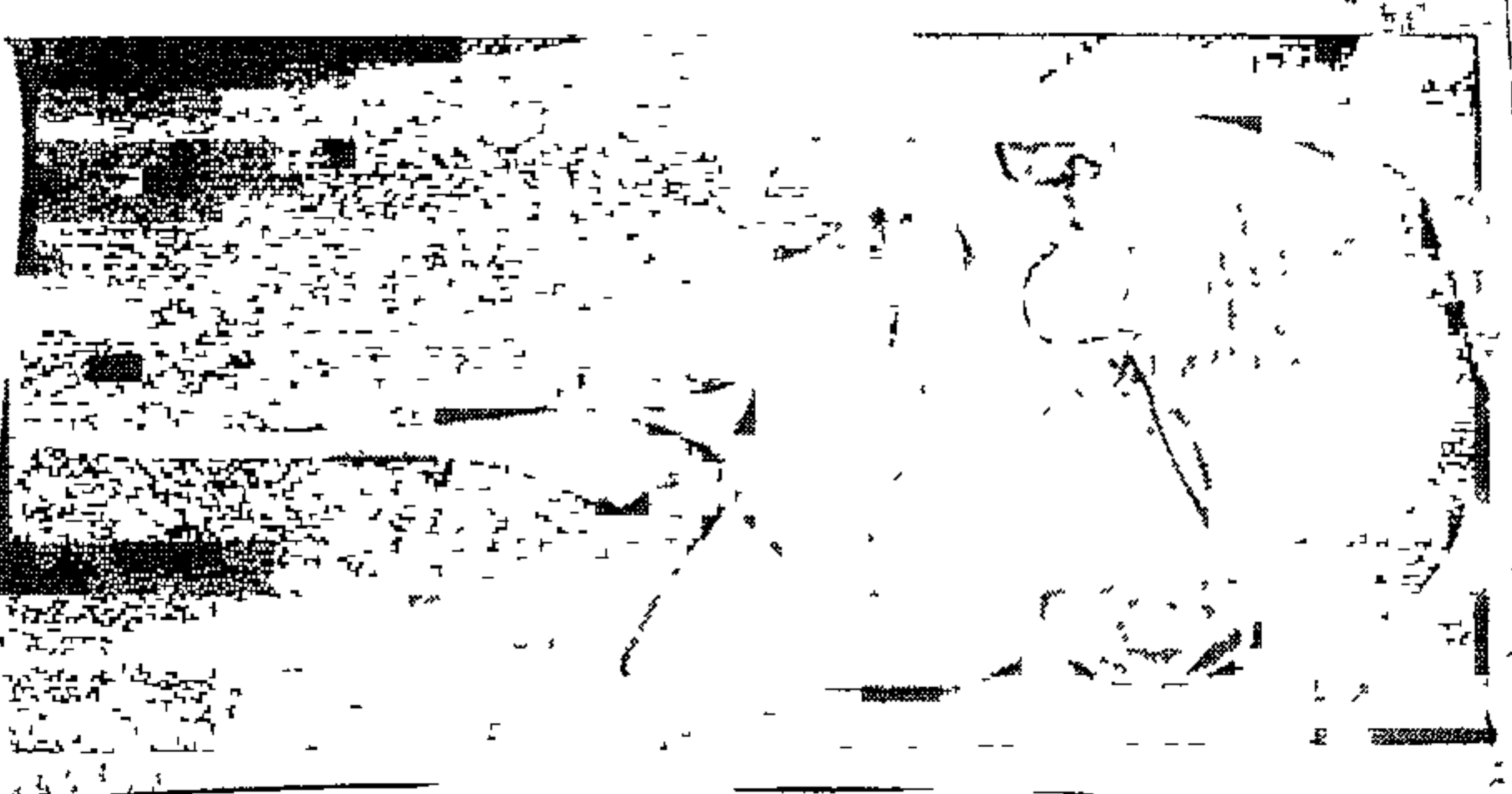
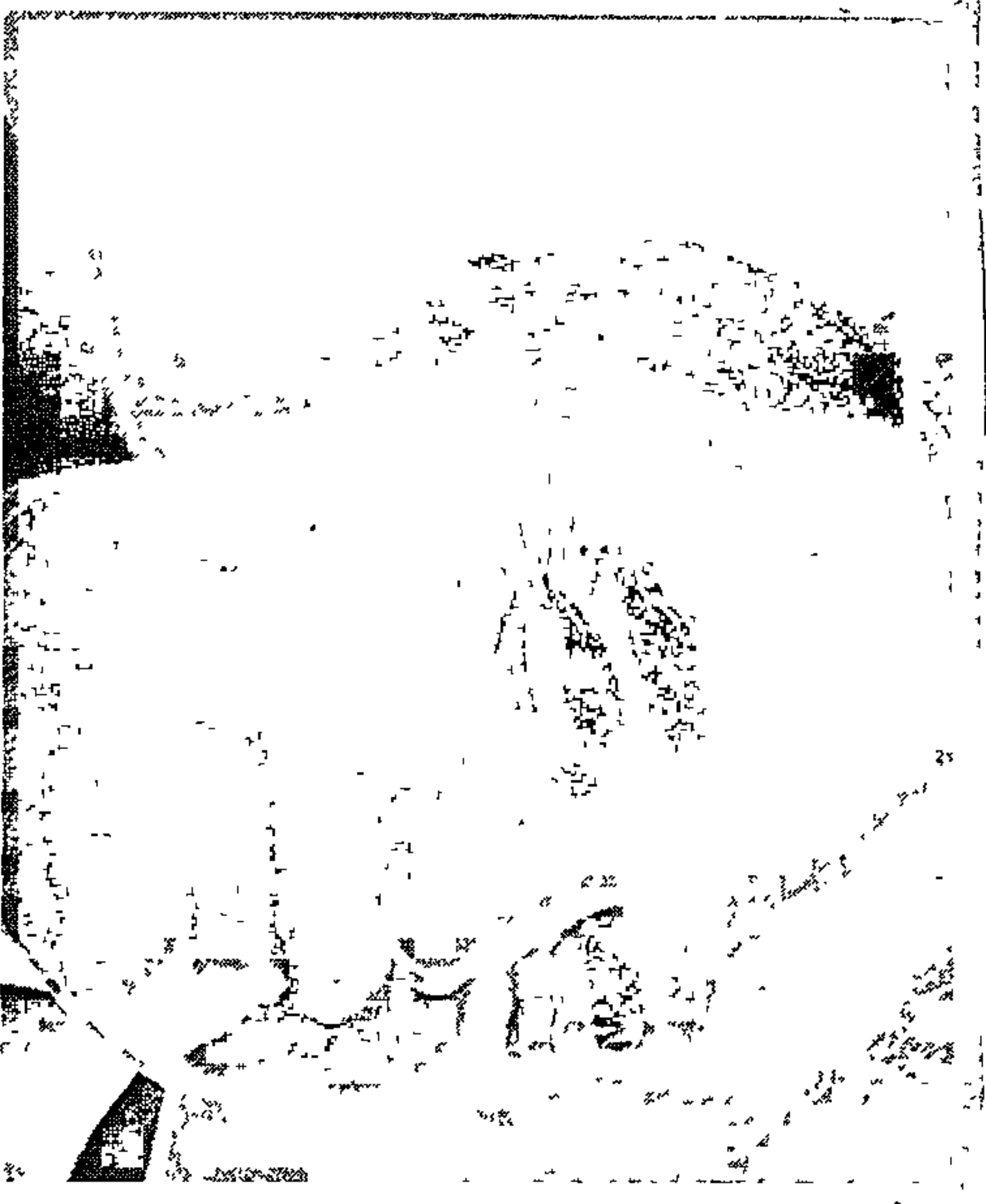
Indeed, it can be argued that if any single group can be said to control South African Breweries it is Anglo.

Critics of Anglo charge that apples also to the Argus newspaper group and even through Argus to South African Associated Newspapers, publishers of the Rand Daily Mail.

Further, should Barclays Bank of Britain ever relinquish control of its South African subsidiary, Barclays National Bank, it is Anglo, which already has a strategic holding, which would be the most likely recipient.

There is, then, an enormous difference between the Anglo American Corporation that Mr Oppenheimer inherited from his father and the group that is he soon to leave as chairman.

But even today the group's ultimate fortunes are still immensely dependent on the vagaries of the world demand for gold and diamonds, the founding source of its power.



Harry O, the young chairman



6/6/82 2105-11

HE little man who controls half the wealth of South Africa settled back in his armchair.

"Most of what I ever wanted to happen in the public life of this country has not happened. I am still concealed enough to say what I wanted was right. But it has not happened and that is not success."

Failure is not a word ordinarily associated with Harry Oppenheimer, whose empire and its outposts cover much of the developed world, whose corporation and its associates account for half the investments listed on the Johannesburg Stock Exchange, and whose personal wealth has been conservatively estimated at R250-million.

But the remark — and the self-deprecating smile — is typical of this most gentle of tycoons — a man whose incurable modesty is as great as his power and his wealth.

So is his quiet insistence that he cannot look back on any political achievements, now that after 25 years he is finally abdicating the chairmanship of Anglo American in favour of his successor.

For neither the power nor the wealth, nor the deep and abiding concern he has for a country which, despite his global interests, remains his home has secured the South Africa he would like to see, or speed the painfully slow processes of change.

For most of those 25 years it was not enough even to secure the owner of Brenthurst — the farm-sized Oppenheimer estate in the middle of Parktown — access to Libertas or Groote Schuur.

Nothing, surely, could be more symbolic of the divisions between the people who made this country's wealth and the politicians who spent it than the fact that Harry Oppenheimer and successive South African Prime Ministers were barely nodding acquaintances.

"I would see Mr Vorster at cocktail parties — but that is all," he admits.

"As for Mr Botha, I doubt that we ever exchanged a word during my years in Parliament. The first time I met him was at the Carlton Conference

4

It was easier to see a Cabinet Minister in England than here," said the man who met De Gaulle and John Kennedy and who has had greater access to the world's merchant princes and statesmen than all South Africa's home-bound politicians.

"The situation was not very sensible, but on the other hand what would contact between the head of government and the head of Anglo have achieved? Neither side would have understood what the other was saying.

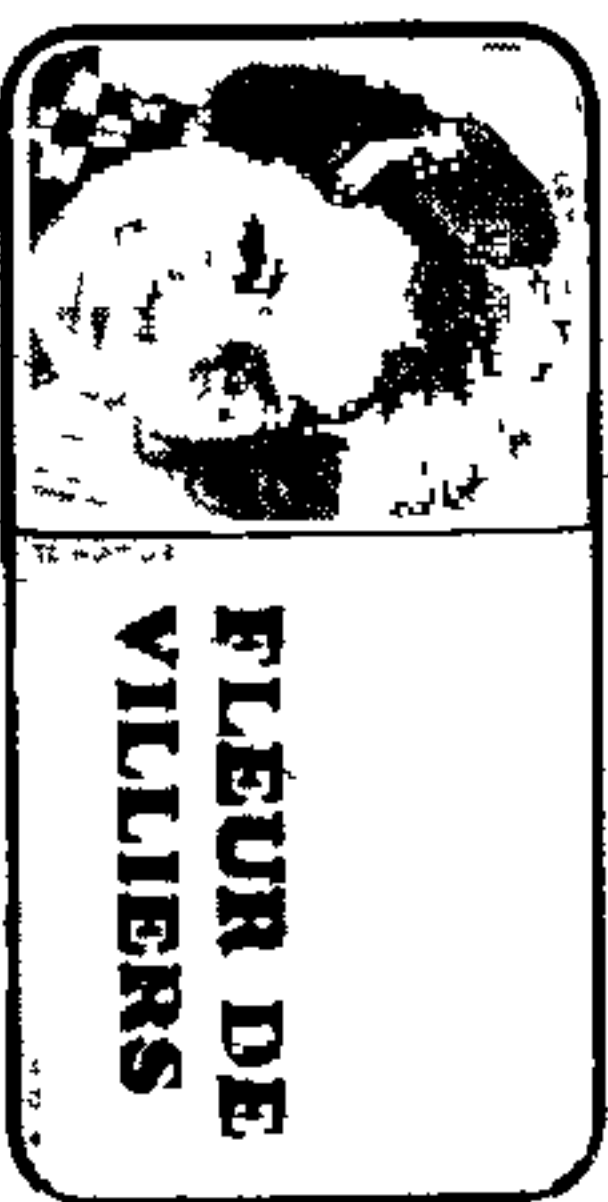
"But things are changing, don't you think?" The "don't you think", said with an inquiring cock of the head, is more than a constant grace note in his conversation, he is always and genuinely interested in the opinions of others.

Much of the change he sees is, one suspects, due to the wisdom and the personality of Mr Oppenheimer himself.

It was his foresight which led to the establishment of the first Afrikaans running house and helped dilute the hostility between the Afrikaner and the "Engelse geldmag".

"It seemed to me to be a weakness in the whole structure of the country that Afrikaner interests were not represented in the gold-mining industry," he

The man who built one of the world's greatest industrial empires tells



FLEUR DE VILLIERS

We should not scorn the rhetoric of today. It could become the policy of tomorrow

The

SUNDAY TIMES June 6 1982 33



THIS WEEK'S STUDY OF MR OPPENHEIMER BY JAMES SULLIHER

# Retiring Mr O

Does the sheer size of the corporation ever worry him?

"No. We can't help its size. I was very nervous when we went into industrial development (one of the major decisions of the Harry Oppenheimer reign). But we took a long time and got the right people, and now it has compensated for the fall-off in diamonds and gold."

you can establish priorities. "But, at the same time, you can't have a few people at the centre trying to direct able people who are running the divisions."

"Top government really takes place in committee with the chairman at the head. Nevertheless, I suppose if I really wanted something done, I could carry it."

This week the chairman for 25 years announced that from the end of 1982 he would no longer be at the head of that committee. He had kept the news to himself and a few intimates, and admits that he relished the surprise. "I have always had a taste for a coup de theatre," he says, black eyes twinkling.

"But I think I am wise to go, don't you? One should take the plunge before one is completely gagged," he smiles, his quiet energy and subtle mind undimmed by his 73 years.

"I chose the 25th year of my chairmanship as a nice symmetrical date. "I'm pretty fit, but it is a mistake to go dragging on, and Gavin Rilly is the right person to succeed me. He will have six years to put his own stamp on things."

"Of course, I will still be chairman of Oppenheimer and Sons, and I will keep in fairly close touch, but one must be careful not to keep popping in and out. "I think people will still come and talk to me a bit. And time won't be difficult to fill. I have always enjoyed travelling and I hope to do more. And I will be able to spend more time with Bridget when she goes down to La Lucia for the winter."

He describes his relationship with his wife, who efficiently runs homes in Johannesburg, La Lucia, London and New York, and who found time in the wake of the 1976 riots to start and run Women for Peace as a "happy partnership".

And he will have time to "scribble, read and think."

Part of that time will certainly be taken up with the new Brenthurst Library, which is beginning to rise near the gates of the estate to house his father's collection of 15 000 Africana manuscripts and books and when completed will be made available on a limited basis to scholars.

His own reading in retirement is more likely to be Byron than Africana. There is nothing obviously Byronic about this quiet, self-effacing man who some years ago began to indulge his admiration for the quintessentially romantic poet by buying Byron letters and first editions.

He explains "I like Byron's curious mixture of romanticism and firm common sense." And he admits, when pressed, that he sees these qualities in himself.

"I like romantic poetry and romantic paintings (the Impressionists which adorn the walls of the book-lined study are evidence of that) and I get excited about things, not because of their intrinsic importance but because they can be intellectually appreciated."

And his own firm commonsense is particularly in evidence when he talks about his first real meeting with a South African Prime Minister when three years ago a Nationalist Government meant it was a "business"



"With the memories of Rhodes and the Jameson Raid still alive in some quarters, the deal was bitterly opposed by the angrier elements of the Afrikaner establishment

"Which is perhaps why we at Anglo did not achieve the degree of co-operation with General Mining I would have wanted.

"But we are perfectly friendly, and when we talk about an issue like black labour we face the same problems and come to the same conclusions.

"I always thought the divisions between Afrikaner and English-speaking South African were stupid," and, despite his Charterhouse and Oxford background, he has tried consistently to break down these barriers

And his opinion is borne out by his real friendships with Afrikaners in different walks of life who do not share his political views

Not that these views are as radical as those on the right allege — or those on the left would like to hope

"Of course, I'm a conservative old thing"

Again, the deprecating smile "When one is old, the degree of progress always strikes one as more important than when one is young

"I am temperamentally unattracted by protest, not that I'm so silly to believe that it doesn't have a place, but it is just not my style

"A lot of liberals believe that if we go out and blow the trumpets, the walls will fall down They did at Jericho, but I doubt that they will today

"One has to get rid of discrimination on the basis of race and colour About

that there can be no argument"

The quiet voice becomes emphatic, "but insofar as one can find progress which may be acceptable to government it is silly to put it in a form government cannot accept

"One must give Nationalists a chance to come with you

"Obviously I would hope the future will be something more or less like PFP policy. It's extremely risky, but it's less risky than anything else I can think of"

And he grasps at such encouragement as the Buthelezi Commission "The fact that this emerged from a black initiative shows that, unless the Government is extremely stupid, it is still possible to negotiate with black people

"If the Government were to give its

idea that the urban black must achieve his political ambitions through the national states any chance, then the only conceivable way is through a federation in which the black man would feel that he was voting for a real share in the central policy-making of this country.

"I don't think that it would be accepted, but it's worth trying. There would then at least be something to talk about

"If I were like the Prime Minister and could be a dictator, I would change things overnight But I can't, so I must do what I can."

Doing "what he can" has meant a mining and industrial conglomerate with a social conscience and the Charman's Fund, "which tries to initiate improvements to the environment

which could be imitated by Government"

These improvements include the KwaZulu Technikon, a "smart secondary school with an agricultural bias" in the Ciskei, another in Lebowa and a Teachers Training College in Soweto.

"Anglo American also attaches great importance to improving the minimum wage While other groups believe that this encourages mechanisation, I don't believe that"

What used to be true of General Motors and the United States is certainly still true of the huge conglomerate at 44 Main Street, Johannesburg if Anglo sneezes, the rest of the country would catch a very severe cold indeed. But even in these depressed times it has managed to sustain its profits at more than R500-million.

The "right people" included the "moneymakers", as Mr Oppenheimer calls them; men like Chris Griffiths and Graham Boustred, who understood the highly competitive marketing of the industrial world

"Griffiths and Boustred brought a new way of thought into Anglo. And they have their authority, but there is just enough central control for it to make sense to talk of a group policy."

One begins to understand the oft-heard claim that the Anglo boardroom is really a gentlemen's club.

"That's just a phrase. But I don't think Anglo could be easily run as a pyramid, or as completely diversified. The major divisions wield a great deal of local authority, but they don't have total autonomy

"It's more like KwaZulu than Transkei. At the centre you have to have a major influence on decisions, affecting appointments and financing so that

ness seriously — and into its confidence — at the Carlton Conference "Much of it was obviously a publicity stunt," he says today, his early optimism tinged with gentle disappointment

"But it was the beginning of a new situation. The disappointment came because government believed that private enterprise and money could be used to carry through Nationalist policies. And we thought government could do things which it obviously could not

"But to be amiable, it did indicate a desire to start a dialogue. And there is some value in that, even if we make believe we are carrying on a dialogue."

That smile again "It may sound like hypocrisy, but (the Oscar Wilde quote comes readily) hypocrisy is the tribute vice pays to virtue

"And we should not scorn rhetoric. The rhetoric of today could become the policy of tomorrow."

2/10/82

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# Sunday EXPRESS

## At home, fires are burning

AS USUAL in Namibian affairs, nothing is clear except that the disintegration continues and our armed forces are getting caught up in the endless mess

Mr Dirk Mudge, a man who deserves a better fate than trying to lead a conciliatory party in so divided a society, has called for elections by next March. His impatience is understandable: his party, the DTA, is falling apart under the stress of unfulfilled hopes of independence. Having sacrificed his own power base in white politics to create a multiracial alliance, he now has nowhere to go if the DTA crumbles completely.

Whether his call for quick elections was a solo effort or whether it was made in conjunction with the five Western powers, or with some of them, or with South Africa alone, only time can tell. There are so many players in this game that no outsider can ever be certain of what he thinks he sees.

But South Africans can only applaud if the latest flurry of excitement does represent real movement. Namibia is subsiding into a swamp and it threatens to take the South African armed forces with it. In the past couple of years more than a quarter of the whites have emigrated. Probably fewer whites remain in the entire territory than in the city of Harare.

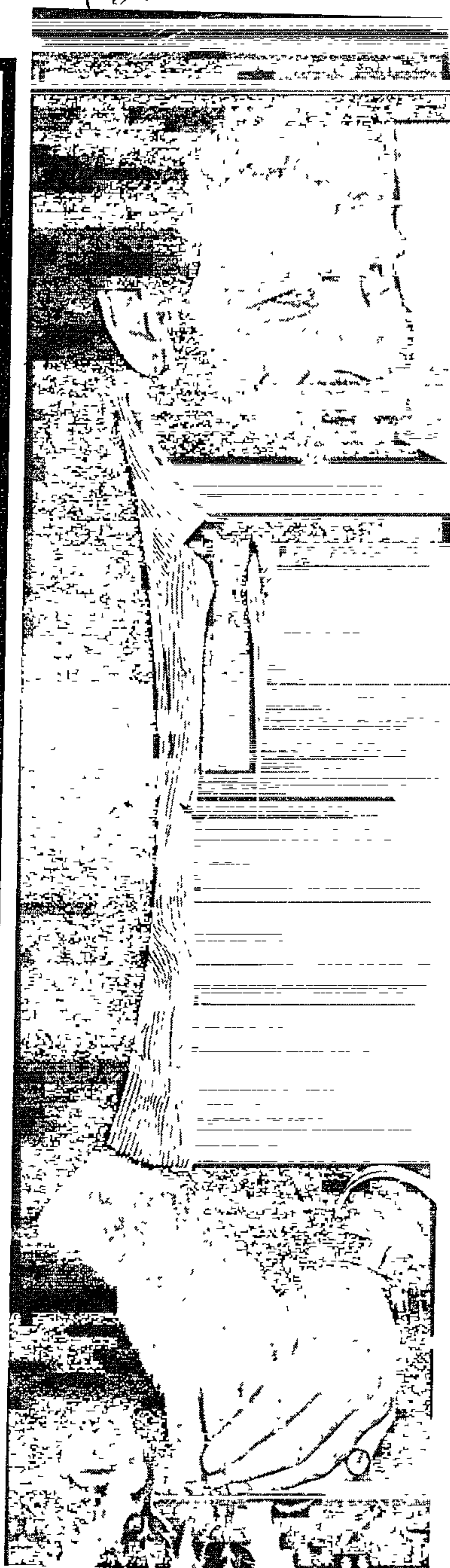
Meanwhile, at home, a new wave of terrorism has emphasised the fragility of the South African political situation. Official spokesmen seem torn between warning us what a terrible future we face under a "total onslaught" and reassuring us that the police and the armed forces have matters well in hand. One day they say one thing, the next day the other — and sometimes they say both together.

Who knows what to believe? The one sure indicator is that the armed forces have a need to place 800 000 white men on their books for possible call-up, implying so severe a shortage of military manpower that the interests of the economy, not to speak of social and cultural life, must be sacrificed to military needs.

Meanwhile, our army rushes around southern Angola or squats in Caprivi — in a foreign land where few of us have ever been or are ever likely to go.

South Africa's obligations to Namibia (which are, simply stated, to bring the territory to independence under a government of its own choice) are often emphasised but can never, never take precedence over our obligations to our own future in our own country. And this week's rash of explosions, scattered across the length and breadth of the country, emphasises how urgently our attention is required at home.

Instead of trying to manipulate the outcome of elections in Namibia, the Government should do its utmost to find a formula that will simply let every Namibian adult vote, certainly by next March, and then hand over to the winners.



● Nicholas Oppenheimer he's facing up to a massive challenge Picture by GREG ENGLISH



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...who seems to be a business legend

# NICKY OF THE RETROFIT

## ANGLO HEIR SPEAKS OUT

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S. Express  
6/16/82

**NICHOLAS Oppenheimer, heir apparent to one of the world's mightiest financial empires, spoke this week of his daunting family heritage — and of his own place in the Anglo-American dynasty created by his grandfather, Sir Ernest Oppenheimer**

"Because my name is Oppenheimer," he said, "does not mean that I am going to be chairman of the Anglo American Corporation

"Life is just simply not like that

He was talking during an interview at his home, Little Brentnurst, in Parktown, Johannesburg, this week

With the abdication of his father, Mr Harry Oppenheimer, as chief of the Anglo Corporation, it means that

for the first time since 1917 there will be no Oppenheimer at the head of the giant group

Until the announcement this week Mr Oppenheimer's decision to retire was known only by his son and a select few in the Anglo inner sanctum

Nicky Oppenheimer, now elevated to joint deputy chairman, does not necessarily see himself as others do

He is not simply waiting in the wings, as he puts it, to continue the family succession because of personal ties

Advancement must come of its own accord In good time At the right moment

Soft-spoken, impeccably polite, but with a strong sense of social conscience, Nicky Oppenheimer is a realist and by no small measure a self-motivated business supremo in his own right

With a finely etched business acumen and a political philosophy of his own, Nicky Oppenheimer, at 37, a director of De Beers, chairman of the SA Land and Exploration Company and of East Daggafortem, and a member of the board of more than 70 other companies, is as much a capitalist as an optimist

Seldom before has he commented on his personal role and future within the complex structure of the Anglo empire — but he spoke candidly of his plans and ambitions in the wake of his father's retirement

"From a business point of view his going affects all of us at Anglo and it is going to make a big difference

"But after 48 years as a director of the corporation and 25 years as chairman, it leaves one with an ambivalent feeling I guess my father is both sad and happy"

Although he had not modelled his career on his father's achievements in specific terms, his overbearing presence naturally influenced many at Anglo

"In a business sense certainly, his departure is worrisome and frightening for us all"

None would have suggested that he retire had he not wanted to — "you can rest assured there would be no chance of a palace coup"

In filling the void, Nicky Oppenheimer looks first at the path set by his grandfather, a R20-a-week diamond sorter before he started the Anglo empire, and then at the personal achievements of his father over almost half a century

Nicky Oppenheimer rejects, in sincere and humble terms, the notion that he has an automatic right to overall supremacy at Anglo

He expresses his views unequivocally

"At Anglo there is no hierarchy as such, not even when my father was the chairman

Nobody, including the deputy chairman, expects anyone to salute them in an army sense

"Anglo is run by consensus"

Of his own position, he has this to say "A deputy chairmanship, in terms of inside business, does not really give you a great deal of additional clout"

As for becoming chairman "I would not say that this would obviously happen, although naturally this is my ambition

"It is extremely difficult for me to talk about this—Gavin Rely is to become the new chairman and this will carry on for at least the immediate future

He expresses his views unequivocally

"I really cannot speculate beyond that"

Seen from any point of view, the responsibilities left by his father mean that all concerned are faced with a gigantic undertaking

"It's like taking the umbrella away There it all is — a highly sophisticated and a complex world at your doorstep

And the challenge? "Well, what can one say? It's breathtaking"

Marking the 50th anniversary of the founding of Anglo American, Harry Oppenheimer said of his father that he had successfully met the problems of his times and had left behind him, in Anglo, an organisation deeply imbued with his spirit, and with the strength and flexibility to work and build and serve in circumstances he could not foresee

And that surely, he said of Ernest Oppenheimer, was as great a share of immortality as a modest man should ask for

Now, on the eve of his retirement, the same is being said of Harry Oppenheimer. Nicky Oppenheimer must wish for precisely that — nothing more or nothing less — to be said of him as well when he brings to a close the reign of the third Oppenheimer generation at Anglo American

Sunday Express  
6 June 1982

# Backing for reform — and a call for courage

THE Prime Minister's reform initiatives have received the blessing of Mr Nicholas Oppenheimer, a pioneer of the Anglo-American Corporation's policy of equal opportunity for blacks

But, in an interview at his Johannesburg home this week, he called on Mr P W Botha to show more courage in pushing through to-

ward meaningful change. As a senior executive of one of the largest and most politically influential mining houses in the world, Mr Oppenheimer believes that in the present political climate, businessmen are faced with an enormous challenge

Although he did not necessarily believe they were correct or that he approved of them, the recommendations of the President's Council were an encouraging start to what many hoped would lead to the evolution of a just multi-

racial society in this country. Commenting on the Right-wing split in the National Party, Mr Oppenheimer said this had led to a revival of political involvement among businessmen.

"I had always believed South Africa would either be led or allow itself to be muddled toward a new political era — and this is what has happened. The mere fact that the President's Council submitted its recommendations at all, and that they are being debated freely in political and business circles, is progress indeed.

"For this reason, the political scene is vigorous and exciting and I, for one, feel involved and rejuvenated." As he had said at an investment seminar recently "the divine infallibility of the Nationalist Government had been shown up for all to see" and out of the debacle had come the feeling on the part of the country's leaders that a new start had to be made and new standards set. He listed as a top priority

the basic 'South African-ness' of all the country's 27-million people, which would have to be accepted and affirmed.

mobilised and return to the segregated Sandtons and Sowetos of our country."

What was required was courage on the part of the Prime Minister to press ahead with constitutional reform, and to this end he should be assured of public support

Mr Oppenheimer said he was confident, as were many of his colleagues, that

a new political dispensation would evolve out of the recent events that had broken the deadlock in the National Party.

And with a free enterprise system running at full throttle, South Africa could perhaps look forward to a system of equal access to the accumulation of

wealth, a greater mobility of labour, opportunity for enterprise, a rationalisation of educational resources and home ownership for all.

Mr Oppenheimer, whose father is a former Member of Parliament, believes the Government has shown courage in starting the process, though progress since had been disappointing.

"Our commitment," he

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GENERAL NEWS

# Will power go hand in hand with position?

NEW YORK — To smooth the way for his successor at the helm of the Anglo American Corporation, Mr Harry Oppenheimer made a point last week of announcing he would be vacating not only the chairman's post at year's end, but also the seat on the board of directors he had held for 48 years.

Yet, Mr Gavin Relly, the chairman-to-be of the mining and industrial colossus with assets of over R15 000 million, can be excused if he wonders how much additional authority will come his way with the title.

Mr Oppenheimer will continue to be a daily presence at the Anglo American headquarters. And, more important, he will remain chairman of the companies that control the two largest blocks of Anglo American shares — De Beers Consolidated Mines Ltd, the world's largest producer of diamonds, and E Oppenheimer and Son, the family concern.

"I confess that all the elements are there for the thing to be rather difficult," said Mr Relly in an interview in New York. "But I think he's a very wise man and I hope I'm a little bit wise, and wouldn't have thought it would be too bad."

Mr Relly (56) has performed most of the functions of a chief executive officer in recent years as chairman of the executive and operating committees that oversee Anglo American's vast interests.

His entire working life has been spent at Anglo American, and so he represents continuity. — New York Times News Service.

By Jean Waite

Call Nicholas Oppenheimer the "heir apparent" and watch him cringe.

Like it or not, that's the tag — as it will be for his 12-year-old son Jonathan when Nicky Oppenheimer eventually takes over as chairman of Anglo American Corporation.

The line of succession seems clear, though the newly appointed joint deputy chairman cautiously says it's an "if" not a "when."

"I cannot speculate about the future but for the present things will go on just the same whether I have been appointed deputy chairman or not," he said.

"I'll just carry on doing the sort of job I am doing now, so it really makes little difference."

But it does. Already the introspective, almost shy Mr Oppenheimer is being forced into the spotlight, a role he clearly dislikes.

What he does like is squash, golf, an occasional game of cricket ("the only way I get to play is by being captain and selector") and spending time with his wife of 14 years, Orclia, and son Jonathan.

He is torn between sending Jonathan to school in England and keeping him at home. Nicky Oppenheimer spent all his schooldays in England UK, first at Harrow and later at Oxford University.

"From the age of eight I was away at school and for me it was doubly difficult being not only at boarding school but being in another country," he said.

"I felt very cut off and would not like my son to have the same experience. I wouldn't send him to boarding school so young but he must get away at some time and see what the rest of the world is doing and how other people live."

There is no question of grooming Jonathan than for a place at the top of the "family firm."

"I was never put under pressure by my

# Nicky O: heir who shuns the spotlight



NICHOLAS OPPENHEIMER ... a birthday smile.

parents If one places pressure on young people they inevitably decide they know better" Mr Oppenheimer said.

"But I always felt that whatever I had wanted to do would have been all right if I'd decided to be a farmer my family would have been just as happy, at least they would have given me that impression."

"But I never thought of doing anything else, and all I ask of my son is that he does what he wants to do."

When talking to Mr Oppenheimer it is impossible to avoid the subject of Harry Oppenheimer, the man who built one of the world's greatest industrial empires.

Unlike his father, Nicholas Oppenheimer has no political ambitions.

"I am not interested in going into politics, but by definition if you are a South African you are involved in politics. It is part of us all," he said.

"I hold strong political views and if you do that you are automatically involved."

Are they the same views as those held by his father?

"We usually end up in about the same area," he said.

His father admits to leisure-time reading of the romantic Byron. Not so for Nicky Oppenheimer.

"Too erudite for me, I'm far more down to earth — though I don't know if my father would agree. I read anything with words on it from magazines to westerns."

Tuesday was Nicholas Oppenheimer's 37th birthday. Characteristically he planned a quiet dinner with his wife and son.

As the heir apparent his public life is pre-ordained — his private life is his own.

## Anglo to back PFP

The Star Bureau

LONDON — Mr Nicholas Oppenheimer, heir apparent to the Anglo American empire told a London newspaper that his company's financial backing for the Progressive Federal Party was assured.

The Standard's "Londoner's Diary" quoted Mr Oppenheimer (37) as saying "South Africans cannot help being pretty political."

He dismissed the idea that the corporation or any other company could have a direct influence on the Government. But he urged the Prime Minister, Mr P W Botha, to show courage in pushing forward change.

Mr Oppenheimer disputed that he must necessarily succeed his father as the head of Anglo-America. "The name Oppenheimer does not mean one will become the next chairman of the board."

# Anglo again THE major foreign force in America

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S. Times  
13/6/82

ANGLO American, already the largest foreign investor in the US in 1980, was again in top spot in 1981, according to a further report just released by the American Committee on Africa

To clinch this financial position, Anglo shouldered Royal Dutch Shell from first place into second British Petroleum followed in third place

The report asks the questions "What will the effect of South African investment in the United States have on US policy toward South Africa?"

"Will it pave the way for growing US acceptance of South Africa, helping strengthen the already powerful lobby favouring closer relations with this economic powerhouse?"

A total of 143 separate Anglo investments in North America are identified — 106 of which are in the US (in 32 states) and 37 in Canada (in seven provinces)

Of the total North American investments, five are in agriculture, 10 in the chemical industry, 16 in energy, eight in marketing, one in investment banking, five in mineral processing, 24 in manufactured steel products, nine in construction and 23 in industries unconnected with Anglo's traditional spheres of business activity

In addition, eight more are trading companies and 10 are holding companies

The report has been unable to identify the economic activities of 25 Anglo investments

It comments "Anglo's choice of investing in North

By John Spira and  
Stephen Orpen

America is no accident North America offers a stable area politically and economically, it is an area rich in mineral and energy resources

"The sector-wise and geographic diversification of its investments will cushion Anglo American from the fluctuations in prices in any one specific natural resource

"Anglo American will realise a high return on successful investments because it can export more of its profits than it could in countries with exchange controls or nationalisation plans"

Significantly, through its holding in Phibro (the world's largest publicly owned commodity trader) "it has access to the major resource that South Africa lacks — oil"

Phibro is acknowledged to

● To Page 3



Times 210 220 221

# Anglo's U.S. lead

● From Page 13/6/82

be the world's largest trader in oil on the spot market

In 1980, 50% of Phibro's total revenues of \$23 700-million came from the sale of crude oil and oil products. No other product or material contributed as much as 10% to the company's revenues in that year.

Minorco is identified as having "the greatest wealth of any of Anglo American's overseas subsidiaries".

The report claims that "the choice of Bermuda as Minor-

co's headquarters becomes all the more important because it is a tax haven for businesses and because of its perceived image as a neutral country or an English colony".

"Anglo has placed itself in the position to become an important broker between the United States and South Africa."

The conclusion. "Anglo's investments significantly strengthen US economic and political relations with South Africa and its undemocratic political system."

# Ogilvie Thompson <sup>Star (210)</sup>

## leads Minorco 16/6/82

The appointment of Mr Julian Ogilvie Thompson as chairman of Minerals and Resources Corporation (Minorco) is seen by some Anglo watchers as a step to him becoming chief of De Beers.

Mr Thompson, a director of Minorco since 1970, replaces Mr Harry Oppenheimer whose resignation was announced today by the board of Minorco. Mr Oppenheimer will remain a director.

When he announced his retirement as chairman of Anglo American, Mr Oppenheimer said he would remain

head of De Beers because of the present circumstances in the diamond industry.

Mr Gavin Rely will take over as chairman of Anglo at the end of the year and Mr Ogilvie Thompson will become joint deputy chairman.

It is widely believed that Mr Ogilvie Thompson, at present responsible for co-ordinating the activities of De Beers, will take over from Mr Oppenheimer when he retires from that post.

Minorco is the North American investment arm of the Anglo-De Beers group.



## R5,8-m school opens in Lebowa

A JOINT venture including the Anglo American Corporation, the De Beers Group Chairman's Fund and the Lebowa Government has resulted in a R5,8-million agricultural school being opened in Lebowa.

The school has been named the Harry Oppenheimer Agricultural High School. It is situated on the farm Strum, at Limburg, 50 km north of Potgietersrus.

Already, 100 pupils have enrolled at the school, which is designed to accommodate 200 boys and 100 girls

Speaking at the opening ceremony, the chairman of Anglo American and De Beers, Mr H Oppenheimer, described the school as "one of the most important, attractive and promising enterprises with which the Chairman's Fund has been associated"

"This school is of a very special nature. It aims at combining high academic standards with the study of agriculture, perhaps the most important thing from an economic point of view which needs to be studied in South Africa," said Mr Oppenheimer

# Chamber chief sees hard year for mining

210  
Star  
29/6/82

The mining industry must expect to face severe difficulties for the rest of this year, Mr L W P van den Bosch outgoing president of the Chamber of Mines, told the annual general meeting today.

The gold mines have been caught in a relentless squeeze between the falling gold price and rising working costs.

chamber had approached the Reserve Bank with a request that the bank buy gold forward from the producers

## RIGID CONTROL

The industry should try to secure its future so far as possible by rigid control of costs, Mr van den Bosch said

During a period of rapid expansion, higher revenues, shortage of skills and generally high inflation this had been most difficult — working costs on the gold mines alone rose by more than 75 percent in the five years from 1977 to 1981 in which the general inflation rate increased by 65 percent

However, a number of factors that contributed to the spiral of inflation started to abate

Expansion plans on the operating gold mines had already been trimmed by about 15 percent, and it would be at roughly the same level as last year, when capital expenditure rose by 32,5 percent to R1 222 million

Other pointers to an improved outlook were an easing in the skilled-manpower shortage, lower wage increases, improved productivity and a stabilisation in the labour force.

## REQUEST TO BANK

He believed that the industrialised nations had already seen the lower turning point in the economic dip though the upswing would be slow.

Mr Van den Bosch also disclosed that the

"This would have certain advantages to the producers, including the elimination of the currency risk which could occur using the futures or forward markets," he said. The authorities are considering the matter.

On coal, he said that gross new investment rose from R124 million to R221 million last year — a rate of investment which will increase substantially in the 1980s following the Government decision to raise the present export limits

The value of coal sales rose by 41 percent from R1 495 million in 1980 to R2 113 million last year. Exports increased by only 2,5 percent in volume but revenue from exports rose by 42 percent to R977 million. The outlook remained bright

## KRUGERRAND

On the Krugerrand, Mr van den Bosch said about 40 million had now been sold worldwide. In the first five months of this year sales were more than 400 000 ounces higher than the 1,2 million ounces sold in the first five months of last year.

The Chamber marketed 1 kg bars of gold from this month. To date 3 000 have been sold



# Anglo's attack on unions

The Anglo American Corporation has hit out at racial registration of trade unions by the authorities — a flashpoint on the labour front last year.

In its 1982 annual report, Anglo says racial registration "has influenced some black unions in their refusal to join the established industrial councils, so making the councils less representative and effective"

Six trade unions affiliated to Fosatu were last year refused non-racial registration. Subsequent appeals against the racial registration certificates were recently turned down by the Government.

Anglo expresses

130 (210) Stan  
Attack on  
29/6/82  
colour-bar

## in union licensing

the hope that the National Manpower Commission's Inquiry into registration procedures — initiated after the Fosatu debacle — will show disfavour of registration on racial terms.

On the issue of unionisation among its black employees, Anglo notes union membership increased significantly last year but was still low in relation to the total workforce. The corporation

looks forward to the time when the majority of its workers are unionised," it says.

Among Anglo's industrial companies, full recognition agreements were reached with two black unions and another six agreements were under negotiation.

Turning to the mining industry, Anglo says its concern for the living standards of workers at the bottom of the wage scale has been reflected in progressively large increases in basic rates, which have risen by 600 percent since the end of 1973, compared with a 46 0 percent increase at the top of the scale.

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# Anglo and black unions sign

Labour Correspondent

THE Anglo American group's industrial companies have signed full recognition agreements with two black unions and another six are "under negotiation", Anglo says in its annual report, published yesterday

No details were given of the industries affected by the agreements

Anglo added that black union membership increased significantly last year but was still low in relation to the total workforce

It said it hoped that the Government's National Manpower Commission — which is investigating key aspects of the official labour system — would recommend against registering unions "on racial terms"

The authorities' decisions in some cases to register unions on a racial basis "has influenced some black unions in their refusal to join the established industrial councils, so making the councils less representative and effective," the report said

For the second successive year, Anglo called for facilities for the theoretical training of artisans to be opened to all races

It said that more technical training could be carried out immediately if theoretical training facilities, "that are under-utilised in the public sector, were to be opened to all races, so enabling the private sector to increase the number receiving practical training correspondingly"



# Mining faces 3 major problems

210  
Star  
30/6/82

By Tony Davis  
Labour Reporter

Unemployment, loss of mineral earnings and disputes with mining unions highlighted the labour scene for the Chamber of Mines over the last year.

These points were brought out today in the annual address by the president of the Chamber, Mr L W P van den Bosch.

He described unemployment as a major problem in Southern

Africa with the shortage in skilled labour

In the areas from which the chamber drew the large and mainly unskilled part of its work force the requirements far exceeded the available number of workers, Mr van den Bosch said

Because of the "serious plights" of the mining industry and the national economy, the chamber was not able to grant workers the high level of increase they had received in the past, he said

Negotiations between the Council of Mining Unions and the chamber saw the CMU rejecting a nine percent wage offer and the two parties reached deadlock last week at the conciliation board talks

The Mine Surface Officials Association had also not reached agreement with the chamber on the nine percent offer, although two other officials' associations had accepted it

On the positive side of the labour report, Mr van den Bosch said the chamber made a start early this year to indenture black apprentices

The chamber had also met unions on the subject of opening all jobs on the mines to workers of all races in terms of recommendations made in the sixth Wiehahn Commission Report

Mr van den Bosch said progress in reaching consensus with the 11 employee organisations on the resolution of this matter had been slow

## Keeping

● See Pages 13 and 29



# Mining expansion plans reflect confidence in South Africa

This is an abridged version of the address by the President of the Chamber of Mines of South Africa, Mr L W P van den Bosch, at the 92nd Annual General Meeting of the Chamber, held in Johannesburg on June 29, 1982:



L W P van den Bosch  
President of the Chamber of Mines of South Africa

The South African mining industry last year failed to match the exceptional results achieved in 1980, but nevertheless performed well in the far less favourable circumstances of 1981.

Although mineral sales declined in value from the level achieved in 1980, they were still 40,7 per cent higher than in 1979 and the industry continued to expand, with capital expenditure by producing gold mines alone reaching a record R1 222 million last year, 32,5 per cent higher than in 1980.

The scale of expansion reflects the industry's confidence in the future and although South Africa's economic growth rate almost halved last year from a peak of about 8 per cent in 1980 and since then has contracted further, the country should be able to look to a gradual revival of the economy in the wake of an expected improvement in mineral export earnings from next year onwards as the industrialised nations move out of the current recessionary phase.

## The gold market

The pendulum which in recent years has favoured investment in gold swung the other way in 1981, resulting in a fall in the average price of gold on the London market from US\$613 per fine ounce in 1980 to US\$460 last year, with the price falling from an average of US\$557 in January to US\$410 in December 1981.

While the fall in the gold price in 1981 had a severe impact on investment demand it was offset to some extent by the increase in the demand for gold jewellery resulting from the lower gold price and the reduced volatility. A total of about 756 tons of gold, including recycled scrap, was used for this purpose, as against 518 tons in 1980. The favourable trend has continued into this year and at the present stage it can reasonably be expected that more than 800 tons of gold will be fabricated into jewellery during 1982.

Sales of Kruggerands increased to over 3,5 million ounces in 1981 compared with 3,1 million ounces in 1980. This is a fine achievement in view of the gold price performance, high interest rates and intensified competitive activity during the year. The total revenue earned in 1981 declined marginally to R1 475 million from R1 527 million in the previous year as a result of the lower gold price.

The offtake of small gold bars in the East for industrial and investment purposes, particularly kilo bars, led to a shortfall in world refinery capacity for production of such bars in 1980/81 and this trend has continued for much of the current year. In order to take advantage of this situation the Chamber sought and

obtained approval from the authorities to produce and market high purity "four-mines" gold bars of 1 000 grams each. These kilo bars, as they are known, were available for sale from the beginning of this month and to date 3 000 bars have been sold, but it is the intention of the Chamber not to disturb the existing market for such bars.

The demand for gold at current price levels would seem to indicate that the physical market could, unless there are substantial price increases later in the year, comfortably absorb newly-mined production entering the market and thereby provide a firm foundation for a resumption of an upward trend in the gold price. Much will of course depend on the speed and nature of the economic recovery in the Western world.

The Chamber, on behalf of the mining industry, approached the South African Reserve Bank some time ago with a request that the Bank purchase gold forward from the producers. This would have certain advantages to the producers, including the elimination of the currency risk which could occur using the futures or forward markets. This matter is still under consideration by the authorities.

## Gold mines

The gold mines have been caught in a relentless squeeze between the falling gold price and rising working costs. Working costs reached R41,89 per ton milled against R35,53 per ton for 1980, a rise of 17,9 per cent.

The rise in mine working costs was mainly due to the continued high general rate of inflation and the higher cost of mining at greater depths. Wage increases also had a significant impact on costs, as did increases in administered costs. The inexorable rise in working costs has become one of the most serious challenges facing the mining industry.

## Labour

In the field of labour and industrial relations the past year has seen intensified efforts to combat the skilled manpower shortage through stepped-up training programmes in the mining industry for all its employees and an initiative to secure an improved industrial relations arrangement which will enable the better utilisation of all the human resources at our disposal, irrespective of race.

This latter development followed a comprehensive analysis by the Chamber of the major industrial relations problems facing the mining industry which identified certain issues requiring specific attention, in particular the industry's industrial relations structures, including the collective bargaining system in operation, the question of freedom of association and the future of the closed shop and the need to allay employees' fears about future job security.

In August last year therefore, a series of meetings was commenced with the 11 employee organisations to debate these issues. Subsequent to that the sixth report of the Commission of Inquiry into Labour Legislation (the Wiehahn Commission) was published recommending that race discrimination in employment in the mining industry be abolished by replacing the definition "scheduled person" in the Mines and Works Act with a non-discriminatory definition of a "competent person", provided that seven conditions could be met.

This was followed by the publication of a Government White Paper in which the Chamber and employee organisations in the industry were urged to take the initiative to reach agreement on the changes required within a reasonable period of time.

An analysis of the matters dealt with in the Wiehahn Commission's sixth report and the Government White Paper

showed that many of the issues which the Chamber was already discussing with the employee organisations were also matters which would have to be tackled if agreement was to be obtained on the changes to the Mines and Works Act contemplated by the Wiehahn Commission.

To date a number of meetings have been held with the 11 employee organisations, but progress in reaching a consensus on the resolution of these major issues has unfortunately been slow.

During 1981 the Chamber had discussions with the Federation of Mining Unions on the indenturing of apprentices of all races on the Chamber's member mines. I am pleased to report that agreement was reached at the end of last year and that a start was made early this year with the indenturing of non-white apprentices.

During the past decade the mainly skilled white workforce in the mining industry has enjoyed a real increase in wages and to this extent, taking also into account subsidised housing and other generous benefits, has probably fared better than employees in any other sector.

Unfortunately, given the extremely serious plight of the mining industry and the national economy as a result of drastically reduced mineral earnings in the course of this year, it is not possible to maintain the high level of wage increases to which employees have become accustomed in recent years.

The Underground Officials Association, whose members constitute about a quarter of the skilled workforce and the South African Technical Officials' Association have acknowledged the gravity of the situation. They have accepted the Chamber's offer of an increase of 9 per cent on minimum salary scales with an amount calculated at 9 per cent of the minimum rate for each category of official guaranteed to flow through to each official in that category. In addition some mining groups will apply a 9 per cent increase to the current basic salaries of all officials, all groups will grant the usual merit increases at management's discretion, the Chamber has offered productivity negotiations which could lead to further improvements in conditions of employment later in the year and in the event of a dramatic improvement in the national economy before the next wage review, the Chamber will consider making interim salary adjustments.

Regrettably, it has not been possible to reach agreement on a similar offer with the Mine Surface Officials Association and Conciliation Board talks last week with the Council of Mining Unions reached deadlock when the eight unions in the Council refused to accept the Chamber's offer of a 9 per cent increase plus productivity negotiations.

A sad aspect of the labour scene is that while there is a shortage of skilled manpower, unemployment remains a major problem in southern Africa. Additional employment capacity created by the expansion of mining activities has helped to alleviate the situation, but in all countries or territories from which the mining industry draws the large mainly unskilled part of its workforce there remains a demand for employment far in excess of the numbers which can be engaged.

On the positive side however, I am able to report that a total of R231 million in savings of one form or another, an increase of 34,2 per cent over 1980, was paid out on behalf of mineworkers last year by the Chamber's recruiting organisation, The Employment Bureau of Africa, in those territories where it continues to operate.

## The outlook

South Africa's mining industry was, for the most part, able to accommodate

the very high inflationary cost increases during the 1970s, since the prices received for its major products, notably gold and diamonds, rose ahead of the rate of inflation which prevailed. This situation has suddenly and dramatically been reversed, underscoring the essential wisdom of repeated warnings by successive Presidents of the Chamber that since the industry cannot control external market forces it should strive to secure its future so far as possible by rigid control of costs.

During a period of rapid expansion, higher revenues, shortages of skills and generally high inflation, this has been extremely difficult — working costs on the gold mines alone rose by more than 75 per cent over the five-year period 1977-1981 in which the general rate of inflation increased by 65 per cent.

At the same time, real benefits did accrue as the industry seized the opportunity provided by higher gold prices to increase wages, improve the living and working conditions of employees, stabilise the labour force and embark on capital expenditure programmes designed to extend the lives and earning ability of the gold mines.

However, the adverse economic situation which both the country and the industry now face provides an opportunity for consolidation, as, hopefully, many of the factors I have mentioned which have contributed to the inflationary spiral will start abating.

Expansion plans on the operating gold mines have already been trimmed by about 15 per cent and will remain at roughly the same level as last year; there has been a discernible easing of the skilled manpower shortage; the level of wage increases accorded in the more difficult circumstances of the industry this year has been lower and a degree of improvement in productivity has accompanied the increased stabilisation of the labour force.

The downturn in the international business cycle which we have been experiencing in the past 18 months has been exacerbated by the phenomenon of persistent and unusually high interest rates in the United States and there is still some uncertainty about the stage that has been reached in the economic cycle of the major industrialised economies, especially that of the US.

I nevertheless believe these economies have seen the lower turning point and that the upswing has commenced, but that the recovery will be gradual and the South African mining industry must expect to face severe difficulties for the rest of 1982.

Implicit in any programme for balanced growth is the need to eliminate or reduce, so far as possible, the wage and price spirals which South Africa has experienced in recent years.

Control of costs in any one sector of the economy can however, only be successful if the overall rate of inflation in the country can be kept in check and this requires that the practices, attitudes and policies adopted by the State, employers and employees all be geared towards such an objective.

The economic potential of South Africa remains enormous. If the necessary wisdom and discipline can be applied in the economic sphere to realise this potential, then I have little doubt that the solutions which are necessary in the political field will be that much easier to find.



The full text of this address, in English or Afrikaans, is available from: The General Manager, the Chamber of Mines of South Africa, 5 Hollard street, Johannesburg, 2001



# Anglo call for unions all round

Argus Correspondent  
JOHANNESBURG —  
Anglo American Corporation looks forward to the time when the majority of its workers are unionised, say the directors in the 1982 annual report

Among the industrial companies, full recognition agreements were reached with several black unions and further agreements are under negotiation with others. In the mining industry, the most notable development was the signing of an agreement between De Beers' Kimberley division and the SA Boilermakers' Union, as a result of which blacks obtained collective bargaining rights for the first time in the industry's history.

### SUPPORT

Consultative committees were operating satisfactorily in most group companies and in some have attracted trade union support, indicating that the unions themselves accept that such channels of communication were not in conflict with but were rather complementary to normal bargaining structure.

Widespread unrest among black workers in the country following Government proposals for

the preservation of pensions emphasised the need for effective consultation — as well as communication — at all levels before changes were introduced, the report said.

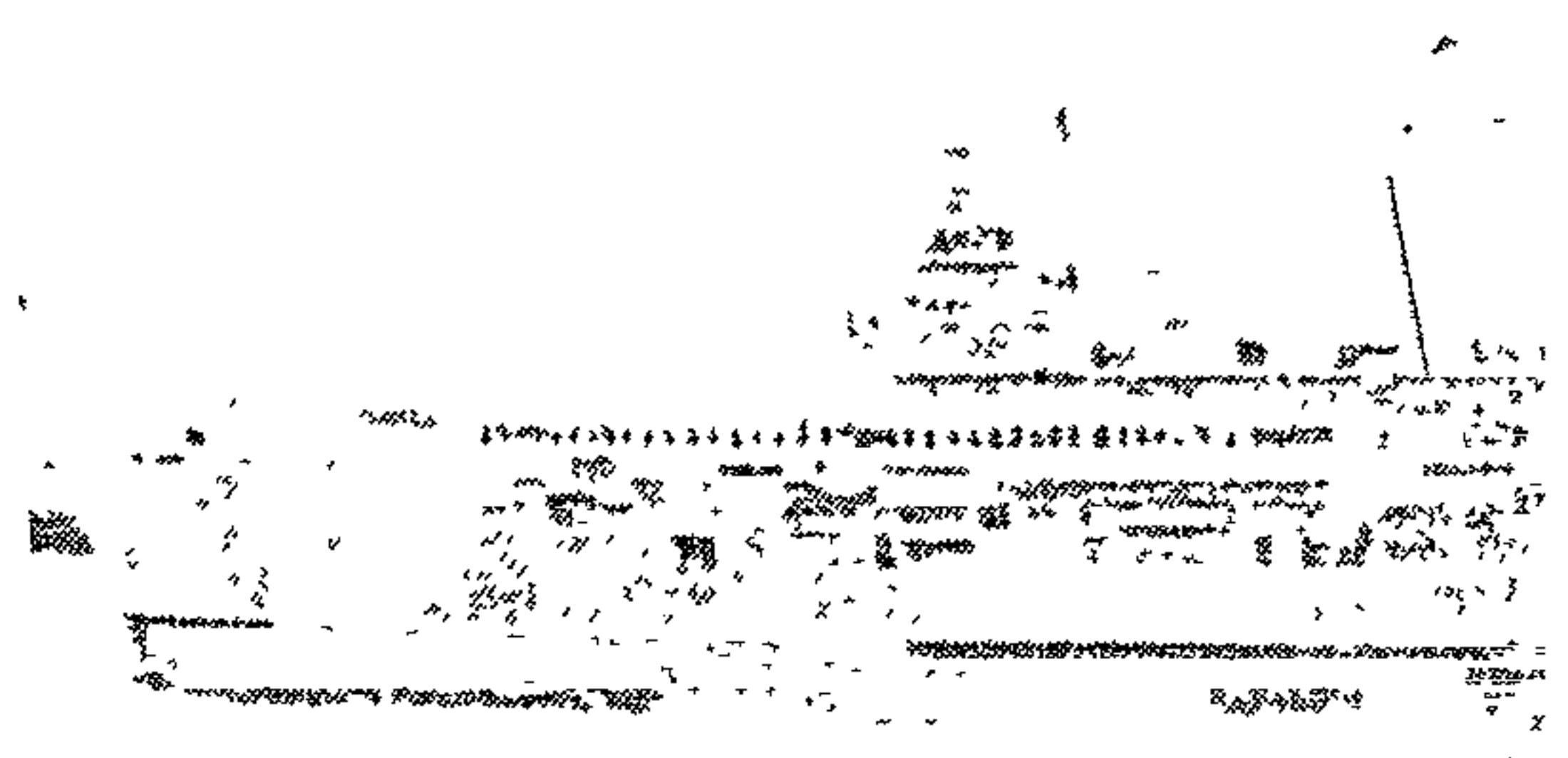
Changes in legislation making it possible to extend home-ownership to all races had been followed up by the companies that have such schemes, to the extent that the law and other circumstances allow.

The corporation's policy was to establish throughout its subsidiary and associated companies rates of pay and other conditions of employment that were arrived at objectively, without regard to race or sex, and progress toward this objective was kept under review.

On the administered gold mines in all eight job bands the wages paid exceeds the industrial average and in most cases — accounting for the bulk of the work force — they were the highest in the industry.

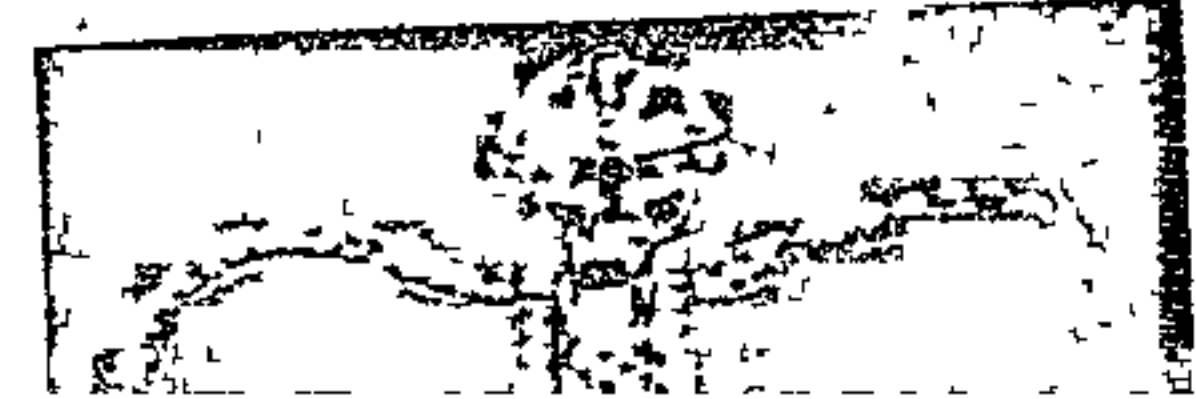
Concern for the living standards of workers on the bottom scale has been reflected in a progressively faster movement in their basic rates which had risen 600 percent since the end of 1973, compared to 460 percent at the top.

# Britain's latest aircr.



THOUSANDS of cheering, flag-waving Geordies lined the aircraft carrier *Illustrious* sailed majestically from her Thank You message from 600 of the carrier's 1000 crew claimed in letters a foot high "Well done, Swan Hunter to the men who had worked day and night to

## If you had this to sell?



# IN BR B TN

# Anglo report aims at improving wages

By JOSHUA RABOROKO  
**IN ITS annual report, Anglo American admits that the minimum wage of its black workers is unsatisfactory.**

This is so, according to the corporation, both absolutely and relatively to what is paid elsewhere. It is, however, convinced that the mining industry should continue to improve as fast as economic conditions permit to meet modern wage requirements.

The report states that as a result of negotiations with trade unions, the first black apprentices will be indentured next year. Considerable effort has been made in the past year to provide married accommodation for senior black employees and so contribute towards the stabilisation of the workforce, which

it is hoped will counteract, to some extent the negative effects of the migratory labour system.

Anglo American states it is also looking forward to the time when the majority of its workers are unionised. Among industrial companies, full recognition agreements were reached with several black unions and further negotiations are under way with others.

In the mining industry the most notable development was the signing of an agreement between De Beer's Kimberley division and the SA Boilermakers Union, as a result of which blacks obtained collective bargaining rights for the first time in the industry's history.

Consultative committees are co-operating

satisfactorily in most group companies and some have attracted trade union support.

The widespread unrest among black workers in the country following the Government's proposals for the preservation of pensions, sharply emphasised the need for effective consultation — as well as communication — at all levels before changes are introduced, says the report.

The company's policy is to establish throughout its subsidiary and associated companies rates of pay and other conditions of employment that are arrived at objectively without regard to race, sex and progress toward this objective is kept under review.

Central to any plan to improve the general

**EVERY CANDIDATE MUST** enter in column (1) the number of each question answered (in the order in which it has an answer), leave columns (2) and (3) blank

	Internal	External
(1)	(2)	(3)
3	27 } 37 } 64	
4	48 } 13 } 61	
	welfare of the workforce must be the objective of raising minimum wages to a level compatible with reasonable living standards, the report states.	
	More than 1 000 jobs have been created or secured as a direct result of the Labour Intensive Industries Fund Limited, an investment company funded by the corporation and De Beers in Southern Africa.	
	The number of jobs available is expected to increase during the present year as the effect of the investment becomes fully realised, the report says.	
Initials		

Paper No \_\_\_\_\_  
 (to be copied from the heading on the Examination Paper)

## NOTE CAREFULLY

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

## WARNING

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

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







# PRO regrets his slip of 'savages dancing'

*(210)*  
*(213)*  
Mail Reporter  
THE public relations officer for the Gold Fields of SA mining company yesterday said he regretted describing rioting miners as "savages dancing around a fire"

And the company's managing director, Mr P R Janisch, compared it to the statement by former Minister of Police Mr Jimmy Kruger, who said the death of black consciousness leader Steve Biko had "left me cold"

Mr J J Moller said he had been woken by a reporter "at 1am" and had said "something like that" The reporter in fact spoke to Mr Moller shortly after 11pm

"I was asked a stupid question, so I gave a stupid answer," he said The reporter had asked Mr Moller whether

*404 5/7/82*  
the fire brigade had been called out to deal with the fires started by rioting miners on the West Driefontein Mine

Mr Moller said the fire brigade had not been called because the buildings had been burnt to the ground "Besides," he had added "who wants to see thousands of savages dancing around a fire"

The mine manager, Mr C Watson, yesterday showed Mail reporters a few buildings that had been slightly burnt before mine police had extinguished the fires

Mr Janisch said "The quote had not reflected the feeling of the spokesman and I am sorry it was printed Like Mr Kruger's infamous statement, it was a regrettable slip of the tongue"



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

ADK 8/7/82

210

1220

1220

210

We'll give you more than a scholarship

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

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

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

### Training during vacations

- During the main university vacations, scholarship students will receive either academic assistance with their degrees or take part in special projects and programmes to simulate real-life technical working situations. In short, the problems,

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  - On being awarded a scholarship you begin working at the company's Head Office. You start with a unique pre-university year which not only prepares you for your university studies (with courses in the relevant subjects) but also involves you in the working environment of a large company.
  - And, throughout the complete period of your scholarship you enjoy the following:
    - university tuition fees paid by the company
    - a monthly salary
    - a bonus at the end of every year
    - an annual review of salary
    - annual leave
    - pension and medical aid facilities
- When, at the end of your course you return full-time to the company, your salary will naturally be commensurate with your graduate status.

## Why?

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

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

## How the scholarship works

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

the University of the Witwatersrand with a BSc in Engineering

## Training during vacations

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

## The "Mentor" system

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

## Are you!

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

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

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

Home address . . . . .

Tel . . . . .

Name & address of school . . . . .

Tel . . . . .

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





A last-minute agreement yesterday averted a threatened strike ballot by white miners today. The mining unions' Mr Arrie Paulus (right) shakes hands with Gencor's Mr Naas Steenkamp. Chamber of Mines industrial relations adviser, Mr Johan Liebenberg, looks on.

By Tony Davis  
Labour Reporter

Intervention by Mr F W de Klerk, Minister of Mineral and Energy Affairs, in the wage dispute between white mining unions and the Chamber of Mines was responsible for yesterday's settlement, union sources say.

The chamber and the eight-member Council of Mining Unions yesterday jointly announced that the mining unions had accepted a 12 percent pay increase.

Today's planned strike ballot at gold mines and collieries has been called off.

Last week the Minister telexed the chamber and urged it to resolve the dispute.

The Minister also sent a telex to the CMU.

#### INACTIVE

The chamber's industrial relations adviser, Mr Johan Liebenberg, told a Press conference yesterday the chamber

# Minister gets credit for accord

had approached the mining unions last week but not directly as a result of the Minister's request.

Mining unionists, however, feel it was Mr de Klerk's initiative that forced the chamber to abandon its nine percent offer and to renegotiate with the CMU.

The CMU had demanded a 15 percent increase and some members felt that it was not worth strikers to hold to that figure.

"We also had the national interest and the economy in mind

at all times," a CMU member said.

#### PAY TALKS

The chamber opened pay talks in April with offers of three and five percent which the CMU described as "ludicrous".

The CMU had expected a successful strike vote in the event of no settlement being reached by today.

In addition to the 12 percent increase all union members who have been in continuous service with the chamber from May this

year to the end of June will receive a R200 bonus.

Pro rata payments will go to those with less service.

This figure was introduced as the wage talks dragged on from the May pay month.

#### CATASTROPHIC

The chairman of the CMU, Mr Arrie Paulus, said he thought Union members would accept the 12 percent increase and that there would be a series of report back meetings with miners in the near future.

He said CMU members trusted their negotiators and accepted that the negotiating team would reach a satisfactory settlement on their behalf.

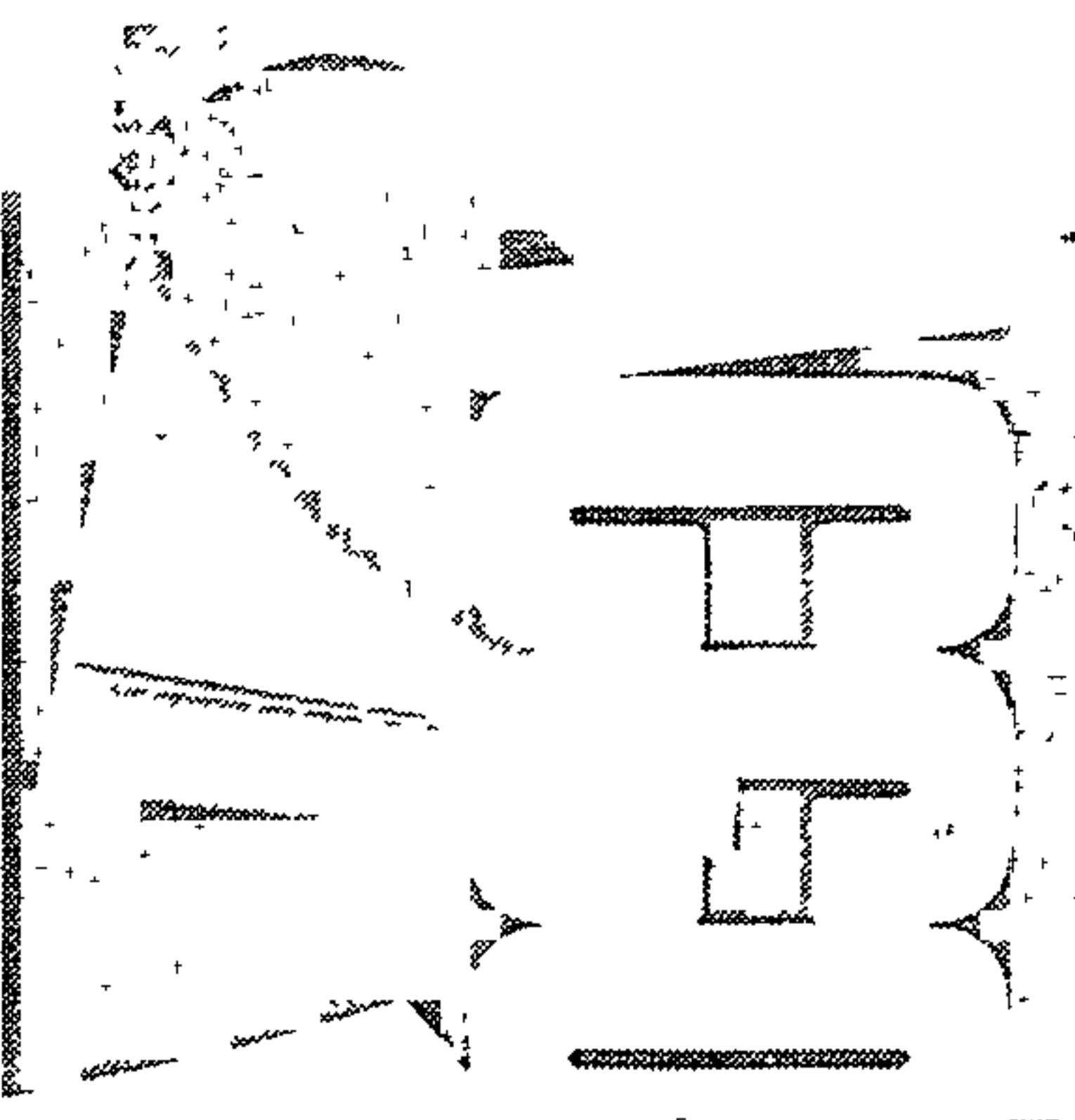
A joint statement by the chamber and the CMU said the compromise had averted a threatened strike which could have proved catastrophic to the national economy and to the mining industry.

*Handwritten notes:*  
15/11  
2/11  
2/10  
5 Jan  
7/7/82

PDA 8/7/82

here's a  
top profession  
with high status,  
high responsibility  
and high salary

210  
178  
154  
176



**UNDERGRADUATE CADET SCHEME**  
**PARTICIPATING COMPANIES**  
Anglo American Corporation of South Africa Ltd  
Johannesburg Consolidated Investment Company Ltd  
Anglo American Life Assurance Company Ltd  
Anglo American Property Services (Pty) Ltd  
Deloitte, Haskins & Sells

**What is an accountant?**

Accountants are vital to every field of activity there is in modern society. Without Engineers there wouldn't be much building. Without Doctors hospitals wouldn't be very effective. But without Accountants everything would crumble and collapse. Whether it's a soccer club, a car-wash business, a huge corporation, a state-run industry or a political organisation, nothing works effectively unless there are highly qualified Accountants behind it.

An Accountant is not a Bookkeeper. His responsibility does not consist of merely recording

**How the scholarship works**

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The vocational part of this programme



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An Accountant is not a Bookkeeper. His responsibility does not consist of merely recording the facts and figures, but of analysing and interpreting them as well. And frequently making the management decisions which his training and experience equip him for.

## We'll give you more than a scholarship

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On being awarded a scholarship you begin working at the Company's Head Office. You start with a unique pre-university year which not only prepares you for your university studies (with courses in the relevant subjects) but also involves you in the working environment of a large company.

And throughout the complete period of your scholarship you enjoy the following -

- \* University tuition fees paid by the Company
- \* A monthly salary
- \* A bonus at the end of every year
- \* An annual review of salary
- \* Annual leave
- \* Pension and medical and facilities

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

## Are you

- \* Writing matric this year or have you passed matric within the last three years?
- \* Under the age of 25?
- \* A leader?
- \* Bright and dedicated enough to study for a career in the field of Accountancy?

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

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

Home address: .....

Tel. ....

Name & address of school: .....

Tel. ....

SEND TO: Mrs. Y. dos Santos, Undergraduate Cadet Scheme,  
Anglo American Corp. of S.A. Ltd, Box 61387, Marshalltown 2107 to  
arrive before 31 July 1982.

Tel. ....

# Asbestos workers win

Own Correspondent

LONDON — Charter Consolidated, an associate of the Anglo American Corporation, may be compelled to meet claims against its subsidiary Cape Industries, arising from US court actions.

After an award of R65-million against Cape Industries, a Pennsylvania court has ruled that Charter is subject to the state's jurisdiction.

The action was brought by 54 asbestos workers after the deaths and illnesses of workers, allegedly from asbestos poisoning, at the Union Asbestos and Rubber Company in Bloomington, Illinois — a customer of Cape Industries.

Cape does not accept responsibility for the

## Anglo associate may be liable for R65-m claim

damages as it sees "no reason to question the issue of why, as a mere supplier Cape should be expected to compensate employees of a customer organisation, whether in Bloomington or anywhere else in the world, over whose working conditions it had no means of control.

"It is, after all, the control of asbestos dust within the manufacturing process by the employer through adequate supervision, safety procedures and dust

extraction equipment which prevents the health risk."

Cape said the legal actions had arisen because the US courts, constrained from penalising the direct employers by the limitations of the US Workman's Compensation Act and under pressure from lawyers working on a contingency fee basis, had, in recent years, progressively evolved a system of allowing claims to be brought against suppliers

"This system is contrary to that generally applied in the Western world where the direct employer is responsible both in practice and at law for the safety of his employees," the firm said.

"Cape has paid more than R8 million compensation in the United Kingdom to those of its own past or present employees who have contracted asbestos related disease and to whom it properly considers itself to have a responsibility."

### UNCONTESTED

Cape did not contest the case in the US nor will it contest other cases which are in progress.

It liquidated its US company, North American Asbestos Corporation, in January 1978 but has continued to supply the American market through a European-registered company.

So, with no assets to be attached, the lawyers acting on behalf of the workers have decided to rope in Charter.

A spokesman for Charter confirmed that "a lower court" had ruled against them.

But he stressed that the ruling applied only within the state of Pennsylvania and not throughout the US.

Furthermore, he said, an appeal against the ruling had been lodged.

"Charter owns 67.3 percent of Cape Industries but its operations and management are autonomous," he said.

"They are trying to prove we had a hand in the day-to-day operations and management — we feel the courts will find this not to be the case."

### BASIS

Legal experts in London said there was a basis on which Charter could be drawn into the battle.

In a process known as "lifting the veil", courts can look behind the corporate structure.

"Instead of taking a purely legalistic view of the matter the courts would take a realistic view," one expert said.

He said the US had progressed further along this path than any other country. It was only in exceptional circumstances that this law had been invoked. But it had been done and was probably being done in this case.

● Cape Industries is a UK subsidiary of the British mining and industrial group Charter. Cape Industries has interests in the construction industry and manufacturers insulation and fire protection products. The company is a client of the South African mining group, Gencor, from which it acquires its asbestos. Its own asbestos mines in South Africa were sold many years ago.



# Mineral and metal sales sparkle

210 Star  
15/7/82

By Pieter de Vos

Despite the world recession and faltering markets, total world sales of South African metals and minerals still topped the R4 000 million mark in the first four months of this year and exports of base minerals rose 10,4 percent.

Total sales of gold, silver, diamonds, platinum and base metals declined 6,4 percent, from R4 337 million in the first four months of 1981, to R4 061 million in the first four months of this year, figures from the Minerals Bureau show

### DIAMONDS FALL

Sharpest declines were shown by silver and diamonds. Diamond sales fell 31,3 percent, from R157,76 million to R108,44 million, and silver sales 32 percent, from R24,07 million to R16,36 million.

Gold sales dropped 12,8 percent, from R2 732 million to R2 382 million.

But sales and exports of base metals and minerals continued to rise in the first four months of the year.

Exports of antimony concentrate almost tripled from R302 000 to R898 000, coal exports were 42,9 percent higher at R343,52 million, exports of iron ore increased 24,1 percent to R89,52 million and manganese exports rose 36,7 percent to R56,96 million.

### COPPER DECLINE

The fall of the rand against foreign currencies would have aided exports, foreign-exchange dealers said, but would not represent the only reason for the higher figures. Higher prices and higher volumes had an impact on these figures.

Copper exports topped the list of base mineral export declines with platinum and uranium second in line, asbestos fibre third and chrome fourth.

But the total export figure for platinum and base minerals still showed a 10,4 percent

increase from R779 million to R860 million.

Total platinum and base metal sales — which include local sales and are therefore not as inflated by exchange rate fluctuations — rose 9,2 percent from R1 423 million to R1 554 million.

Total sales of manganese showed the sharpest rise in the first four months of this year — 60 percent up from R50,98 million in the comparative period last year to R81,50 million.

Total sales of coal amounted to R736,11 million in the first four months' 24,8 percent ahead of last year's figure of R590,0 million.

### EXPORT TOTALS

Copper exports were 18,9 percent down on last year's figure, but total sales showed a 4,6 percent increase from R90,30 million to R94,44 million.

Conversely, iron-ore exports rose by 24,1 percent, but total sales declined by 6,2 percent from R144 87 million to R135,36 million.

# Anglo into China

210  
18/7/82  
5 Times

ANGLO American is poised to penetrate new markets in mainland China

This time the bait is Coalequip's mining equipment aimed at China's rapidly growing mining industries

Officially, the South African-developed mining machinery will soon be offered by its parent company, Amic's Boart International, to "interested parties in Hong Kong and South-East Asia"

This is a euphemism used by a reliable Anglo source, who prefers it to a plain confession of "we're seeking trade behind the Bamboo Curtain"

Coalequip already sells Mozambique conveying equipment for its coal and sugar industries. It also exports roof-bolt units to Canada and the UK, and conveyor and vibrating feeders to Zambia

So far, its exports make up only 1%-2% of its sales

Besides aiming to entice China, this Anglo subsidiary considers both the US and Latin America as potential clients worth exploring

The Anglo infant, which grew from a R13-million turnover in 1978 to R49-million last year (with pretax earnings of R5.2-million), is confidently looking forward to R62-million this year

"Had the recession not struck South Africa, we would have seen a R65-million turnover," says its managing director, Rory Lansdown, whose company is 51%-owned by Boart International and 49% by Gencor

It sees itself in an enviable position, as both parents control 60% of South Africa's mining industry, while, in turn, it owns 60% of KBC (Klockner-Becorit Coalequip) — formed from merging Klockner-Becorit with a Dowson & Dobson's plant and its distributionships. In Zimbabwe it runs a wholly owned subsidiary, Torque Tension

So far, Coalequip has concentrated mainly on the local coal-mining industry, which

By Vera Beljakova

contributes 85% to its turnover, with the remaining 15% distributed throughout the whole mining sector

Though mining activities in South Africa might be declining, the coal industry expects to grow by 8% a year — partly because of the State's increased export allocations and the opening of new open-pit and strip mines that supply cheaper lower grades to the power industry

This growth is expected despite the closure of presently uneconomic large, old underground mines, especially in Natal, where demand for anthracite is declining as steel requirements diminish

On the plus side, South Africa's coal-reliant energy plans are gaining momentum as four new power-stations are in the pipeline — all hungry for vast quantities of cheap coal



An abridgement of the annual statement by the Chairman, Mr H F Oppenheimer

210 NOV 21/7/82

## 'Are blacks to be recognised and treated as South Africans? This is the crux of the political debate as it has now evolved.'



The boom in the South African economy came to an end last year. The average gold price in dollar terms fell by 25 per cent to \$459 an ounce in 1981, and sales of diamonds by the Central Selling Organisation fell by 46 per cent to \$1 472 million. The effect on our revenue from gold and diamonds was serious and would have been worse had it not been for the depreciation of the rand against the dollar. A further compensating factor was the improvement in profits from our coal mining and industrial interests, with the result that the consolidated profit of the Corporation on an equity-accounted basis fell by no more than 11 per cent to R770 million in the year to March 31 1982. On account of the consolidation for the first time of Anglo American Coal Corporation and Anglo American Properties, the profit excluding retained profits of associated companies fell by only 4.4 per cent to R504 million, or 223 cents a share. In the circumstances these results must be considered satisfactory and dividends were unchanged at 110 cents a share.

### ECONOMIC POLICY

It had been hoped that by this time the world would have emerged or at least would be seen to be emerging from recession. Unfortunately that is not the case. Though some observers perceive signs of recovery in the United States economy, expert opinion is still hopelessly divided as to whether it can be sustained. In South Africa despite the lower gold price, activity continued strongly for most of 1981 and it was only in the last quarter and increasingly in the first quarter of this year that a marked slow-down became apparent. Even so the shortage of skilled workers remains acute - the legacy of an unrealistic and racially biased educational policy of the past. Over the year the rate of growth in GDP declined to 4.7 per cent from 7.8 per cent in 1980, but that was not caused by any fall in aggregate demand which continued to increase. Accelerated inflation and a surge in imports were the result. It has been typical of the South African economy that growth should be limited by pressure on the balance of payments, and the continued fall in the gold price with its adverse effect on the terms of trade, combined with a deepening world recession and declining exports, was bound to be severely felt in all sectors. In the past the South African authorities have endeavoured to meet such situations by tighter application of direct controls, a practice which resulted in serious economic distortions. On this occasion however determined attempts are being made to handle the problem by restrictive monetary and fiscal

next year. For good or evil the present state of affairs cannot possibly continue indefinitely. In 1981 the growth in broad money supply in the United States was restricted to only six per cent, the rate of inflation has been substantially reduced and is currently about 6.5 per cent. In such a situation it might have been expected that the demand for loan funds would have fallen, but the fact is that a decade of inflation has left the corporate and government sectors borrowed and dependent on further borrowing to an extent that is quite inappropriate and dangerous if the long period of inflation really has been brought to an end. The demand for bank credit therefore remains high, and real interest rates have risen to an extent which must be unique in modern economic history, reflecting not an equilibrium figure in the normal sense but a general feeling of uncertainty about the direction in which the American economy will move.

Fears of renewed inflation are still so great that loan funds are only available at the exceptional interest rates now current. On the other hand the possibility that inflation may really have been conquered makes private business unwilling to commit itself to these rates, with the result that more and more borrowing is taking place at the shorter end of the market. Real interest rates cannot remain at their present level without disastrous effects on the economy of the United States and indeed the whole world. There are two ways in which they can be reduced either fears of inflation will be removed, which implies a reduction in government borrowing, in which case interest rates would no doubt fall, alternatively interest rates could fall in real terms if America resorted to inflationary methods of inducing growth. It is earnestly to be hoped that the first course will be adopted, though the acute problems related to government and corporate debt will make the process both difficult and painful. Yet until US real interest rates revert to more normal levels it is difficult to see an end to the recession in South Africa. The persistence of recession here would have effects far beyond the economic situation in a conventional sense, it would seriously retard the process of economic advancement for black South Africans which is now well under way, with the risk of social and political consequences that are highly disagreeable to contemplate. We have therefore a very special reason to watch with mingled hope and anxiety the evolution of the United States' economy in the next 12 months.

These dangers are reinforced by the high expectations raised by the very real progress that has already been made. In regard to labour relations the government's legislative programme is more or less complete. As there for 20 years or more and that 77 per cent of the inhabitants look on themselves as permanent residents with no connection with the tribal are as from which they or their forebears came.

### FINANCIAL SUMMARY

	Year to March 31 1982	1981
<b>EARNINGS AND DIVIDENDS</b>		
Earnings attributable to ordinary shareholders including share of retained profit	R770.0	R885.0
of associated companies	341	384
- million		
Excluding share of retained profit of associated companies	R503.8	527.0
- million		
of associated companies	223	233
- cents a share		
Dividends per ordinary share	110	110
- cents		

### CONSOLIDATED BALANCE SHEET

	Year to March 31 1982	1981
<b>Capital and reserves</b>	R 1982	R million
Outside shareholders' interests	2 832.7	2 055.3
Life insurance funds	392.6	23.8
Deferred taxation	1 022.0	823.5
Loan capital	139.9	101.2
Loans	192.8	198.5
Shareholders for dividends	1 176.7	1 425.2
	170.5	170.4
	5 726.2	5 007.9
<b>General Investments</b>	342.1	281.1
Interest in associated companies	2 336.3	1 858.6
Life insurance investments	1 080.0	838.7
Fixed assets	888.9	892.6
Loans	386.3	204.9
Cash	697.1	1 036.2
Other assets less other liabilities	105.5	124.9
	5 726.2	5 007.9

The Act provides for rights of local self-government in black townships on virtually the same terms as those applicable to white. Though land tenure for individual blacks is still on the basis of 99-year leasehold whereas

Such a system might conceivably be thought reasonable if the tribal states were to be linked with South Africa in a federal system, so that it could be said that urban blacks by their votes were at least in a position to influence the central government of the country in which they live. But this concept is so far rejected by the government.

The constitutional future of South Africa has also been discussed in the recently published report of the Buthelez Commission. This multi-racial commission, appointed on the initiative of Chief Gастha Buthelez, Chief Minister of Kwazulu, was concerned in the first place with the government and mutual relationships of Kwazulu and the province of Natal. Its findings however have much wider implications, and while they have been officially rejected by the government they have clear points of resemblance to the recommendations of the President's Council, with the crucial difference that the Buthelez Commission thinks in terms of a consociational system which would embrace the entire population of South Africa. In the light of this report it would appear that if the government could bring itself to accept in principle that blacks as well as coloureds and Indians should have a fair share in the central government of South Africa, probably on a federal basis, it might well be possible to work out a solution to our constitutional problems through a process of patient negotiation. It is noteworthy that in commenting on the report Chief Buthelez, who has consistently stood for a system of one man one vote in a unitary state, said that he was prepared to think in terms of consociation as a compromise. To negotiate a constitutional agreement which is generally acceptable would necessarily be a long-term process, it would be difficult and obviously success could not be guaranteed. But the fact that the government was in good faith making the attempt - and thereby recognising that history has made all of us South Africans - would do much to defuse the racial situation in the country and to improve our standing in the world. This is the crux of the political debate as it has now evolved. Are blacks to be recognised and treated as South Africans? Or is the government going to insist that their nationality and allegiance should be solely with the independent black states or autonomous black territories which government policy has called into being? Plainly the government's policy cannot now be reversed. It is far too late for that. But could it perhaps be accommodated, as the Buthelez Commission suggests, within a wider South African federal system - one in which people of all races would enjoy an over-riding South African nationality, carry South African passports and come



**ECONOMIC POLICY**

It had been hoped that by this time the world would have emerged or at least would be seen to be emerging from recession. Unfortunately that is not the case. Though some observers perceive signs of recovery in the United States economy, expert opinion is still hopelessly divided as to whether it can be sustained. In South Africa despite the lower gold price activity continued strongly for most of 1981 and it was only in the last quarter and increasingly in the first quarter of this year that a marked slow-down became apparent. Even so the shortage of skilled workers remains acute - the legacy of an unrealistic and racially biased educational policy of the past. Over the year the rate of growth in GDP declined to 4.7 per cent from 7.8 per cent in 1980, but that was not caused by any fall in aggregate demand which continued to increase. Accelerated inflation and a surge in imports were the result. It has been typical of the South African economy that growth should be limited by pressure on the balance of payments and the continued fall in the gold price with its adverse effect on the terms of trade combined with a deepening world recession and declining exports was bound to be severely felt in all sectors. In the past the South African authorities have endeavoured to meet such situations by tighter application of direct controls, a practice which resulted in serious economic distortions. On this occasion however determined attempts are being made to handle the problem by restrictive monetary and fiscal policies and flexible exchange rates, operating through the normal mechanisms of the market. The process is a painful one but it succeeds the recovery when it comes will be altogether more soundly based than in the past.

The difficulties faced by the Treasury and the Reserve Bank however are formidable. Interest rates, despite their unprecedented rise generally do not offer savers a real return, and this is the main reason why the money supply has not until very recently been brought under a measure of control. In 1981 GDP at current prices rose by only about 1.4 per cent, yet money supply apparently increased by no less than 32 per cent. I use the word 'apparently' because the tightening in the market led to a return to borrowing from the banks, which must to some extent have artificially increased the figure of money supply. Nevertheless there is no doubt that the monetary growth was excessive. The trouble is that there are factors largely outside the control of the monetary authorities which create an inflationary bias throughout the system. The pervasive rigidities brought about by price and other controls together with a long and firmly established agricultural policy which last year resulted in a huge expansion of credit through the Land Bank when the national interest called for a deceleration in money supply, were major obstacles to the successful implementation of the government's policy. These elements are deeply entrenched in our economic structure so it is encouraging that a more realistic approach is being adopted to the financing of this year's maize crop. There is again the relatively high level of military expenditure, which however necessary in the circumstances serves to reinforce inflationary tendencies. These are serious difficulties but they by no means invalidate the drive toward a market-oriented policy that the authorities have courageously embarked upon. They will however cause it to work more slowly and less smoothly.

But while the policy is right and indeed virtually unavoidable, and if persisted in will surely reduce inflation and strengthen the balance of payments, it is certainly not sufficient in itself to restore prosperity to South Africa. For that we need improved productivity and more urgently an end to world recession and a resumption of growth in the great industrial economies of the world, particularly the United States. South Africa is dependent on world trade to a far greater extent than most countries and we cannot hope to isolate ourselves from the fortunes of our major trading partners. The key factor is the course of events in America over say the

now current, on the other hand the possibility that inflation may really have been conquered makes private business unwilling to commit itself to these rates, with the result that more and more borrowing is taking place at the shorter end of the market.

Real interest rates cannot remain at their present level without disastrous effects on the economy of the United States and indeed the whole world. There are two ways in which they can be reduced either fears of inflation will be removed which implies a reduction in government borrowing in which case interest rates would no doubt fall alternatively interest rates could fall in real terms if America resorted to inflationary methods of inducing growth. It is earnestly to be hoped that the first course will be adopted, though the acute problems related to government and corporate debt will make the process both difficult and painful. Yet until US real interest rates revert to more normal levels it is difficult to see an end to the recession in South Africa. The persistence of recession here would have effects far beyond the economic situation in a conventional sense, it would seriously retard the process of economic advancement for black South Africans which is now well under way, with the risk of social and political consequences that are highly disagreeable to contemplate. We have therefore a very special reason to watch with mingled hope and anxiety the evolution of the United States economy in the next 12 months.

These dangers are reinforced by the high expectations raised by the very real progress that has already been made. In regard to labour relations the government's legislative programme is more or less complete. As a result black workers through their trade unions wield growing power and both employers and unions face the challenge of ensuring that the new structure of labour relations that is evolving will lead to a more equitable and more efficient organisation of industry. Unfortunately, though perhaps not surprisingly, there have over the last year been an unusually high number of work stoppages and strikes. It may well be - and certainly it is much to be hoped - that these disturbances are part of a transition period which in time and with greater experience will lead to the habit of orderly collective bargaining. Wage rates particularly at the unskilled and semi skilled levels have increased substantially during the year and I believe this to have been both necessary and desirable. It does, however, particularly at the present difficult time, place a considerable responsibility on management and the unions to achieve greater work efficiencies in relation to both the volume and the quality of output. Worker gains will be short-lived if they are won at the cost of our ability to compete in world markets.

**POLITICAL REFORM**

The government's labour policy has been right and courageous but in South African circumstances it involves great risks which can only be eliminated by adopting corresponding measures of reform in other fields. Educational reform in particular has become critically important. Without it workers will not be able to make proper use of the new opportunities that have been opened up for them and if a share in decision-making in national government structures continues to be denied them they will inevitably direct their industrial power more and more to political objectives. At the local government level real and substantial progress has recently been made in conferring far-reaching rights of self-government on black South Africans, though characteristically the reform was introduced while ostensibly preserving the purity of apartheid policy. The legislative instrument was the Black Local Authorities Bill, which after submission to a select committee that took evidence among others from The Urban Foundation, was further amended and finally enacted with the approval of all parties - save the far right Conservative Party - because it recognised at last that the black urban population is a permanent feature of South African life. It was about time. A survey has shown that 96 per cent of all adults in Soweto have lived

**CONDOLIDATED BALANCE SHEET**

Dividends per ordinary share - cents	110	110
Year to March 31	1982	1981
R million		
Capital and reserves	2 632.7	2 055.3
Outside shareholders' interests	382.6	235.8
Life insurance funds	1 022.0	823.5
Deferred taxation	138.9	101.2
Loan capital	1 176.8	1 956.5
Leases	170.5	170.4
Shareholders' fund dividends	5 726.2	5 007.9
General investments	342.1	281.1
Interest in associated companies	2 336.3	1 858.8
Life insurance investments	1 050.0	839.7
Fixed assets	888.9	862.5
Leases	356.3	204.9
Cash	687.1	1 036.2
Other assets less other liabilities	105.5	124.9
	5 726.2	5 007.9

The Act provides for rights of local self-government in black townships on virtually the same terms as those applicable to white. Though land tenure for individual blacks is still on the basis of 99-year leasehold, whereas whites enjoy freehold rights (an absurd, meaningless and offensive distinction) the black municipalities themselves will now be able to acquire freehold land. This is a practical acknowledgement of black permanence in urban areas which runs entirely contrary to past government policy and must lead in due course to freehold rights becoming available to individual blacks. The Act is designed as the first of three related measures, the others, dealing with community development and influx control, are also to be referred to a select committee during the next parliamentary session. In their present form they are unsatisfactory - and indeed the last is entirely unacceptable - but if the government pays the same careful attention to expert opinion and shows the same open-mindedness to Opposition views as in the case of the first bill, it may be hoped that these measures too will be enacted with the general consent of all but the more reactionary parties. If so, a new and hopeful chapter will have been opened in the history of the black urban population.

These are encouraging developments but the needs and aspirations of urban blacks cannot be accommodated by reforms in local government only. The President's Council has recently issued an important report which envisages the association of the coloured and Indian people with the whites in political decisions at the centre. It is apparently proposed that coloureds and Indians, elected on communal rolls, will become members of separate chambers of one parliament with the whites, and that there should be at the top a cabinet with a white majority, but with coloured and Indian membership, reaching decisions on the basis of consensus. It seems therefore that we are to adopt a consociational system of decision-making. How these proposals would work in practice - and indeed if they could work at all - is to me anyhow far from clear, but that the government has approved a proposal that people of other races should be associated with the whites in reaching the top political decisions marks a fundamental change in South African politics. Unfortunately this consociational system is in government thinking to apply only to the 30 per cent or so of the population made up of whites, coloureds and Indians. The government evidently still clings to the concept that the entire black population, including those settled in the 'white' townships, should satisfy their political aspirations other than in respect of local government through the exercise of votes in tribal states or territories with which the majority of urban blacks no longer have any close

**CONSTITUTIONAL DEVELOPMENT**

population of South Africa. In the light of this report it would appear that if the government could bring itself to accept in principle that blacks as well as coloureds and Indians should have a fair share in the central government of South Africa, probably on a federal basis, it might well be possible to work out a solution to our constitutional problems through a process of patient negotiation. It is noteworthy that in commenting on the report Chief Buthelezi, who has consistently stood for a system of one man one vote in a unitary state, said that he was prepared to think in terms of consociation as a compromise. To negotiate a consociational agreement which is generally acceptable would necessarily be a long-term process, it would be difficult and obviously success could not be guaranteed. But the fact that the government was in good faith making the attempt - and thereby recognising that history has made all of us South Africans - would do much to defuse the racial situation in the country and to improve our standing in the world.

This is the crux of the political debate as it has now evolved. Are blacks to be recognised and treated as South Africans? Or is the government going to insist that their nationality and allegiance should be solely with the independent black states or autonomous black territories which government policy has called into being? Plainly the government's policy cannot now be reversed. It is far too late for that. But could it perhaps be accommodated, as the Buthelezi Commission suggests, within a wider South African federal system - one in which people of all races would enjoy an over-riding South African nationality, carry South African passports and come perhaps in time to feel a common South African patriotism?

**DIRECTORATE**

My decision to retire from the chairmanship and the board of the Corporation at the end of this year has already been announced. By that time I shall have entered into my 75th year and will have been a director for 48 years and chairman for 25 years. I believe that the time has now come to make a change.

Anglo American was formed in 1917 by my father who remained chairman for 40 years until his death in 1957. I succeeded him, so that my father and I have been the only chairmen of the Corporation during the 65 years of its existence. It is only natural that my decision to resign should have been in some ways a difficult one for me. I have no doubt however that it is the right one and I am extremely happy about the arrangements that have been made for the continuing leadership of the Corporation and Group. Mr Gavin Reilly, joint deputy-chairman, who will succeed me, is a man of exceptional ability, experience and understanding and a very old friend. I shall hand over my responsibilities to him in the confidence that under his direction the Group will continue to prosper and grow to the benefit of shareholders and in a broader sense I hope, to the benefit of South Africa.

Sir Keith Acutt, one of my oldest colleagues, has informed me of his intention to resign his appointment as joint deputy-chairman at the end of the year. He has however agreed to continue to serve as a member of the board. It is intended that the positions of deputy-chairman should be filled by Mr J Ogilvie Thompson and Mr N F Oppenheimer.

The full text of Mr Oppenheimer's statement and the Corporation's annual report are obtainable from Consolidated Share Registrars 62 Marshall Street Johannesburg 2001.

The annual general meeting of members of Anglo American Corporation of South Africa Limited will be held at 44 Main Street Johannesburg on Friday August 13 1982 at 11h00. A general meeting will be held at 11h10 or immediately following the termination of the annual general meeting.



Handwritten notes: "21/7/82" and "210" circled.



**SOUTH AFRICANS** look on this country's vast mineral resources with dewy eyes and see in this mass of unearthed wealth a form of protection against boycotts and sanctions.

'They'd never do it, they need our minerals,' they say. This may have been true a few years ago but it is no longer the case, nor is there any guarantee against international action.

This was succinctly spelled out recently in discussions with senior officials of the economics ministry of West Germany, one of South Africa's main trading partners

They made it quite clear that while their Government was opposed to sanctions and that they would not like to lose their South African connection,

(210) Mercury 13/8/82  
**S A minerals no**

## *longer a shield*

# *against sanctions*

There is no question though that even with the present system in South Africa, which post-war Germany finds totally repulsive, this country is seen as a good investment area

between the two countries at present with the balance of payments in Germany's favour South Africa is West Germany's biggest export market in Africa, taking more than R3 billion worth of goods and exporting about half as much from the republic

more, the investment has increased regularly over the past few years at between 5 to 7 percent

On the surface, therefore, it seems that until the United Nations introduces mandatory sanctions against South Africa West Germany, whose inflation rate averaged 5.9 percent last year, will continue to trade with South Africa, as many African countries do even while publicly deploring the discriminatory policy of apartheid

It is accurate to say that the average man in the street knows little about South Africa and its problems except that there is 'trouble' with the blacks and that they are not 'treated properly'

There is, however, a large body of extremely well informed and influential opinion among politicians and media people who know a great deal more about this country than is sometimes suspected.

### **Ormande Pollok Political Correspondent**

German industry would not grind to a halt without South Africa's resources

The statement that they could find 'other markets' and 'ersatz' materials is made blandly and in a matter-of-fact way There is not a tinge of doubt

The matter has obviously been considered and contingency planning clearly exists

What people should know is that 60 percent of West Germany's annual total imports from South Africa amounting to about R1.5 billion are in semis, chrome, vanadium, platinum and other strategic materials

Some 450 German companies have an estimated investment here of more than R3 billion

However, there is a persistent fear that tensions caused by the South African Government's policies could create uncertainties for investment

In spite of Pretoria's constant protestations of change towards a more equitable political system, it is clear that the West German Government feels that little has been done after what is described as 'a period of great promise'

There is massive trade

With the growing trade between South Africa and the rest of Africa — despite vociferous calls for boycotts and sanctions from black Africa — Western trading partners are not significantly disturbed by the prospect of criticism for dealing with the white south

Apart from that, however, West Germany's attitude is 'we do not lean to the East or the West or to the Arab world or Israel or anybody else Our trade is not decided by how it will please or displease other people' The figures reflect this attitude One third of West Germany's total investment in Africa is in South Africa What is

### **Reform**

'One thing is clear from all this, and that is that South Africa cannot hold the world to ransom simply because it happens to hold vast resources of strategic materials'

Another thing which is clear is that trading partners such as West Germany want to see political reform in this country to ensure that they can at least argue with some conviction against sanctions and, of course, at the same time ensure a stable market

Political change — not necessarily overnight and not necessarily one man, one vote — is what South Africa's friends want to see.

210 Stan

# Mine growth in jeopardy — professor

19/3/82

By Stan Kennedy

Predicted growth targets in the mining industry will not be met if there is not an adequate supply of engineers

Professor Alfred Brown, of the chair of mining engineering, Pretoria University, told the annual meeting of the Institute of Mining and Metallurgy last night that the only way to supply future demand for engineers would be to employ people from other race groups, especially blacks

#### HALF FILLED

The supply of engineers was becoming progressively worse, he said. Only half the positions were being filled and the supply would fall to about a third by 1985. Demand was increasing at the rate of 5.2 percent a year com-

-pound growth

"There is a real danger that the expansion programmes envisaged will be difficult to achieve within the limits of time and cost

"Most managerial positions in the industry are filled by trained engineers and it seems the industry is suffering from being over-managed and under-engineered," he said

"It seems neither right nor wise that the country's premier industry, which recently produced 70 percent of the foreign exchange, should not be adequately supplied with engineers"

He said that concerted efforts were being made in training black engineers, especially in civil engineering. Experiments with cadet schemes and bridging courses were being un-

dertaken at the University of Witwatersrand and engineering faculties on a limited scale had been launched at two black universities

"But the crucial issue lies in the future, and concerns how the black engineer will be absorbed into industry," he said.

Because of the particular labour structure, it would be more difficult introducing black engineers and technicians into the mining industry than in other engineering disciplines

The logical area in which to absorb them initially would be in the neighbouring black states. This would stop the drain of trained white engineers from South Africa who presently filled these posts.

#### SPECIALISTS

The second possibility would be to employ them in specialist service divisions such as ventilation and rock mechanics.

"Another source of labour, as yet untapped, is women

"The law makes it difficult for women to be employed in the technical areas of mining but they could become engineers in specialist and service areas, such as research, metallurgy and open-pit mining," said Professor Brown.



Star 25/8/82

# 'Hostility' forces Gencor boss to quit

By Mervyn Harris

Dr Wim de Villiers has decided to "prematurely retire" as executive chairman of General Mining Union Corporation

The shock decision by Dr de Villiers (61) is the latest twist in the battle between the Afrikaner business giants Sanlam and Rembrandt over the way in which Gencor is controlled.

In a separate statement Gencor announced that Dr de Villiers would go on leave next month before his retirement at the end of November.

Dr de Villiers was not due to retire for another two years

He will be succeeded by Mr E "Ted" Pavitt, who was head of Union Corporation before it was taken over by General Mining.

Dr de Villiers refers in a statement today to "sustained personal hostility" by Dr A D Wassenaar, outgoing chairman of Sanlam, after an earlier difference of opinion between the two men.

"This personal difference spiralled into corporate matters, leading to a series of public utterances on Sanlam's control posi-

tion over Gencor"

A spokesman for Rembrandt said today Dr de Villiers's statement was being studied

Dr Anton Rupert, chairman of Rembrandt, is expected to refer to the matter at the annual meeting of the Rembrandt group of companies in Stellenbosch tomorrow.

● See Page 30.

Dr Wim de Villiers ... resigns prematurely.

# Alarming outlook for new-mine costs

210 RDM 26/8/82

By JOHN MULCAHY

AN alarming gulf has developed between the price required to sustain mineral operations and that required to encourage primary development.

The London Mining Journal says in an editorial accompanying its 1982 Annual Review that this gap has always been large, but has now reached extreme proportions

"This increased spread between survival prices and new mine prices suggests that extreme price variations could be the norm for the balance of the 1980s as the market moves from shortage — and the need for new capacity — to periods of temporary oversupply."

As circumstances in the world mineral markets stand, there is no evidence of enough change in the overall picture to stimulate a new investment and development phase in spite of the boost given to some industrial sectors by the lower oil price

A year ago it seemed that the concern of the industrialised nations about strategic supplies might have been sufficient to prompt a new phase in selective mineral development, but the Journal says that apart from germanium the adequacy of metal and mineral supplies has removed any sense of urgency.

"Concern for strategic commodities in the narrow political sense is still present, but there is no parallel concern in the wider commercial area."

This is understandable, says the journal, as consumers have also suffered severely at the hands of the recession, and short-term corporate survival is a greater concern than long-term raw material supplies.

A major concern must be low demand for most metals because consumer inventory adjustments have long since worked their way through the system, and current demand is a reasonable reflection of consumption

may be offset by a parallel increase in the rate of plant obsolescence, but this would not be sufficient to re-establish the demand levels of the 1960s and early 1970s."

Some developing industrial economies, such as Korea and Malaysia, have their own momentum, but the sector as a whole depend heavily on its industrialised consumers. Any improvement in demand from the emerging economies must post-date a recovery

in the West, "and this further postpones any major improvement in the consumption of metals and minerals"

Mineral prices depend on the balance between supply and demand more than absolute consumption levels, and as consumption has fallen capacity has been reduced

This partially reflects temporary closures, but in some cases it represents the exhaustion of orebodies, and

new mines are not being developed to replace these operations

Even a small revival in demand could put a strain on supplies, and this could initially be met from suppliers' inventories, "but experience in the past suggests that, in such a period, inventories are simply transferred from producers to consumers, and demand for new metal supplies is not greatly affected"

"Nevertheless, the period of inventory transfer could be marked by sharp but probably transient price rises"

"To the extent that inflation is gradually coming under control, and wage settlements are more realistic, the major industrialised economies should recover but it will be a gradual and, in the early stages, a hesitant process."

Elections in OECD countries in 1984 may give added stimulus to demand, "but this must be at least 12 months away and is unlikely to match the growth of earlier election years"

The main long-term potential demand for the mineral industry is from emerging industrial economies, says the journal, as growth in established areas is more likely to come from increased technology built into their products and not a major expansion in raw materials volume.

"To some extent this trend



Gencor chairman ousted 26/8/82

# Wim de V quits with broadside

By JOHN MULCAHY

THE distinguished career in the mining industry of Dr Wim de Villiers has ended in bitterness and he has retired prematurely as executive chairman of General Mining Union Corporation.

He will be succeeded by Mr Ted Pavitt, executive vice-chairman of Gencor, and former chairman of Union Corporation.

After maintaining silence throughout the months of acrimony between Sanlam and Rembrandt over control of the huge mining house, Dr De Villiers yesterday delivered a farewell broadside at Sanlam and Dr Andreas Wassenaar, chairman of Sanlam, who is abroad.

In the best traditions of saving the best for last, Dr De Villiers lashes out at what he describes as Sanlam's "continued harassment" and expresses concern at the insurance giant's intentions, which he claims have not been in the best interests of Gencor shareholders.

In a statement issued to Sapa yesterday Dr De Villiers said that matters had taken a turn which obliged

him to break his silence on the issue.

Gencor said in a separate statement that Dr De Villiers would go on leave next month before retiring at the end of November.

Dr De Villiers said that until about 2½ years ago he had enjoyed the full support of all his fellow directors on the boards of Sanlam and Federale Mynbou, "thus being able to direct and control Gencor affairs to the best of my ability".

A fundamental difference of opinion on a matter of principle then arose between Dr Wassenaar and himself.

Dr Wassenaar had demanded that Gencor continue investing in a company, Unicom Digital Developments, in which Dr Wassenaar had a personal interest and of which his son, Dirk, was managing director.

"Gencor management, after a thorough investigation, had come to the conclusion that further investment in the company could not be justified financially as being in the interests of Gencor. I therefore refused to make further funds available."

According to Dr De Villiers, the response from Dr Wassenaar was, "sustained personal hostility which culminated in my resignation as vice-chairman of Sanlam".

"It was in protest against this behaviour, that Dr Etienne Rousseau — Dr De Villiers' successor as Sanlam's vice-chairman — also resigned from this position, said Dr De Villiers.

"This personal difference spiralled into corporate matters, leading to a series of public utterances on Sanlam's control position."

"Although I accept the idea that a majority shareholder may seek to protect its control position in a company, I do have reservations as to the proposed method to be adopted in this instance."

"Furthermore, I reject the

concept that a chief executive officer should be required at all times to act on the instruction of a majority shareholder, even when in his judgement it would not be in the interests of all shareholders."

Dr De Villiers said the "totally unfounded" allegation that Rembrandt, in collaboration with certain Sanlam-appointed directors, had plotted to acquire control of Gencor, "which Dr (Fred) du Plessis has subsequently publicly acknowledged as being untrue", coupled with other recent events and continued harassment, had brought about an untenable situation which could not continue if Gencor's interests were to be considered.

Persistent speculation, starting in December last year, cast doubts on Dr De Villiers' continued position at the helm of Gencor.

Late last year Dr De Villiers' black buying power

"Over the last two months business has dropped off completely. The manager of a Port

was said to be on the verge of retiring because of ill health, and astonishingly, Sanlam took the opportunity to set the wheels in motion for the appointment of Dr De Villiers' successor, without his knowledge.

This development preceded by several months the clash between Sanlam and Rembrandt — at Federale Mynbou's annual meeting in April — when the broad policy differences between the two groups were exposed.

Rembrandt's entry into the fray is believed to have followed the initial clash between Dr De Villiers and Dr Wassenaar, after which Sanlam made clear its intention to exercise more direct control over Federale Mynbou, and through it, Gencor.

Since the early days of the personality clash Dr De Villiers' position is believed to have been challenged on several occasions, the most recent being in June when Dr Wassenaar is reported to have demanded Dr De Villiers' immediate resignation.

unrest is going to last

"Those people who have a good credit record with the company shouldn't have



Mr Ted Pavitt ... career climax



Dr Wim de Villiers ... spurned

payment accounts" the labour unrest started

FOR THE BEST BUSINESS APPOINTMENTS SEE PAGES 25 AND 26

# Ted Pavitt — the man to have on one's side

By JOHN MULCAHY

FEW of Dr Wim de Villiers' powerful team of executives at General Mining Union Corporation will be pleased at the departure of the dynamo.

But however lamentable Dr De Villiers' leaving may be, the appointment of executive vice-chairman Mr Ted Pavitt as his successor is certain to be met with enthusiasm.

A professed individualist, Mr Pavitt once defined an ideal manager as "a man with a sense of urgency, a demand for excellence and a healthy discontent with the way things are. Each of us must be alert to the dangers of playing it safe, and act courageously on what we be-

lieve is right."

By no stretch of the imagination can he be described as a "yes-man", and Dr De Villiers has said of him "Ted is the kind of man one would rather have on your side than working against you."

The battle for control of Union Corporation in the mid-Seventies was to a large degree orchestrated by Mr Pavitt, who opposed attempts by Gold Fields of South Africa to swallow the group.

Realising a need for stronger backing for Union Corporation, which was vulnerable to takeover, Mr Pavitt had proposed a merger with Barlow Rand, but his efforts in

this direction were overtaken by the struggle between General Mining and GFSA.

Throughout the battle Mr Pavitt acted on what he felt was right and in the best interests of staff and shareholders.

Union Corporation to him was not an impersonal conglomerate of gold and platinum mines and industrial operations, but "a tightly knit bunch of damned good people."

He was born in Vryburg in the Cape 64 years ago, and graduated in mining and metallurgy at the University of the Witwatersrand, after which he joined the SA Engineers, attached to the British

Eighth Army, serving in the Western Desert and in Italy, emerging as a major with a Military Cross, awarded for a rescue operation which he has subsequently described as "foolhardy."

Having worked closely with Dr De Villiers since General Mining acquired control of Union Corporation, Mr Pavitt has first-hand knowledge of the pitfalls in the sometimes painful evolution of the merged group.

At his age Mr Pavitt could not have expected to end his career as chairman of General Mining, but it is a fitting tribute to a man who has dedicated his working life to the mining industry.

The major shareholders may find, however, that they are dealing with a personality at least as independent as Dr De Villiers, and as likely to reject interference.



(210) Star 26/8/82

# New man Pavitt a tough professional

By Mervyn Harris

The new man at the helm of Gencor, Mr Ted Pavitt, is a tough professional known for his forceful leadership and independent views.

He takes over as chairman of the giant mining house following the resignation of Dr Wim de Villiers yesterday.

Mr Pavitt steps into the post at the age of 64 when the company

is embroiled in the row between Sanlam and Rembrandt over the way in which it is controlled

He is, however, well equipped to deal with difficult situations and his appointment has been greeted with widespread approval by colleagues in the mining industry

Born in Vryburg, Cape, he attended Kingswood College in

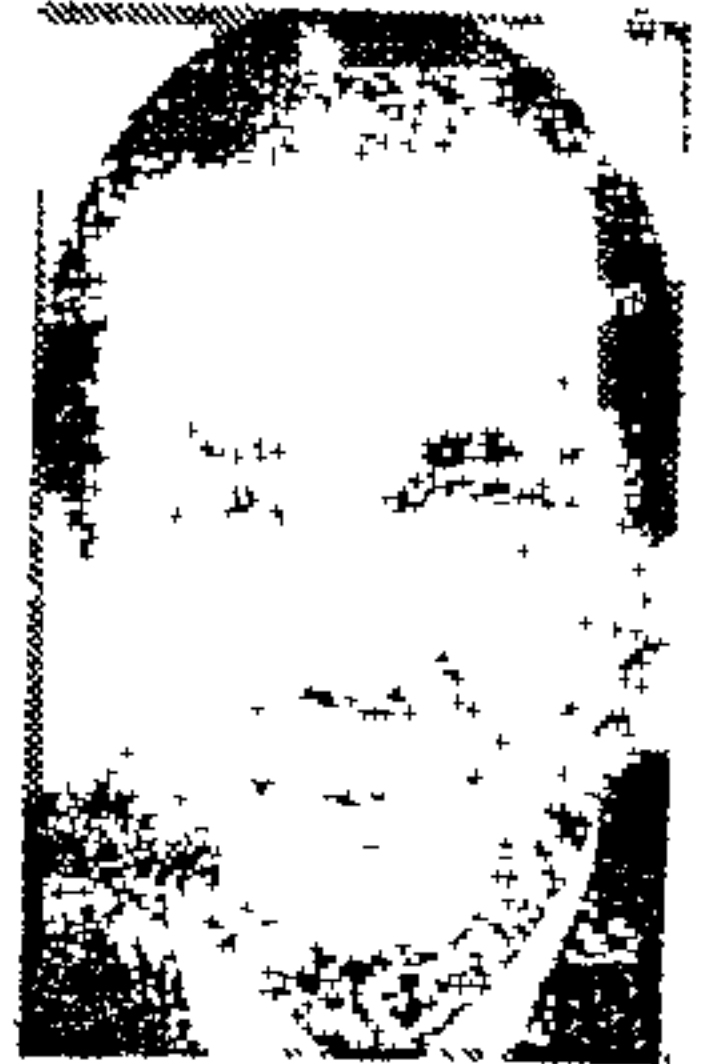
Grahamstown and obtained a mining degree in 1939 at the University of the Witwatersrand.

He joined the army at the outbreak of World War 2, rising to the rank of major in the SA Engineering Corps and being awarded the Military Cross

Mr Pavitt joined Union Corporation as a mining engineer in 1946 and over the next

25 years was a mine manager, general manager of Leslie Gold Mine and chief consulting engineer before his appointment as managing director in 1972.

Two years later he was appointed chairman of Union Corporation until it was taken over by General Mining. He then became deputy chairman of the new enlarged Gencor



MR TED PAVITT

# 'I'm Scapegoat' of Gencor Row

*Row 28/8/82*

brandt row has festered for several months with the official version being a debate over the number of directors each of the latter two companies are allowed to nominate to the board of Gencor in which they both have substantial stakes

But for weeks cocktail party gossip has pointed to the whole problem being a personal row between Dr De Villiers and Dr Wassenaar

That row came to a head this week when Dr De Villiers walked out of Gencor blaming "continued harassment" by Sanlam for his going

According to Dr De Villiers' statement, which is understood to have been carefully vetted by his lawyers, the row between himself and Dr Wassenaar started because of his decision to stop investing Gencor money in Mr Wassenaar's company

This led, he said, "to sustained personal hostility which culminated in my resignation"

**DR 'A' WASSENAAR** accused of personal feud



**MIR F WASSENAAR** made a 'scapegoat'

**By GEOFF ALLEN**  
THE man who is said to have caused the bitterest battle in Afrikaans business history spoke out for the first time yesterday, declaring: "I'm being made a scapegoat."

Mr Frederick "Dirk" Wassenaar, son of Sanlam chairman Dr Andreas Wassenaar, spoke out after Dr Wim de Villiers resigned earlier this week as executive chairman of the giant Gencor group

In a remarkable statement Dr De Villiers said, among other things, that life at the top had become untenable because Dr Wassenaar kept suggesting that he invest Gencor money in his son's computer company

Yesterday the man in the middle, 42-year-old Mr "Dirk" Wassenaar, put up his hands and cried, "I'm being made the scapegoat"

"It's just incredible I can not believe that Dr De Villiers would say something like that  
"I have spoken to my fa-

ther who is in New York and we have decided that it is better to say nothing.

"I'll tell you though I am disappointed to be dragged into something like this. I'm an innocent bystander getting drawn into this whole huge episode.

"It's not doing my business any good"  
Then he left his office in charge of a highly protective receptionist

In the computer world not all that much is known about Unicom of which he is managing director.  
What is, is not altogether flabbergasting

● He employs 34 people in an industry which gives jobs to 12 000

● There are persistent rumours that the company could do with more money

● And it has been said that after compiling a confidential report on Unicom's affairs Anglo-American opted not to buy its "library" computer systems

The library computer system was billed as a world first for South Africa in 1981

Designed locally it was sold to several universities and a British company took up an option to market it  
At the time Mr Wassenaar

said that he hoped to sell a large number of the units at R200 000 a time

"This will be a major contributing factor to Unicom's expansion in the South African market and will be reflected by sales in 1982 of R2-million," he said

Mr Wassenaar was born in Cape Town and educated at the University of the Witwatersrand

He has served on the Industrial Development Corporation and with the former Western Bank and worked as a financial consultant between 1970 and 1972  
The Gencor, Sanlam, Rem-



Vera Beljakova

220  
12/1/87  
210  
S. Times

# Boart goes deeper

By Vera Beljakova

BOART International has now moved even more deeply into the European — particularly the German — coal and soft-rock mining markets since its new acquisition, West Germany's HWF Wallram plant, has proved a success

The new plant has grown to a point where it expects to show a turnover of more than R8-million this year from manufacturing hard-metal cutting tools. When Boart bought this Burghaun-based plant for R2-million, it was the operating mining division of Wallram, which also owns factories in the Ruhr producing industrial wear parts and carbide.

The new acquisition, now operating as Boart HWF and employing a staff of 150, produces 50 tons of tungsten carbide and 50 tons of TC powder a year.

One of Boart's other West German companies, Offenbach-based Boart GmbH, markets the full range of hard-rock tools produced at Boart's Shannon plant. But in the not-too-distant future this company could be consolidated with the Burghaun operation, which in addition to producing coal mining picks and borers also manufactures industrial wear parts, particularly spray-gun nozzles and — a new item on the list — rotary drill bits.

Boart will also operate a repair shop and sales office in Essen to serve the European coal industry.

# BUSINESS

Demand from 'idiots' greater than supply

## Mines hedge in a tricky market

By NEIL BEHRMANN

LONDON. — The South African gold mining industry is taking advantage of much higher gold prices and is hedging a proportion of its production by selling forward through bullion houses.

London and Continental sources confirm that the mining houses are very sceptical about the latest rush into gold and they agree wholeheartedly with the decision to hedge in the present "dangerous" market conditions

A mine hedges or insures its production by selling forward through the bullion house at an agreed price. If the price falls the mine is assured of a certain price. If it rises, the loss on the forward sale will be compensated by the higher price which the mine receives from the Reserve Bank when it actually delivers its physical gold.

On a cash price of \$486, for example, a mine can receive \$507 for delivery in February 1983. The one year price is \$546. Bullion sources say that previous hedging transactions of mines have proved to be a success, even though they were conducted at lower prices. Some mines were covered in their hedging transactions while others tended to average their sales to guarantee a certain profit on a proportion of production.

Their hedging techniques are sophisticated and from time to time the mines change their strategies to counteract rising or falling markets. Bullion sources say that less than 25% of production has been hedged.

It is hardly surprising that the mines have decided to increase hedge sales in present chaotic trading conditions.

Bullion dealers in London and West Germany say that dishoarding is beginning to take place once again, jewellery and bars are being melted down and the little man is queuing up to sell his Krugerrands.

Bullion dealers report that present developments, albeit on a smaller scale, can be compared to early 1980 and August and September 1980.

At that time the Middle Eastern bazaars and small investors took advantage of higher prices and sold their bullion to the speculators. After dashing through \$500 at the end of 1979 to a peak of \$850 in late January 1980, the price collapsed to \$480 in March and then rose to over \$700 in September that year.

"At the moment the demand from idiots is greater than the supply of gold," commented a German bullion manager. "But it is only a matter of time before gold supplies swamp those idiots."

The manager said that the spurt from \$380 to current levels came from recommendations of US broking firms. The buy recommendations were passed on all over the world. As the buying came in these orders were met by sales from the European bullion houses in Germany, London or Switzerland.

The manager said that the Reserve Bank as well as the Russians were stepping up their sales. He added that central banks were sellers and industrial demand was minimal.

In London, Spinks, the coin dealers, reported that nine Krugerrands were being sold for every one bought. The International Gold Corporation, said that offloading in London was offset by purchases in offshore centres because investors must pay sales tax. This comment did not explain the sharp increase in Krugerrands returns.

The Financial Times reports that many Frenchmen have been selling at higher prices. The premium on the Napoleon coin is only a modest 20%, compared with 50% last year.

Part of the French disinterest in gold however can be blamed on the government's decision to remove anonymity on gold transactions.

Some London bullion houses, such as Sharps Pixley, are confident about gold's prospects. But the overall fear in the market is that the metal is being transferred to investors and speculators hands.

The huge investment stockpile which was built up in 1979 and 1980 weighed heavily on the market and was the major reason for the subsequent slump.

Although the recent buying has not been on a similar scale, dealers are still concerned about potential problems if any unexpected turn in the market forces speculators to bail out of their positions.

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ROM

13/9/82



# Coal mines push R6bn to economy

210 By JOHN MULCAHY

SOUTH African gold and coal mines spent R3 410-million on stores last year, and the ripple effect on other industries meant that a total of R6 000-million was injected into the SA economy by these mines in 1981.

Mr W W Malan, president of the Chamber of Mines of South Africa, said in Johannesburg yesterday SA's gold and coal mines spent R393 400 000 on buying and maintaining electrical equipment and machinery.

He told guests at the official opening of the Electra Mining exhibition at Milner Park that the growth of mining had fuelled the growth of many sectors of industry.

Since the first Electra Mining show 10 years ago the number of exhibitors had increased six-fold, said Mr Malan, with more than 400 companies represented at this year's show, while over the same period SA's total mineral sales had increased almost nine-fold to R13 747-million.

Basing the "ripple effect" on the results of a study completed in 1980 by the Bureau for Economic Policy and Analysis at Pretoria University, Mr Malan noted that Professor J A Lombard and Prof J J Stadler had concluded the output of every rand spent by the mining industry generated a total input to the economy of R1,79.

This meant that the ripple effect from spending on electrical equipment and maintenance was about R311-million, while the electric power bill for the mines in 1981 was R397-million, with a corresponding ripple of R314-million, for a total injection of R1 415-million.

The shopping list from gold and coal mines last year covered products and services from every sector of industry, including R40-million on bolts, nuts and washers; R58-million on bricks; R31-million on cement; R93-million on chemicals; R25-million on boots and clothing; R5-million on tyres and tubes and R10-million on stationery and printing.

CAPE TIMES 23/8/82 (H) 210

# Law to allow mining in parks

## Political Staff

A NEW law is to be introduced next year to allow mining in national parks — but existing reserves such as the Kruger Park will be excluded from the provision

This announcement by the Minister of Environmental Affairs, Mr Sarel Hayward, in an interview yesterday will be wel-

comed by conservationists who have for some time strongly opposed the possibility of large-scale mining in the Kruger Park and other reserves

Mr Hayward said the new measure was aimed at increasing the number of reserves in the country and possibly the size of existing ones

There had been strong resistance in the past

among landowners to selling or making land available to the government for reserve purposes without the retention of mining rights

"The new law will add another dimension to conservation without the country's use of its mineral resources being affected," said Mr Hayward

"In terms of the pro-

posed measure which should be introduced in the next parliamentary session, mining in the reserves will be allowed with the approval of the National Parks Board'

He said he believed it was absolutely necessary to increase the surface area of land devoted to national parks and the new law could be one way of doing this



# SA MINERAL EXPORTS 1980

FM 8/14/82

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~~74~~

Mineral Commodity	Unit of Quantity	Volume Exports	Market share excluding Comecon		Market share world	
			Rank	%	Rank	%
Vermiculite	t	156 072	1	85	1	83
Gold	kg	672 485	1	81	1	73
Vanadium	—	Classified	1	74	1	70
Manganese metal	—	Classified	1	71	—	—
Andalusite/sillimanite	t	121 317	1	67	1	67
Ferrochromium	—	596 847	1	56	1	54
Ferromanganese	—	Classified	1	37	1	34
Antimony trioxide	—	Classified	1	35	1	35
Manganese ore	—	Classified	1	34	1	30
Chrome ore	t	1 237 203	1	32	1	27
Platinum Group Metals	—	Classified	2	36	2	27
Diamond	carats x 10 <sup>3</sup>	8 450	2	27	2	23
Fluorspar	t	469 071	2	23	2	23
Antimony concentrates	t	11 379	2	22	2	22
Uranium	—	Classified	2	22	—	—
Zirconium	—	Classified	2	13	2	13
Asbestos	—	Classified	3	12	4	9
Coal	t	29 150 234	3	15	4	12
Titanium	—	Classified	4	13	4	13
Iron ore	—	Classified	7	4	7	4
Silver	—	191 290	7	1	9	1
Lead	t	64 922	8	5	8	5
Copper	—	Classified	9	3	10	3
Phosphates	t x 10 <sup>3</sup>	500	9	3	10	3
Tin	t	1 448	10	1	—	—
Nickel	—	Classified	12	2	14	2

**NOTES**

Exports from countries based on imports of raw materials are excluded except in the case of manganese metal, ferrochrome ferromanganese, and antimony trioxide  
 Bophuthatswana, Ciskei Namibia Transkei and Venda figures are excluded  
 Some figures are classified for competitive or strategic reasons  
 Source Minerals Bureau

8207 7370 182

# Europe needs SA strategic metals

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The Star Bureau  
LONDON — Europe is heavily dependent on South Africa for three out of four strategic minerals which are lacking from European reserves, says a House of Lords committee.

The select committee report published yesterday says Britain is as dependent on South African minerals as are the other countries in the European community.

It identifies four metal and mineral groups — chromium, manganese, phosphate rock and the platinum group — as being of the foremost strategic importance.

Another eight metals and minerals, which are not supplied from South Africa, are placed in a second, less

important category. The report says important metals and minerals, such as chromium from South Africa, will probably always be freely available on world markets at competitive prices, and this will act as a disincentive to any plan to bring into production large-scale operations for producing such metals in other parts of the world.

Its share of the world market was 46 percent for platinum, 35 percent for chromium and 20 percent for manganese.

The committee concludes that, although scope exists for broadening the range of suppliers for Europe, South Africa is likely to remain the principal supplier.



# South Africa's

Some people believe South Africa has two governments — one run from the Union Buildings in Pretoria and the other from 44 Main Street, Johannesburg, the headquarters of Anglo American and De Beers.

Both governments have education, research, cultural, social development and charity programmes

The one in Main Street spends up to R15 million a year of company profits on its scheme, known as the Anglo American and De Beers Chairman's Fund

And the government of Main Street believes it can exercise more flair and imagination in the way it spends money on community projects than can the bureaucratic and ideologically hidebound government in Pretoria

In fact, if Main Street did not spend millions on its Chairman's Fund, much of this money would be siphoned to Pretoria bureaucrats by way of taxation.

The Chairman's Fund Committee believes that rather than pay more tax to the central government it should exercise its own resources of money and imagination, especially on education projects

A supplement to the prestige Anglo publication Optima makes it quite clear that Main Street has less than a high regard for the Government with its multiplicity of education departments

In a speech at an international management symposium in St Gallen, Switzerland, this year, Anglo American's chairman-designate, Mr Gavin Relly, said the importance of corporate giving stemmed from a recognition of the inevitable limitations on State activity.

The social services of the State carried the hallmarks and shortcomings of bureaucracy, rigidity, slowness, uniformity and insensitivity, he said

"Above all the state system is unlikely to inspire, let alone act upon, the imaginative

without profits it could not pay good wages and offer satisfying opportunities to its employees

And unlike the Government, which tightens its belt during recession when community projects are most needed, the Chairman's Fund uses money left over from good years to tide the fund over the bad years

The Optima supplement concludes there is a growing realisation that the health of South Africa's society is too dangerously delicate to be left entirely in the "indelicate, however well-intentioned, ministrations of its Government"

The fund traces its origins to the late 19th century when Cecil John Rhodes was carving his own empire

Rhodes, the founder of De Beers, began contributions to causes that offered no direct benefit for the company but were seen as socially valuable

Soon after its creation in 1917, Anglo



Relly... "The State does not inspire"

American founded its own fund for this purpose

But these funds merely reacted to requests for money without playing an active role

The two funds were merged in 1973 when Main Street realised the South African Government was gradually easing its former tight grip on the reins of social development

The fund is financed by a levy related to the

tural and social development and charity

The fund's committee considers that shortcomings in black education strains South Africa's social fabric more than any other factor it retards economic growth, aggravates unemployment and makes fertile ground for social and political unrest

Of the estimated 6.2 million illiterate adults in South Africa and its homelands, some 5.8 million are black

The fund supports many literacy projects and provides buildings and teaching aids for all levels of education

Major educational projects include

- R13 million for the Isidingo Technical College due to open in Daveyton near Benoni next year.

- The Mangosuthu Technikon in Umlazi, kwaZulu, on the outskirts of Durban. The fund provided R6.7 million towards the R7 million complex which was opened last year

- Building 16 new classrooms and three new workshops for the Jabulani Technical High School in Soweto, South Africa's first urban technical high school for blacks. These additions cost R500 000

- The Soweto Teachers' Training College which cost R2.4 million and finally enabled black secondary school teachers to be trained on the Witwatersrand instead of in the homelands

- A project in Bophuthatswana aimed at taking to matriculation standard those teachers who teach at secondary schools although only qualified to teach at primary school level.

- Bursaries for black, Indian and coloured graduate teachers to attend a one-year course at Rhodes University

- The Schools English Language Research Project run by the Centre for Continuing

A fund set up by two major mining groups spends up to R15 million a year on community projects, black education being the main beneficiary. David Breier reports.

tion project

One educational project which the fund sees as support for the ideal of a non-racial South Africa, is St Barnabas College, a private secondary school in Johannesburg

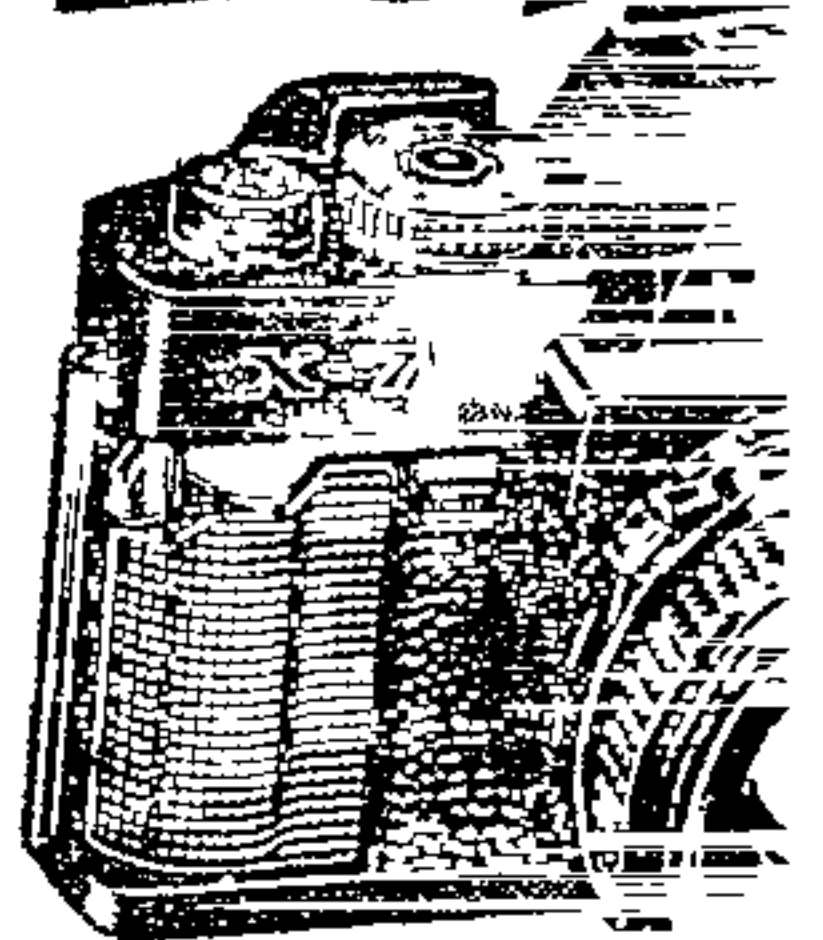
Completed last year at a cost of R3.5 million of which R1.6 million came from the Chairman's Fund, the school has coloured, white, black and Indian pupils and sets out to give pupils from less affluent backgrounds

the best possible education

The fund has met the building costs of two agricultural high schools for blacks in Ciskei and Lebowa. It has also financed new science buildings at the University of Swaziland at a cost of R500 000, as well as financing research projects at various other universities

The Chairman's Fund also helps finance the United States-South Africa

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# Cal's 'Other' Sovermment

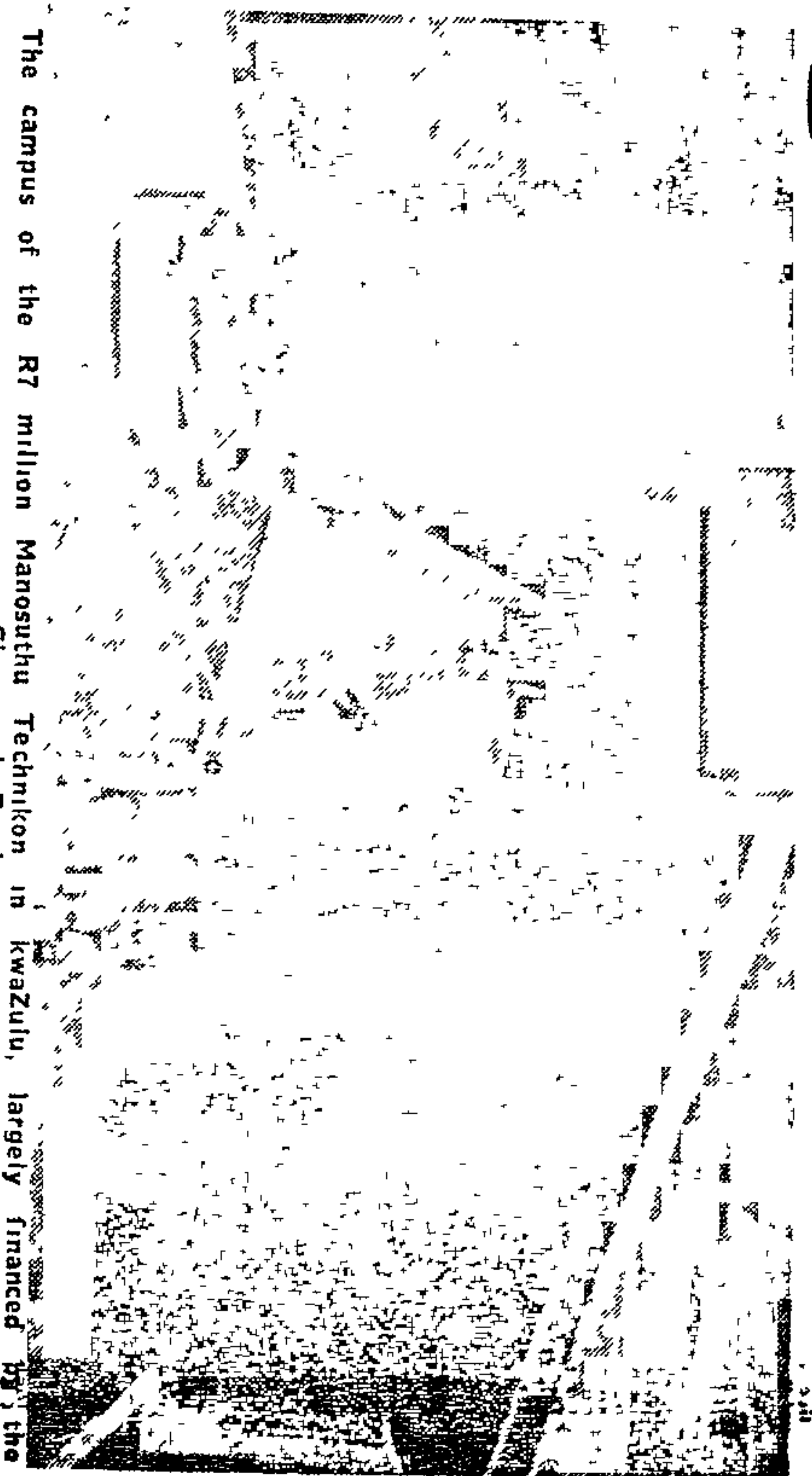
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Leadership Exchange Programme (Ussalep) which aims to promote international dialogue and understanding  
It also supports the other end of the spectrum by aiding community projects for coloured people on the Cape Flats  
Optima describes these people as the victims of the "legislated destruction" of District Six which was wiped out by the Group Areas Act.  
The Act also banished coloured people from Cape Town's middle-class southern suburbs to the wind-swept flats.  
The fund helps the Western Cape Foundation for Community

Work which the poet Adam Small helped create.  
It aids the Foundation for Social Development in the Cape Flats township of Bishop Lavis and the Build a Better Society group, as well as a variety of South African charities.  
The fund's chairman, Mr Michael O'Dowd, believes in a flexible handling of all these projects  
"You don't always get what you set out to achieve in the form initially proposed. But if what you want is sensible, and you are flexible, you can almost always come up with a worthwhile result," he said



The campus of the R7 million Manosuthu Technikon in kwazulu, largely financed by the Chairman's Fund

NEWSPAPER PHOTOGRAPHY



American chairman-designate, Mr Gavin Relly, said the importance of corporate giving stemmed from a recognition of the inevitable limitations on State activity.

The social services of the State carried the hallmarks and shortcomings of bureaucracy, rigidity, slowness, uniformity and insensitivity, he said.

"Above all, the state system is unlikely to inspire, let alone act upon, the imaginative, 'way-out' means of tackling a social problem that a private organisation could conceive of and carry through," he added.

But Mr Relly left no doubt that company profits came first, for

American founded its own fund for this purpose.

But these funds merely reacted to requests for money without playing an active role.

The two funds were merged in 1973 when Main Street realised the South African Government was gradually easing its former tight grip on the reins of social development.

The fund is financed by a levy related to the profits of both Main Street groups. Last year this amounted to R17 million for the fund, not all of which is spent in one year.

More money goes into education than into any other field, including research, cul-

phuthatswana aimed at taking to matriculation standard those teachers who teach at secondary schools although only qualified to teach at primary school level.

● Bursaries for black, Indian and coloured graduate teachers to attend a one-year course at Rhodes University

● The Schools English Language Research Project run by the Centre for Continuing Education at the University of the Witwatersrand. This aims to improve the ability of Soweto teachers to teach the school curriculum through the medium of English.

● A science educa-

# Uncertain mood in Poland

WARSAW — The cartoon is savage. It shows a bushy-eyed Brezhnev leading a dog with the face of General Jaruzelski, the Polish leader. "Get them, get them," says the Soviet leader, as he lets loose his faithful hound on a crowd clutching Solidarity banners.

People of all ages gather to study the cartoon, placed by the side of a floral cross in front of a church in the centre of Warsaw.

A young couple suddenly appear and lay a long poster across the floral cross. "The war declared on the Polish nation by a group of soldiers has already lasted 10 months. From November 10 the passive resistance ends."

Some people in the crowd offer lit candles before portraits of Lech Walesa, the interned Solidarity leader.

What is distinctly odd is that all this is occurring in daylight, almost opposite a large police station.

If the authorities so wished, all these Solidarity sympathisers could be rounded up in one swoop. But Poland is not like that. It is truly extraordinary. The more you discover about Poland the more confused you become.

Of course, there are the usual facts which are trotted out to explain why Poland is a paradox.

The Catholic Church has immense influence in a nation where at least three-quarters of the 36 million population are said to be believers.

Three-quarters of

farming is in private hands although, because of lack of investment over many years, it is scarcely a showcase for private enterprise.

But the paradox of Poland is to be found in the personality of the Pole: individualistic, hardly ever afraid to speak his mind, and passionately seeking a freedom he would be hard put to define.

As winter sets in and the country moves towards the first anniversary of martial law, on December 13, the mood is uncertain.

Solidarity has been banned, and the underground leadership has called a strike for November 10, further stoppages in early December and a full-scale general strike early next year.

A visitor is utterly bewildered by what he finds in what is, after all, a communist country.

For example, it is difficult to move about the lobby of the top hotels in the evening without being accosted by young prostitutes.

But ask a Pole and he smiles indulgently. "Another example of private enterprise."

The taxi drivers are forever offering to take

you to night clubs or change your dollars at a favourable rate.

After 10 months of martial law, many of the restrictions have been removed.

The casual visitor, like myself, can be easily impressed with the superficial appearance of normality.

But a Third World diplomat just transferred from Moscow to Warsaw said: "It took me eight months to get my first anti-establishment joke out of a Soviet official. Here, in my first meeting with a foreign ministry official, he told me five good jokes against the government."

Humour, particularly the ability to laugh at oneself, has perhaps allowed the Poles to sublimate some of their recent suffering.

You sense that ordinary Poles long for something they cannot quite explain. You sense it in the mournful voices of men and women of all ages singing hymns by the floral cross not far from my hotel. They know they are trapped by both history and geography.


I shall always remember the words of the priest in Krakow: "We are alone."

Stas 28/10/82

The more you discover about this nation the more confused you become, says Amit Roy of the Daily Mail, London.

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9 June 29/10/82

# R150-m increase in mineral sales

(2/10)

By Sheryl Raine  
Pretoria Bureau

The value of the country's mineral sales for August this year increased by about R150 million compared with August last year after adjustment for inflation.

According to statistics released by Central Statistical Services in Pretoria yesterday, the total value of minerals, including gold, in August this year was calculated at R1 314 million after adjustment for inflation.

Last year for the same month the value of minerals was R1 162,5 million, after

adjustment for inflation.

After seasonal variation was eliminated, gold sales during August amounted to R814,8 million, compared with R689,9 million for July.

In August last year gold contributed R718 million after adjustment for inflation.

Diamond revenues almost doubled from July to August this year. After adjustment for inflation, diamonds contributed R8,1 million to the value of mineral sales in July this year and R14,8 million in August this year.

# Mine test case on stolen plans

THE widespread practice of pirating in the mining equipment supply industry and the minimal protection given to legitimate suppliers have been highlighted by an action in the Rand Supreme Court.

Mr Justice Margo ruled in favour of the applicant, J K Fulton, a Reef-based manufacturer and supplier of mining equipment

He found that three former employees had stolen plans and drawings of a roof-bolter machine and spares and then set up their own business in which they manufactured this equipment from the drawings

The respondents, Michael Thomas Yellowley, Allan Edwin Menton and Willem Johannes Adriaan Labuschagne, plus the company which they formed, Logic Engineering Enterprises, were ordered to pay the bulk

By Julian Kraft

of the costs incurred by Fulton in bringing the action

Michel Peyremorte, Fulton's general manager, told Business Times this week that on research alone it had cost his company about R60 000

This had included having to send a senior employee and a lawyer to the United States to examine original drawings kept by the principals, FMC Corporation, to prove copyright

This court action is seen as

a test case in South Africa, as it is one of the few instances where action has been taken — and successfully — against pirating

"There was quite a lot of deliberation in the hearing, as some aspects of the law relating to copyright had to be interpreted for the first time," Mr Peyremorte said

"But I believe the outcome of this action will discourage at least the more blatant pirating practices."

Underlining how widespread pirating is in this country, particularly as far as suppliers of mining equipment are concerned, Mr Peyremorte said that many of the mining houses actively encouraged it, while many suppliers accepted it as one of the hazards of the business

"Mining-house representatives I have spoken to equate pirating with free competition. They choose to ignore the fact that a manufacturer can spend hundreds of thousands of rands developing a new machine

"Why should he have to tolerate someone else taking his drawings, making the machine and selling it at a lower price than he could ever afford?"

Two common practices in the mining industry illustrated how pirating was encouraged

- A mining house would guarantee a legitimate supplier a certain percentage of a machine spares order if he agreed to the remainder of the order being filled by a pirate supplier at a lower unit price.

- A mining house would agree to award an order to a legitimate supplier provided he agreed to lower his price to a specified percentage above the pirate supplier's price

While pirate suppliers were given a free rein, the legitimate supplier had a hard time trying to protect his proprietary product

"Many of them just tolerate the unfair competition, finding it preferable to the trouble and expense of taking the matter to court"

Consequently, there were now many ostensibly legitimate companies currently in business — with many well-known names among them — which started out as pirate operations

1ariti  
Economic Rent.

210  
S. Times  
11/1/82



● Two senior mine managers have their houses built and furnished, almost entirely free, by business "friends". In return, the mine managers see that major company contracts are granted to these "friends" by the mining groups which employ the newly housed mining men. The deals are eventually uncovered and the two mine managers are sacked.

● Jobs, contracts or orders are reserved for "pals", who return the favour in kind or services (for instance, a new fridge, car or even a new house) obtained virtually free from other "contacts" who owe favours.

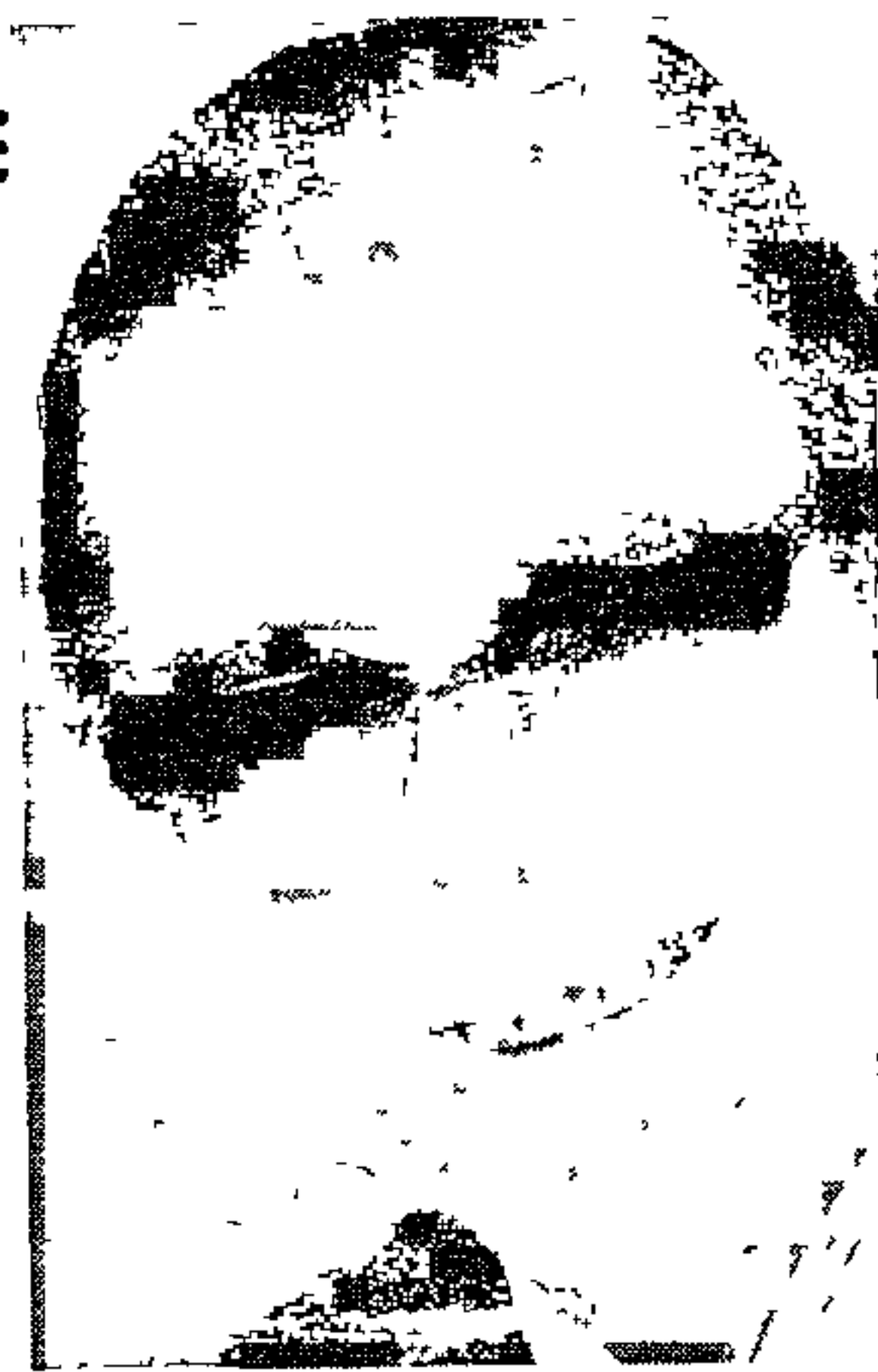
● The manager of the main branch of a major banking group accepts free rides on luxury safaris and hunting trips. In return, he grants the organiser of the trips — the head of a large but overstretched business — extraordinarily large overdrafts and other banking facilities on excep-

tionally favourable conditions.

He also accepts 200 bottles of expensive whisky, several hundred bottles of different estate wines, a portable freezer, an imported hunting rifle and many other such goodies as "Christmas gifts" from customers who likewise then receive privileged treatment from the bank.

● A gold mine assayer tests a new sample and discovers it reveals an exceptionally rich new mining opportunity for the mine. He tips off "friends" with another company.

They buy large parcels of shares in the mine concerned before the new find is announced. After the announcement, the share price leaps, the "friends" sell and the tipster takes a juicy slice of the profits. (Naturally, refinements have been developed as the original method is now too risky.)



Mr Denis Etheredge  
"Culprits of business malpractice are seldom charged in court because witnesses are afraid of losing their jobs"

**THESE** are but a few of the documented examples of corruption, graft and dishonesty in South African business — as revealed by a Sunday Times survey this week.

They represent a drop in the ocean compared with the hundreds of other cases uncovered by the survey.

The survey was conducted to test the shock allegations made by Anglo American director and gold chief, Mr Denis Etheredge, at a major conference in Port Elizabeth.

In his address — to a joint meeting of the Institute of Personnel Managers and the SA Institute of Management, of which he is president — Mr Etheredge told startled delegates that the South African business world was "shot through with dishonesty".

He said he was deeply saddened by the trend.

The Sunday Times investigation strongly suggests that he is right.

"The dishonesty I'm referring to," says Mr Etheredge, "takes the form of men defrauding their own companies, offering and accepting kickbacks, supplying products that are not required, or fewer than are ordered."

### Pretty poor record

In general, South Africa has a "pretty poor record and more should be done about it," he advises.

"Culprits of business malpractice are seldom charged in court because witnesses are afraid of losing their jobs and even their lives."

The inquiry by the Sunday Times this week covered all mining houses and more than 25 businesses in six industrial sectors, banking and insurance.

On condition that they and their companies were not identified, the executives of these organisations described from personal experience a large number of corporate sins which they

# A dishonest day's GRAFT



## SPECIAL REPORT

by STEPHEN ORPEN,  
Editor of Business Times

had encountered

Almost all the executives stressed that

● The most serious breaches of ethics, with the widest consequences, are often the most difficult to counter.

● This is because these breaches are the result not of overt crime, but rather of widespread collusion — a symptom of South Africa's relatively tiny business elite.

● This elite tends to work on ethnic lines — Afrikaner, English-speaking Jewish and English-speaking non-Jewish, although trade-offs between the three are not uncommon.

Within each of the three groups, favours are passed around with cavalier abandon — jobs, contracts, orders and so on — to members of their group, regardless of merit.

● In the public sector, there are also many cases where those who speak with the right political voice, or who provide material "rewards" to the right officials and bureaucrats, are favoured with business worth, collectively, astronomical sums — whatever their com-

petence or prices.

Commonly mentioned specific cases were

● Collusion or trade-offs in negotiating covert or overt monopolistic practices, price fixing, closed-shop markets and similar arrangements.

● Collusion agreements, which cost the country hundreds of millions of a year, involving the granting of contracts.

Such unrecorded agreements are fixed between senior employees in charge of producing tenders and senior people closely involved in the assessment of tenders and subsequent granting of contracts to the "best" tender.

### Deep-rooted caste system

For instance, Mr X of XYZ Ltd will examine all but one of the tenders for, say, the supply and installation of equipment for a R100-million processing plant.

He will then reveal to his friend, Mr Y, who works for the last of the tenderers, the conditions and prices of all the other tenders so that Mr

Y can put in a tender which is more attractive than any of his competitors.

Mr Y's company pays Mr X a fat sum for his "co-operation" — or a rake-off for both Mr X and Mr Y may be built into the terms surrounding the granting of the contract itself.

In the mining industry, consulting engineers are said to have had a powerful say in such matters.

● The same type of operation is rife in the granting of orders for the supply of goods — for instance, to a chain store group. There may be simple kick-backs or "double accounting".

In the second case, special "margins" may be billed separately under the guise of holding, forwarding, shipping or other such costs, despite the fact that these costs have already been allowed for in the basic contract price.

● There is also no doubt that, especially in some mining houses, there is still a deep-rooted caste system.

A relatively small cadre of men with "the right" basic family, social and image qualifications, as well as the "right" academic qualifications and references, are alone in the running for the top jobs — especially outside the strictly technical areas like engineering.

Similar class distinctions play a large part in deciding who will rise, and how far, down the line.

● Over-ordering. The buyer orders 500 000 packets of biscuits when only 300 000

are necessary, and his company pays for 500 000.

The seller pays the buyer half of what the seller's company is paid for the extra 200 000 packets and pockets the rest for himself.

The buyer sells the surplus 200 000 packets — possibly back to the original seller at a knockdown price — and divides the proceeds between himself and the original salesman.

● Over-invoicing. The seller invoices for 500 000 packets but supplies only 300 000, which are entered by the buyer as 500 000, or as the correct 300 000 at an artificially inflated unit price.

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## Inflated party invoices

The spoils are divided in much the same way as in over-ordering. Such blatant operations depend on sloppy auditing and cross-checking in the companies concerned.

However, there are refinements which make this kind of theft extremely hard to uncover even when auditing and controls and safety checks are tight.

- Collusion between transport controllers and transport operators. In one case, weighbridge operators were found to be overstating the loads carried by lorries so that more could be charged for these loads.

- "Ghost" services. A plant maintenance chief may report the contracting of a R100 000 maintenance job which is not strictly necessary and is never, in fact, undertaken.

- Overstating or overvaluing stocks. Very common in companies being sold, or which need the overstatement (or understatement) to improve the appeal of their annual accounts, or of the figures made available to the prospective buyer of the company.

- Double expense or entertainment claims. A managing director throws a lavish party at his home for 300 valued customers, business associates, employees and so forth.

The caterers are old friends who grossly over-invoice him. They then pay back much of the inflated margin. He submits the inflated invoices to his own company for reimbursement.



DISCLOSURES by Denis Etheredge, president of the South African Institute of Management, about the extent of graft in business today have sent shock waves through the private and public sector alike

Only the extremely naive may have been unaware of how many fingers sneak into the corporate till, but even hardened executives knitted eyebrows over the sweeping accusation that business has become "shot through with dishonesty"

Though the remarks were aimed at business as a whole, Etheredge, as chairman of Anglo American's gold division had the courage to be quite specific about the mining industry which he knows so well

He had been informed, he said that virtually no single deal could be concluded with purchasers in the industry without "palm greasing"

When one considers that the mines spend about R3 500-million a year on stores, the mind

# Etheredge stirs hornets' nest With recent graft allegations

By Insider

210 Industrial Week 16/11/82

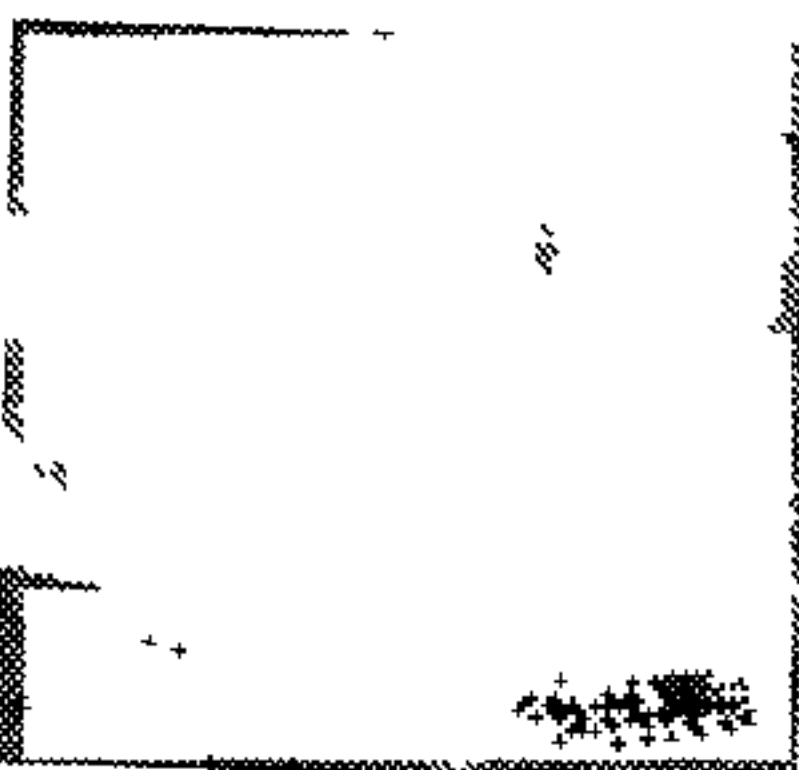
can only boggle at the dimensions of the graft Etheredge brought the whole issue of business ethics to the boil, but it had been simmering for a while lately

Dr Joe Stegman chairman of Sasol, went deep into it when he addressed students of the Department of Business Economics at Pretoria University on October 18

High standards of morality in business he said, were a pre-requisite and a foundation stone for future economic development

"Our economic system places great emphasis on the aim towards personal material prosperity "Does this not bring us into an unbearable conflict with our own ethics?"

"If materialism and personal gain is the only or most important driving force in our system, it would lead to its early demise and if personal



Denis Etheredge... business "shot through with dishonesty".

enrichment is to be the main consideration in future our system is doomed"

The Johannesburg Chamber of Commerce (JCC) was so enthused it made Stegman's remarks the main feature of its November news bulletin to all member companies

It also took the opportunity to remind all members of the contents of the JCC Code of Business Practice which forces them to toe the line on ethics with a strong condemnation of "all acts characterised by bad faith, deception, fraud, oppression and bribery"

The bulletin was sent out before the Etheredge address broke the storm But Douglas Stewart president of the Chamber, followed through

with advice to all firms to penalise fraud and bribery with instant dismissals

"Anyone engaged in graft should be made to realise they do so at their peril," he said

"Dishonesty in business may not be so very widespread, but one cannot deny it exists - and

needs to be stamped out"

Neville Mackay, chairman of the Institute of Directors, endorsed the view that graft should be countered with instant dismissals

The bulk of business was run with integrity and honesty, he said But he feared that if there

were 50 000 companies in SA it was likely that thousands suffered from lapses in sound business ethics

Business was not alone in bearing the cost of graft, though it had now been put in the main line of fire

"The fact is integrity is simply not what it was Lots of people nowadays just don't give a damn

"Companies must, in their own interests, take really firm action Graft cannot be condoned But when all is said and done, business is only one example.

"Lack of moral fibre has somehow spread through the whole of society"

# Honours for mining men

210  
شماره  
26/11/87

Two men whose inventions have made considerable impact on South African mining last night received awards from the Chamber of Mines Ideas and Suggestions Scheme.

They are Mr Piet van Vuuren, manager of Gencor's Technical Services Division, and Mr Fred Cartwright, pollution control officer of the Chamber of Mines.

## PIPE STICK

Mr van Vuuren designed the pipe stick, now being used by most gold mines to support underground workings.

Pipe stick supports combine the strength of mine poles with sup-

port offered by hydraulic props

Mr Cartwright's Comet Index makes it possible to test if a particular mine residue deposit poses an environmental problem

The device can also be used in agriculture to test the ability of soils to resist wind and water erosion and to assess the quality of concrete in the construction industry

The two men received their awards from Mr W W Malan, president of the Chamber of Mines



# Oppenheimer has no regrets over leaving political scene

210 E. Post 17/12/82

JOHANNESBURG — Mr Harry Oppenheimer, reputed to be one of the 10 richest men in the world, steps down at the end of this month after 25 years at the helm of the world's largest mining conglomerate

Mr Oppenheimer, 74, who has been chairman of the giant Anglo American Corporation, has also been a prominent opponent of apartheid in South Africa

He backed the Progressive Party and, before the Progressive breakaway, served for 10 years as a United Party MP at the time the ruling Nationalists introduced many of the racial laws still in force

"I got out of politics when my father died because I felt it necessary to make a choice," Mr Oppenheimer said in an interview. His father, Sir Ernest Oppenheimer, died in 1958

Although he is stepping down as head of the gold-mining Anglo American Corporation, Mr Oppenheimer intends to continue as head of the family firm of Oppenheimer and Son.

He will also continue to head De Beers, the diamond

giant. During his time at the head of Anglo American Corporation, profits rose to more than R770 million in the last financial year

Mr Oppenheimer has no regrets at leaving politics

"I was very pleased to be out because it went on, this very long term when everything seemed fossilised — there was no chance of an opposition party winning an election and there also appeared to be no possibility of bringing about change

"All that was left for the white opposition was a role of protest against injustice," he said

Talking of his memories as an MP, Mr Oppenheimer said that throughout his term in Parliament, where he represented Kimberley, the Nationalists attempted to take away voting rights from the coloured people

Prominent among those arguing for the end of coloured parliamentary representation was the young P W Botha

Mr Botha is now planning to move away from South Africa's Westminster-style government in favour of a form of

power sharing with the Coloureds and Asians, a move greeted with critical enthusiasm by Harry Oppenheimer

"It's something new and exciting for coloured people and Indians to have some real part in influencing things," he said

But Mr Oppenheimer regards the Government's measures as only a stepping stone to facing the real problem — some form of representation for the black majority, who at present can only exercise political rights in tribal homelands

As South Africa's largest corporation, Anglo American has often been forced to take decisions with a political slant, in particular concerning the status of black workers

Despite the liberalism of Harry Oppenheimer, the mining industry remains the last bastion of job reservation for whites, who alone may hold skilled positions in the gold mines which provide much of Anglo American's and South Africa's revenues

Mr Oppenheimer thinks

the Government will not readily legislate to remove this anomaly as many white miners, who traditionally have been staunch supporters of the National Party, may be tempted to vote for far-Right parties opposed to any dilution of apartheid if changes are introduced from above

After the 1976 black township riots, Harry Oppenheimer was instrumental in forming the Urban Foundation, a business-backed organisation which aims to improve black housing and education

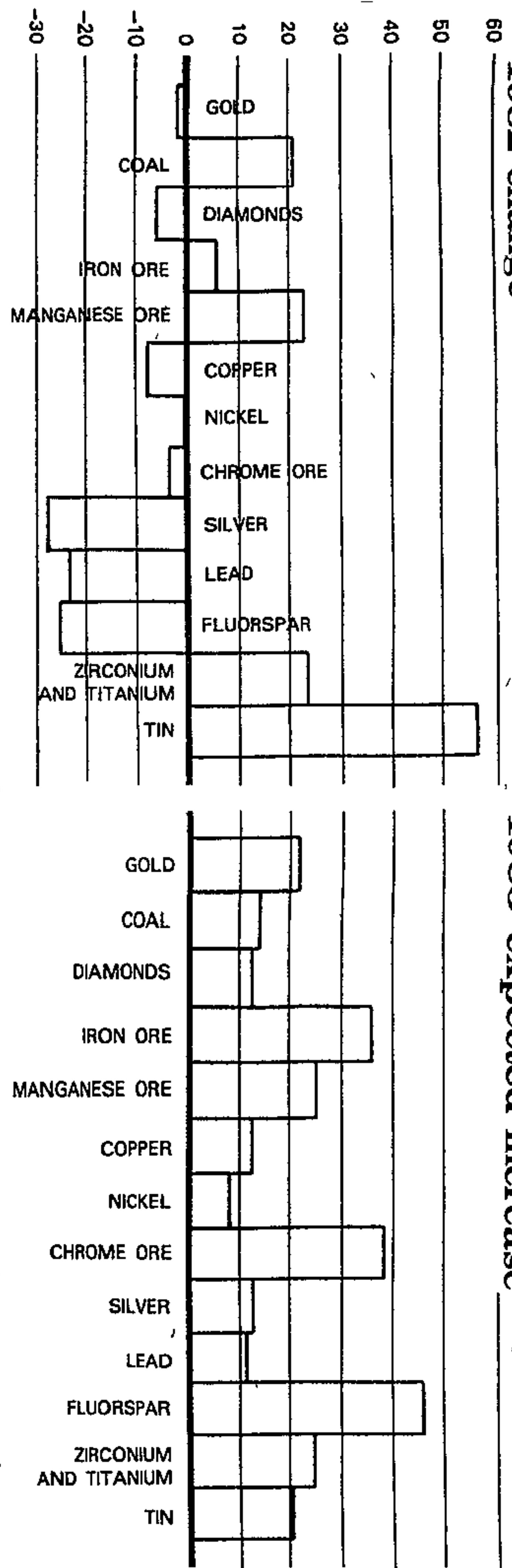
Reviewing his business interests, Mr Oppenheimer expressed optimism about the future of the diamond trade, which has been experiencing its deepest slump since the 1930s

"I'm quite certain we'll have a lasting recovery," he said

De Beers accounts for 50% of all gem sales. Through De Beers' policy of buying up all the world's diamond production through the Central Selling Organisation, it controls some 80% of world sales — Sapa-Reuter

1982 change

1983 expected increase



THESE two graphs show the expected percentage changes in the value of South Africa's mineral production this year and next year. Of the major minerals only tin, coal and manganese ore showed any significant increase this year. Others were affected by the downward trend in the world economy. However, in 1983 the export earnings of all the country's important minerals are expected to rise under the stimulus of a growing improvement in economic conditions elsewhere in the world.

SOUTH AFRICA'S earnings from mineral exports will show virtually no growth this year and the expected total earnings of R12 448,9-million will be only fractionally higher than in 1981. However, next year should mark the start of a recovery phase which should gain increasing impetus from 1984 onwards. The Minerals Bureau of the Department of Mineral and Energy Affairs makes this forecast in a review of prospects for 1982 and 1983, reported in the latest Chamber of Mines Newsletter. The bureau assumes that a modest increase in world demand for ferrous and non-ferrous

December 21 1982

# Mineral exports to pick up in 1983

As was the case in the late 1970s, the mining sector will probably lead the country out of the recession. The forecast for South Africa's major non-gold mineral exports for 1983 is increasing thereafter. Gold is assumed to have started a major new upward phase which will gather momentum cautiously through 1982 and 1983, but with in-

- **Platinum.** A better balance between supply and demand next year — resulting from production cuts and general improvement in demand — should lead to higher prices and sales. A rise in value of 22,6 percent has been forecast.
- **Diamonds.** The bureau forecasts a 12,5 percent rise in the value of diamond exports in 1983 on the basis of an expected improvement in demand due to the prospect of an at least limited economic recovery.
- **Silver.** As lead exports are expected to remain virtually unchanged in 1983 and there will only be a small increase in gold production, which provides the other major source of silver, no change in export mass is forecast.
- **Coal.** South Africa is likely to improve its relative position in world steam coal trade as a result of its low cost, plus efficient production and transportation.

P.T.O.



Although world coal demand is not expected to improve significantly, the volume of South African exports is forecast to rise by 14,3 percent to 32 million tons in 1983 and revenue by 14,3 percent to R1 344-million

● **Uranium** South African producers have been shielded to a large degree from the effects of depressed world demand and spot market prices by long-term contracts and the favourable dollar exchange rate. In 1983 a marginal decline in both tonnage and value is anticipated

● **Iron ore** An expected improvement in world steel demand in 1983 leading to a rise in iron ore exports, together with a further rise in prices is expected to bring a substantial increase in earnings — forecast to rise by 35 percent to R308-million

● **Manganese ore.** The expected improvement in world steel demand in 1983 should lead to an increase in South Africa's exports of manganese ore, which together with a further improvement in prices, should result in earnings rising by 25 percent to R180-million

● **Chrome ore.** The bureau anticipates that the recovery in the world economy expected during 1983 will restore the level of exports to the 1981 level and also permit a further increase in prices. This would result in a rise in revenue of nearly 40 percent to R72-million

● **Processed minerals.** The bureau expects the total export value of processed mineral commod-

ities to rise by a hefty R176-million (27,8 percent) to R811,5-million in 1983

● **Copper.** A further small decline in export mass is forecast for next year but as international prices are expected to rise, the value should improve by some 12 percent to R141-million

● **Nickel** South African nickel is a by-product of platinum and is exported in the form of matte and metal. Production has declined in 1982 in line with the reduction in platinum output

An increase in export mass of 6,8 percent is forecast for 1983 due to the anticipated increase in platinum production, the increase in mass plus a slight improvement in price, results in a forecast value of R46-million, 8,3 percent above the 1982 figure

● **Tin.** No change is forecast in export mass in 1983, but due to the predicted rise in price, the value should increase by nearly 20 percent to R26,2-million

● **Lead concentrates.** The value of exports is expected to decline by nearly 25 percent in 1982 to R48,4-million, but should rise in 1983 to R54-million due to an expected rise in the average price

● **Zinc concentrates.** Export tonnage of concentrates is expected to increase by more than 50 percent in 1982, with the corresponding value rising by over 100 percent. In 1983, however, a sharp decline in both mass and value is anticipated due to higher local demand

● **Asbestos.** A drop in exported tonnage of nearly 15 percent is attributable to the continuing depressed demand for fibres throughout the industrialised countries as well as the ongoing campaign to discourage the use of asbestos for health reasons

Consumption of asbestos by developing countries is expected to increase during 1983 resulting in a moderate increase in volume and revenue earned

● **Fluorspar.** Reserve and grade constraints together with higher mining and beneficiation costs in most of the Western countries producing fluorspar should be to the advantage of South African producers in 1983. Export tonnage is accordingly forecast to rise by nearly 34 percent and revenue by 45,1 percent

● **Zirconium and titanium** An expected decrease in world supply and escalating working costs during 1983 are likely to result in higher prices on the world market which, coupled with improved local output, should see export volume increase by 16 percent and export earnings by almost 25 percent to R36,5-million

RDM 23/12/82

# Go-ahead for Charter sparks row

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~~16~~  
210

By NEIL BEHRMANN

**LONDON.** — A British Government decision allowing Charter Consolidated to take over a large Scottish company has sparked a row in Parliament.

The Department of Trade overruled a Monopolies and Mergers Commission recommendation that Charter should not be allowed to take over Scottish mining-equipment manufacturer Anderson Strathclyde

The reason for the uproar is that Lord Cockfield, the Trade Secretary, owns 2 500 shares in Charter

The rejection of a Monopolies Commission report is unique and provoked sharp criticism by Scottish MPs in the House of Commons

Anderson Strathclyde, Scotland's fourth-biggest manufacturing employer, said it was "shocked and astonished" at the ruling

According to a majority report of the Monopolies Commission, the bid for Anderson by Charter would operate "against the public interest" because it would sap management morale, damage labour relations and reduce Scottish employment

The Government accepted a minority report by two members of the commission — one of them its chairman, Sir Godfray le Quesne — saying there was no real evidence that the merger would damage Anderson Strathclyde

The Government rejects Scottish and Labour MPs' criticism because the decision on Charter's bid was

handed over to Mr Peter Rees, Minister of State for Trade. The Department of Trade stressed that Lord Cockfield was not involved in the consideration of the Monopolies Commission's report

Since becoming a cabinet minister, Lord Cockfield's shares have been held by a bank which has been given instructions not to deal in them

Charter bought 28.4% of Anderson Strathclyde early in 1980

In May this year it made a 135p a share offer, valuing Anderson at £64-million. The shares are currently 176p

The Financial Times Lex column says that the Government's ruling was "pretty sound"

Anderson's pre-tax profits have risen from £3 900 000 to £11 200 000 in the past five years

Lex says the "return on assets has increased steadily and debt has been shaken down. With a 37% increase in half-year profits, Anderson is in a strong position to push Charter well over the 135% bid price"



<sup>2. Post</sup>  
**Minorco**  
<sup>24/12/82</sup>  
**deal in**  
**Canada**

210

JOHANNESBURG — Bermuda-based Minerals and Resources Corporation (Minorco) has announced that discussions are taking place with Hudson Bay Mining and Smelting Co (HBMS) regarding a possible pooling of interest involving HBMS and the mining and industrial interests held jointly by HBMS and Minorco through the Plateau Group of companies, and the provision of additional finance, it was announced in Johannesburg. The Plateau Group of companies is jointly owned by Minorco and HBMS — Sapa

MINING — GENERAL  
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*D. Dispatch*  
**Anglo to train  
Ciskei pupil** (210)



**DALUXOLO MPOFU . . . first class pass.**

EAST LONDON — A 20-year-old former Mzomhle High School pupil, Daluxolo Mpofo, of Zone 11, Mdantsane, leaves here for Johannesburg tomorrow to join 11 other students in a preliminary engineering course

The course is being run by the Anglo American Corporation to train the 12 best black students in engineering and another 12 in accountancy

Mr Mpofo, the only pupil who obtained a first class pass from Mzomhle High School in last year's matric examinations, said he went through three tests while being screened for

the Anglo American Corporation bursaries

In the first test there were several hundred candidates. These were trimmed down to 100, then to 60 and then the final 12

He was told he was among the 12 but his acceptance would depend on how he performed in the examinations. He learnt yesterday he had obtained a first class pass

Mr Mpofo and the 11 others who will attend the course starting in Johannesburg on Monday, will enter the University of the Witwatersrand when it re-opens in March — DDR





FM 7/1/83  
CHARTER CON

210

## Victim hits back

Charter Consolidated's efforts to take over the Scottish coalmining equipment makers, Anderson Strathclyde, are running into embarrassing complications

A political storm is building over the British government's unprecedented reversal of a majority recommendation by the Monopolies and Mergers Commission that Charter should not be allowed to proceed. This led to the resignation this week of one member of the commission, who protested at the "arbitrary" way in which UK Minister for Trade Peter Rees overruled the commission's 4-2 majority report. And now several Labour MPs are demanding a full House of Commons debate as well as the resignation of Lord Cockfield, the Secretary for Trade, who owns 2 500 Charter shares

A further complication has also arisen. Anderson's management, fiercely opposed to Charter's bid, has indirectly hit back at the Anglo group with a bid of its own. It plans to offer \$32.2m in cash for 51% of a US equipment group, National Mine Services (NMS). Only three weeks ago Longyear Corporation of Minneapolis, controlled by Anglo American Industrial Corporation (AMIC) announced an offer for 24.7% of NMS. Longyear's price was \$11.50 a share. Anderson's is \$12.50 even though NMS ran up first quarter losses of \$1.2m (against previous full year profits of \$6.7m dollars).

This puts Charter in a curious position. Anderson requires the approval of shareholders to borrow the £20m needed for the bid and Charter already holds 28.4% picked up in a 'dawn raid' in 1980.

Charter has also yet to say whether it intends to renew its offer for Anderson. When the Monopolies Commission inquiry into the bid was announced (FM May 28 1982) the bid automatically lapsed. Charter has until January 18 to decide. The Anderson shareholders' meeting to vote on its intended offer for NMS is set for January 20.

Charter has much to consider. Its £46m bid for the balance of Anderson was worth 135p a share — against 82p paid for the initial strategic tranche. Since then on the back of a 76% profits increase, Anderson's share price has been up to 175p (which rated it on a PE of 10). It fell to 166p on news of Anderson's intentions towards NMS which would strain the Scottish firm's cash flow.

Meanwhile the political row boils on. When the Monopolies Commission reported last month four of its members opposed Charter's take-over. They supported allegations by Anderson's management and unions that if the bid went through it would lead to high regional redundancies. Two commissioners, one being the chairman, dissented saying there was "no reason" to expect "any adverse effects".

# How SA giants

## THE LINKS IN A POWER CHAIN BINDING LOCAL INDUSTRIALISTS

INTERLOCKING directorships and cross-holdings of shares have welded South Africa's top corporations into a single industrial empire that ranks among the most powerful in the world

The extent of the concentration of power was disclosed this week by an article published in the influential Investment Analysts' Journal

It disclosed that five of the top 20 companies have three or more directors on the boards of one other company in the same select group

Two have directors in two other companies in the top 20 and four have directors on the boards of three other top-20 companies

"Control of most of the large industrial corporations in this country may be said to be concentrated in relatively few hands and the link between this controlling core and the financial institutions is strong," says author Fiona Halse, a lecturer at the University of Natal

What is more, says Ms Halse, the mergers are getting bigger

"The big fish are no longer chasing the minnows, they are eating one another"

Further research by the Sunday Express shows that, as expected, Anglo American Corporation has representatives on the boards of five of the top six industrial companies in the country

It has one on the Barlows board (Gordon Waddell), one on SA Breweries (Gavin Rely, newly elected chairman or Anglo American), and one on Sasol (Julian Ogilvie-Thompson) It controls the board of Anglo American Industrial (Amic) and has two directors on the AECl board (Rely and Ogilvie-Thompson)

Another figure in the power rankings is Old Mutual's ubiquitous chairman, Dr J G van der Horst, who serves on the boards of no fewer than four of the top 12 — Barlows, Sasol, Tiger Oats and Safmarine

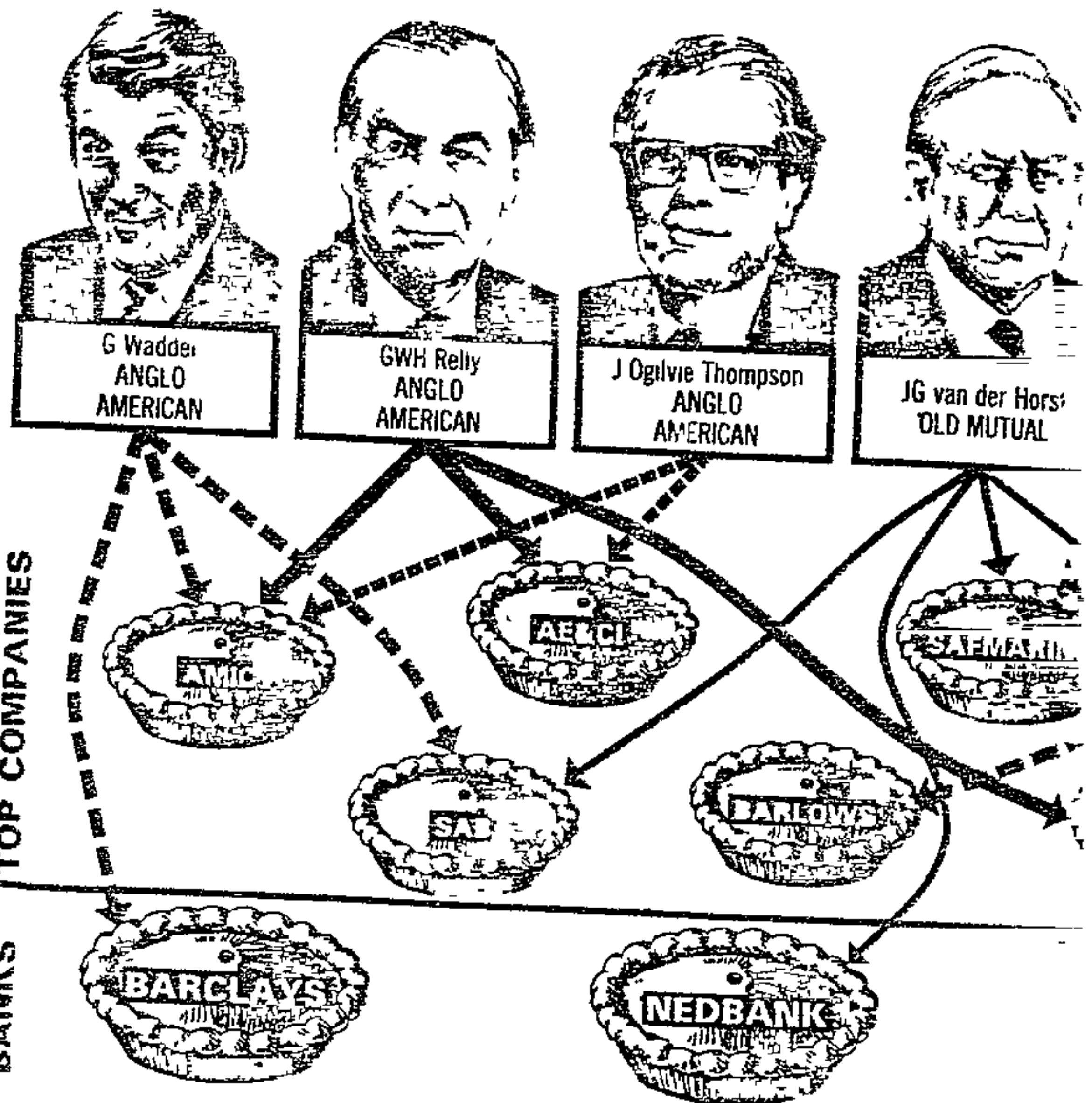
Often regarded as purely an insurance vehicle, Old Mutual actually controls a cash flow of more than R2-million a working day and therefore wields enormous

influence in the financial world

However while it has board representation on these, and other, companies it has not followed a policy of gaining control — unlike its main rival Sanlam which wields vast and direct power

A more shadowy figure in the power elite is Mr George MacMillan, chief executive of Rio Tinto, who sits on the boards of Barlows, Sasol, the Natal sugar group CG Smith, and Safmarine

While there appears to be no formal link between Barlows and Breweries, Barlows chief Mike Rosholt appears on the list of SAB directors and Breweries managing director Dick Goss sits on the Barlows board, along with three other joint directors (See table)



SA Breweries, Barlows, Anglo American, Old Mutual, Sasol, Safmarine, Amic, AECI, Sanlam, Barclays, Nedbank

An interesting facet to emerge from investigation into this tangled web is the sharp division between the English and Afrikaans business sectors

Sanlam is the predominant force in Afrikaans business, with both Dr A D Wassenaar and Dr Fred du Plessis appearing among the directors of Federale Volksbeleggings, a Sanlam subsidiary

Mr Frans le Riche serves on the boards of both Sentrachem and Federale Volksbeleggings, both companies in the top 10

Dr Wassenaar, who was chairman of Sanlam, has retired, but it is not known if he has relinquished his directorships

The industrial giants are also closely linked to the banks At least seven of the top 10 have directors on the boards of major banks

- Bankorp has Dr Wassenaar and Dr du Plessis, both of Sanlam, on its board
- Trust Bank has Dr du Plessis on its board
- Barclays has Julian Ogilvie-Thompson, Mr Nickolas

- Nedbank has as its chairman Dr Frans Cronje, who also sits on the Barlows and Breweries boards, Dick Goss of Breweries and Mutual's Dr van der Horst Another Nedbank director, Mr Len Abrahamse also sits with the Goldfields and CG Smith

Interlocking boards	
SA Breweries	Barlows
Mr R J Goss	Mr R J Goss
Mr A M Rosholt	Mr A M Rosholt
Dr F J Cronje	Dr F J Cronje
Mr G Waddell	Mr G Waddell
(And 12 others)	(And 20 others)

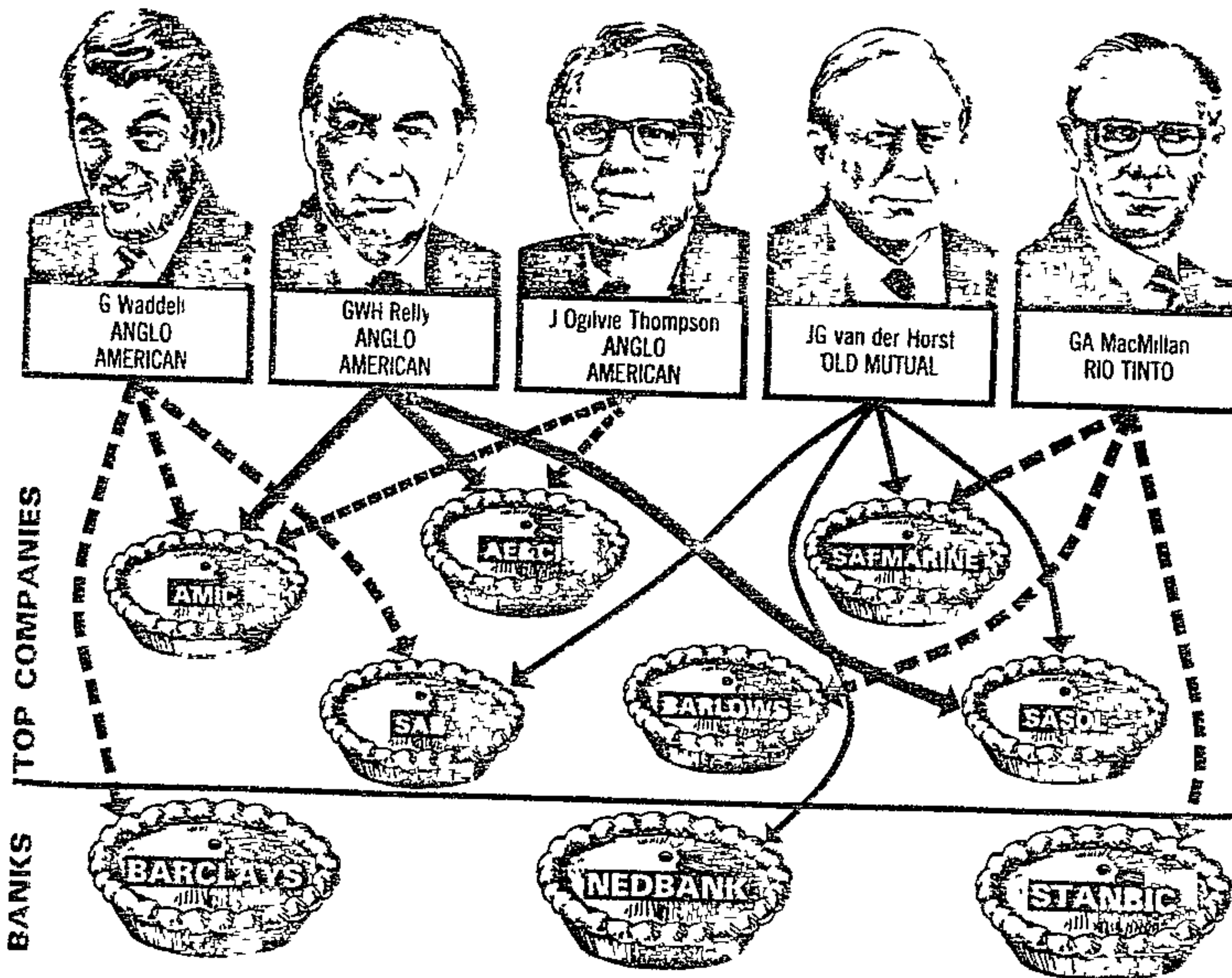
Oppenheimer and Mr Gordon Waddell from the Anglo group, Mr Basil Hersov of Anglo Transvaal Industries and Mr Tony Bloom, chairman of 16th-ranked Premier Group

directors

- Standard Bank Investment Corporation (Stanbic), the holding company for the Standard Bank operations in South Africa, has Barlows' Mike Rosholt, George Mac-



# SA giants mesh



tion. 86% of the shares in issue are held in lots of over 100 000

Sentrachem said in its last balance sheet that 45,7% of shares were held by nameless companies and institutions

But in most cases cross investments are just not referred to

That the mining houses play an integral role in the power elite there is no doubt. However, their involvement is primarily through their own industrial companies and representation on the boards of directors

A result of the recent merger mania is that the top 20 companies account for over 60% of the market capitalisation of the top 100 companies

Says Ms Halse "Another sign of the intense concentration of assets is the size of the parties in recent mergers. Concentration is no longer the case of the take over of a small company by one of the large groups. Instead it frequently means an amalgamation of one kind or another between two of the top 100 companies"

Ms Halse criticises the concentration of industrial and financial power in so few hands, saying the possibility of a conflict of interests may pose a threat to the interests of shareholders

"In fact, the higher the degree of interlocking directorships, the less time and specialised expertise a director is able to devote to each of his many concerns

"A significant number of South African directors sit on the board of at least six different companies operating in very diverse industries. Many of them are represented on the board of one or more financial institutions.

"The concensus of overseas sources is that this type of situation can too easily lead to a conflict of interests, competitive advantages for 'related' companies and distorted conditions for entry into an industry"

An interesting facet to emerge from investigation into this tangled web is the sharp division between the English and Afrikaans business sectors

Sanlam is the predominant force in Afrikaans business, with both Dr A D Wassenaar and Dr Fred du Plessis appearing among the directors of Federale Volksbeleggings, a Sanlam subsidiary

Mr Frans le Riche serves on the boards of both Sentrachem and Federale Volksbeleggings, both companies in the top 10

Dr Wassenaar, who was chairman of Sanlam, has retired, but it is not known if he has relinquished his directorships

The industrial giants are also closely linked to the banks. At least seven of the

top 10 have directors on the boards of major banks

• Bankorp has Dr Wassenaar and Dr du Plessis, both of Sanlam, on its board

• Trust Bank has Dr du Plessis on its board

• Barclays has Julian Ogilvie-Thompson, Mr Nickolas

• Nedbank has as its chairman Dr Frans Cronje, who also sits on the Barlows and Breweries boards, Dick Goss of Breweries and Mutual's Dr van der Horst. Another Nedbank director, Mr Len Abrahamse, also sits with the Goldfields and CG Smith

Millan, of Barlows, Sasol, Safmarine, CG Smith and Rio Tinto, Goldfields chairman Robin Plumbridge and Anglo's Gavin Relly, Sir Albert Robinson and Chris Saunders, chairman of Tongaat.

While the pattern of interlinking directorships is fairly clear, that of shareholdings is not. However the size of anonymous shareholdings does give some clues

Barlows states in its latest balance sheet that over 74% of its shares are held in groups of 100 000 or more — suggesting they are held by large corporations rather than smaller investors — while 37,5% are held by institutional investors

Premier says 35% of its shares are held by institutions and companies but does not name them. In addi-

## Interlocking boards

### SA Breweries

Mr R J Goss  
Mr A M Rosholt  
Dr F J Cronje  
Mr G Waddell  
(And 12 others)

### Barlows

Mr R J Goss  
Mr A M Rosholt  
Dr F J Cronje  
Mr G Waddell  
(And 20 others)

Oppenheimer and Mr Gordon Waddell from the Anglo group, Mr Basil Hersov of Anglo Transvaal Industries and Mr Tony Bloom, chairman of 16th-ranked Premier Group

directors.

• Standard Bank Investment Corporation (Stanbic), the holding company for the Standard Bank operations in South Africa, has Barlows' Mike Rosholt, George Mac-

# Black-education newspaper

*S. Times*  
Business Times Reporter (210) (S)

THE Employment Bureau of Africa (Teba), a division of the Chamber of Mines, has launched a newspaper, Teba Topics, with the aim of promoting black education in KwaZulu.

The publication has the backing of several major business corporations (Barclays, Mobil, Lion Match, Elida Gibbs, Pep, Coke and the SA Sugar Association), which, by lending it advertising support, cover the printing costs of (at present) 45 000 issues.

Dennis Gordon emphasises that the cham-

ber is promoting the project purely in the interests of furthering black education. Teba Topics does not and will not contain any material relating to the mining industry.

Teba Topics is distributed free of charge (in English) on a quarterly basis to Std 5 children throughout KwaZulu.

In due course, Teba hopes to publish monthly and distribute to all South Africa's black homelands.

Teba is responsible for recruiting 500 000 mineworkers a year from all over Southern Africa.



# THE DOZEN MEN WHO RUN SA

## JUST WHAT LIES IN THE HANDS OF OUR POWER ELITE

232 210 S-Express  
9/1/83

A SMALL but powerful business elite of a dozen men has taken almost complete charge of South Africa's mighty industrial machine.

A shock prediction last September by insurance tycoon Donald Gordon that six corporations would dominate the country by 1990 is already close to fulfilment.

The concentration of power in South Africa's business and industry was disclosed in a study published this week which said control of most of the large corporations was concentrated in "relatively few hands"

Research by the Sunday Express has identified most of those hands. Through interlocking shareholdings and criss-crossing director-

Report by  
**TONY HUDSON**  
Business Editor

man of De Beers, former chairman of Anglo American Corporation

Mr Gordon Waddell, Mr Oppenheimer's son-in-law, chairman of Johannesburg Consolidated Investments and a director of Anglo American Corporation, also a director of Barlow Rand and SA Breweries

Mr Gavin Relly, new chairman of Anglo, also a director of Sasol, AECL, Hulett's, Highveld Steel and the Standard Bank holding company, Stanbic

Mr George MacMillan, chief executive of the British company Rio Tinto, also on the boards of

### ● All the details — Page 2

ships in 10 gigantic companies, about a dozen men effectively control banking and mining, steelmaking and chemicals, food and paper — down to the corner pharmacy and, sometimes, to the mom-and-pop shop.

The South African power elite includes

Mr Mike Rosholt, chairman of the industrial giant Barlow Rand, also a director of SA Breweries

Mr Dick Goss, chairman of SA Breweries, also a director of Barlow Rand

Dr J G van der Horst, chairman of Old Mutual, also a director of SA Breweries, Sasol, Safmarine, Tiger Oats, Anglo American Corporation and Nedbank.

Dr Frans Cronje, chairman of Nedbank, also on the board of Barlow Rand and SA Breweries

Mr Harry Oppenheimer, chair-

Barlows, Sasol, Safmarine, Stanbic and C G Smith, the Barlows-controlled sugar company

Mr Julian Ogilvie-Thompson, director of Anglo American, its industrial arm Amic, AECL, Barclays and Highveld Steel

Between them, these men exert immense influence in the running of seven of the country's Top 10 companies, which have a combined turnover of more than R15 000-million a year — roughly equal to the Government's annual budget, or nearly a quarter of South Africa's entire yearly output of goods and services

They employ upwards of 500 000 people

The remaining three top companies are the Afrikaans giants Sanlam-controlled Federale Volksbeleggings, Sentrachem, whose Mr Frans la Riche serves on both boards, and Remgro, whose solitary Dr Anton Rupert is not properly included in any grouping

Sanlam's Andreas Wassenaar and Dr Fred du Plessis, also hold places in the South African power elite

Afrikaans and English components meet in Gencor, the mining house, which includes among its directors Mr Harry Oppenheimer, Dr Fred du Plessis, Dr Wassenaar, and Mr P J Rupert from Remgro

Through their immense shareholdings the Top 10 also control household names like Morkels, Avis, Table Top, Simba-Quix, Barnes, Jet Stores, Adcock-Ingram, Gilbeys, Freight Services.

# Scots workers oppose SA takeover bid

By BRUCE STEPHENSON  
London Bureau

LONDON — Scottish employees of the engineering firm Anderson Strathclyde yesterday stepped up their fight against a takeover bid by Charter Consolidated, because of the South African connection

The 4 500-strong workforce fears that political factors could jeopardise valuable contracts with China, India and East European countries, endangering their jobs

The board of Charter Consolidated, part of the Anglo American empire, met in London yesterday to decide whether or not to go ahead.

Anderson Strathclyde, which makes mining equipment, has been given leave to appeal against a decision by the Monopolies Commission which has approved the bid

Should the takeover go ahead, the workforce is making plans of its own which could leave Charter Consolidated with a "hostile" workforce on its hands

The chief shop steward of Anderson Strathclyde's Glasgow factories, Mr Kenny Gormal, told the Rand Daily Mail yesterday that workers had two main reasons for opposing the takeover.

"Firstly, over the years we have developed a very good relationship with the board of

Anderson Strathclyde. It is the third largest locally controlled engineering concern in Scotland and has a good record as a stable employer.

"It is one of the last core industries remaining in Scotland. We have suffered over the past two decades from the operations of financial conglomerates like Charter Consolidated — if I can put it bluntly, we think they are out to make a fast buck

"Secondly — and we are prepared to leave the politics to the professionals — it has been suggested to us that strong South African ties could jeopardise the contracts Anderson Strathclyde has built up with China, India and various East European countries."

In the event of a takeover, Mr Gormal said, while he would not want to jeopardise the plants, he could not guarantee good industrial relations with the new owners

The British Press Council is to investigate the dismissal of an Isle of Man newspaper editor after he printed a report about the bid.

It concerned the British Trade Secretary, Lord Cockfield, whose department allowed the takeover bid to go ahead. Lord Cockfield, who owns shares in Charter Consolidated, is a friend of the owner of the Isle of Man Weekly Times.



# HFO — modest and charming millionaire

By J D F JONES

MR Harry Oppenheimer insists that he has retired Brisk and fit at 74, the manner as modest and charming as ever — he has always been one of the world's least ostentatious multi-millionaires — he can now divide his time between the tropical gardens of his Indian Ocean retreat outside Durban and the famous Africana collection in his Brenthurst home, below the ridge in Johannesburg's northern suburbs.

HFO, as he is widely called, stepped down from the chair of the Anglo American Corporation at the end of December. He is still chairman of De Beers, but that is a tactical gesture and is expected to end when the diamond slump lifts. He also controls E Oppenheimer & Son, the family firm which with 8.3% is the largest single shareholder in Anglo.

Of course, he is not going to lose interest in the group that was founded by his father, Sir Ernest, in 1917, inherited by himself in 1957 and has subsequently been built up into a world-wide colossus worth something far above \$10 000-million.

"But I've retired," he said in a long interview. "I said to Gavin, I hope you won't mind my making suggestions from time to time. But I'm not going to be so stupid as to make a suggestion once a week."

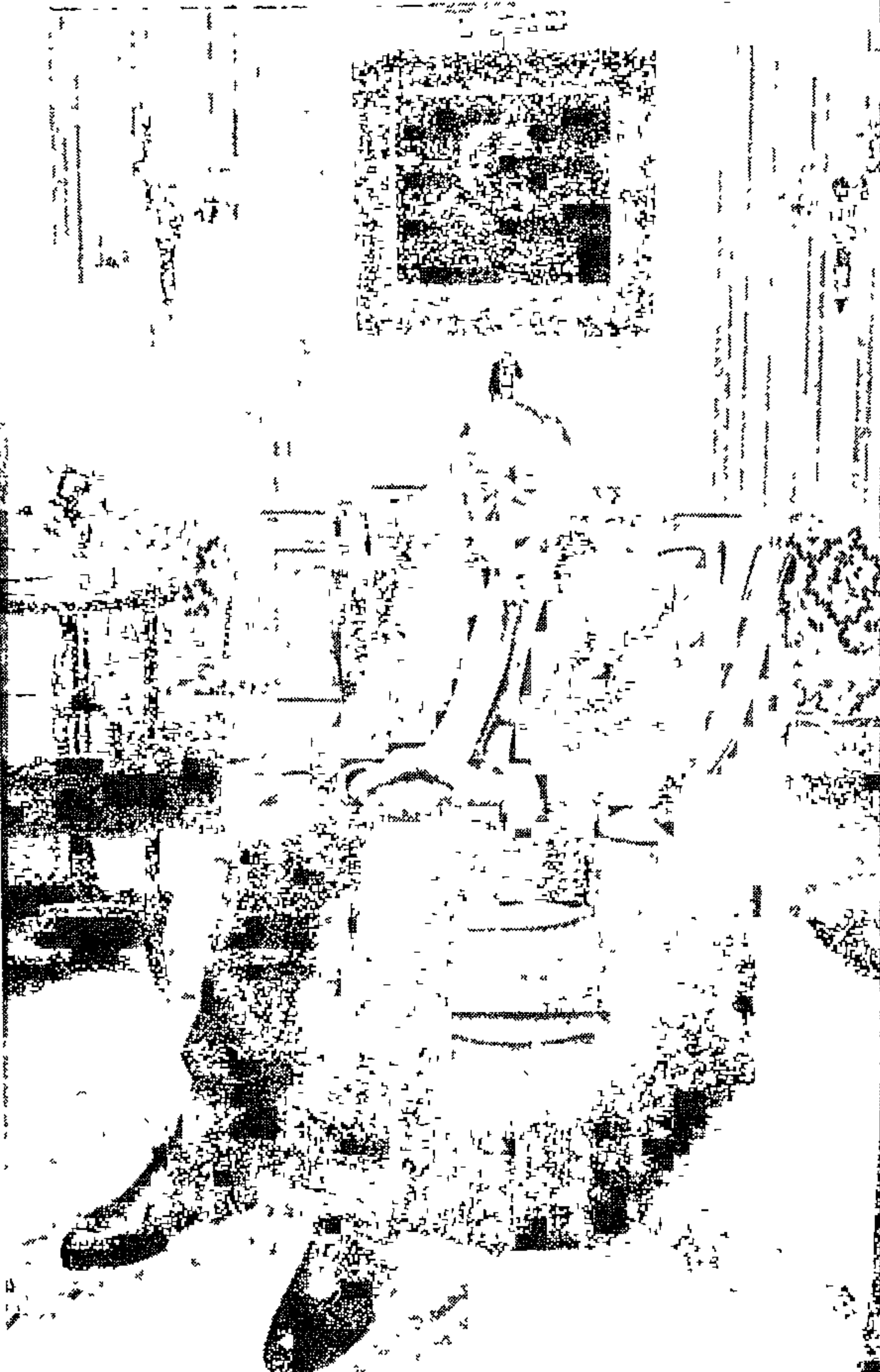
Gavin is the new chairman, the bluff and genial Mr G W H Rely, 57, Mr Oppenheimer's first lieutenant for many years. He will probably have six years to set his mark on the group. The rest of the succession settled itself without any great surprises. The men at the top are Mr Julian Ogilvie Thompson, 49, smooth, bright, workaholic, who became deputy chairman, and will continue to run De Beers, Mr Nicky Oppenheimer, 37, the only son, still to prove himself, who became the other deputy chairman and is the best bet for the next chairman, Mr Gordon Waddell, 45, the former Scottish rugby player who had a failed marriage to Harry's daughter, and is now concentrating on the chairmanship of Johannesburg Consolidated Investment, and Mr Murray Hofmeyr, 57, former chairman of Charter Consolidated.

Under these men, the style of the group whose activities now range far beyond the South African gold and diamonds on which Sir Ernest built his empire is surely bound to change, if only because none of them is going to be so visible as Oppenheimer and none is so political.

Mr Oppenheimer's fascination with South African politics is undimmed (it is sometimes forgotten that he was an MP from 1948 and that if the United Party had won in 1953 he would probably have become South Africa's Minister of Finance). Arguably the most fascinating aspect of Anglo's expansion over the last 30 years is that it has been directed by a man who publicly and passionately opposes the policies of the Government.

Critics of Anglo often suggest that the corporation is inevitably besmirched by association with apartheid. Mr Oppenheimer disagrees. "I know people think you can't carry on business unless you are somehow benefiting from apartheid, or that by running your business you are making it easier for the apartheid system to operate. I have always thought exactly the opposite was true."

"We have produced the circumstances which have



caused this great black population to accumulate in the towns and where there simply aren't enough white people to do the jobs. Therefore we have produced a situation where the whole apartheid policy is less and less plausible.

"If you go into business here you are heir, for good or evil, of what has happened before. You say to yourself, 'In so far as I can I am going to have black people doing better, earning better money. Let us have as many people as possible housed in the towns, let us at least not increase dependence on the migrant labour system, let us try to make it more tolerable by improving the conditions under which these migrant labourers live'."

"For example, we can enable their wives to come and see them and enable them to go home at weekends in so far as distance allows."

This view of business as the enemy of apartheid is fundamental to Mr Oppenheimer's philosophy.

"I think the logical attitude — Dr Verwoerd would have come very close to it — was that if you wanted to carry out the policy of apartheid you had to make up your mind you couldn't have economic development in South Africa. But what this Government did, of course, was to try to have both."

He sees the new Conservative Party as the heir to Verwoerd in this respect.

But he also speaks out against the fashionable decentralisation policy — "giving money away to bribe people to put industry in the wrong places" as he describes it — and he has been publicly scornful of the Government's mooted Development Bank for the Southern Africa Region.

On the other hand, he has never been as entirely hostile to the policy of ethnic homelands as might be expected. "I have never thought it was a very bad thing to produce autonomy for black people

living in the tribal areas. But I always said it was silly of them to insist on those areas becoming independent states because this didn't solve the problems of the people in the towns."

Indeed, Mr Oppenheimer now says — controversially — that the South African Government's homelands policy is irreversible, that blacks as well as white vested interests have developed.

"One has to accept that this policy has gone quite a long way and see what sort of solution one can find within the terms of what has happened."

Mr Oppenheimer believes a basic problem in South Africa is the gulf of misunderstanding between the Government and business — although he stresses that things have much improved — "At one time they thought I had horns and a tail."

Ministers do not understand what private enterprise is about, he thinks.

"When the Government says it wants to rely on private enterprise, it is really thinking of using private funds and private know-how to carry out its policy. That is not what I understand by private enterprise."

Mr Oppenheimer thinks private enterprise needs to move "as it wants in response to economic pressure. That, of course, means making a great many changes in regard to black people, for example, making it easier for them to move to the jobs they want to do and to get the education they need in order to do them."

The central issue of South African affairs, in Mr Oppenheimer's view, remains clear: it is the black majority, and in particular the future of the urban blacks. This influences his cautious response to the Government's plans for reform, which involve admitting coloureds and Indians to the constitutional system, but continuing to exclude blacks.

"The great uncertainty at

Behind the modesty, however, the logic is clear. "In the past, we looked on ourselves as very much a mining group. We also considered ourselves an African group."

"Two things happened first, there were all the events in Africa which made it difficult to operate as an African group, and second, we had very big mining developments after the war in the Free State, which meant we had a big cash flow."

"There were no new mining discoveries in South Africa, so we had an investment problem. This made us go into industry in South Africa and look at mining possibilities outside Africa."

Mr Oppenheimer admits he is disappointed today by what has happened to black Africa, yet he declines to be pessimistic about the future of his group if Swapo eventually becomes the governing party in Namibia.

"I can hardly imagine they would want the CDM diamond operation not properly run."

Namibia was the scene of what he describes as one of Anglo's innumerable mistakes.

"Look at the things we missed. We had a geologist who found Rossing Square (the great RTZ uranium mine) and we didn't bother to open it. But every group misses opportunities and our prospecting has been disappointing, except in diamonds."

HFO is a realistic man with a caution which shows through in his view of international pressures on South Africa. For outsiders to urge better labour practices on companies operating in SA has been "very useful." But it is not wise to oppose investment in South Africa because "to make business advance more slowly is the only possible way of maintaining the apartheid system."

The mistake is to aim too high. "The pressure on South African sport to make itself non-racial is one thing, but when you say you are bringing pressure on sport in order to change the South African Government, then I think you overreach yourself."

No conversation with Mr Harry Oppenheimer is complete without reference to Sir Ernest. One has the impression that Harry's career, in essence, has been the story of the son carrying on the trust bequeathed him by the loved and respected father. Small wonder that he never doubted the choice of his career, add an interest in politics and "it was natural for me to do these things."

The modesty surfaces again. "I think the only other thing I might have done would have been some sort of academic work — though I don't know if I'd have had the ability for it." — Financial Times

the moment is whether the Government is trying to make this constitutional arrangement in order not to have to make the changes that are required for black people, or whether it is doing it so it can make the changes from a position of greater strength.

"If it is the latter, I would be optimistic. If it were the former, then I should be gloomy."

His belief is that the policy of working along with coloureds and Indians "while leaving the black problem to be solved later" could have been done 30 years ago. Instead, that was the time when coloured representation in Parliament was taken away.

Looking back on his 50 years with Anglo, Mr Oppenheimer agrees there may have been an initial caution in the group's diversification. "We were a bit slow in moving into industry — I wasn't that keen originally because I was frightened of it."



Wrab is  
silent  
on shacks

Mr. John Knoetze, chairman of the West Rand Administration Board, today declined to say whether the board would continue to take action against Orlando East's shack dwellers.

Mr. Knoetze said the matter was sub judice as the application for an interdict would be heard in the Rand Supreme Court on February 22. After that the board would decide on its future actions.

Talks held on Friday with a leader of the shack dwellers, the Reverend Mashai Tema, were confidential, he said.

Mr. Tema said Mr. Knoetze gave him the impression that the board would delay action against the shack dwellers until after the Rand Supreme Court hearing.

Mr. Knoetze refused to commit himself but gave the impression that the board would not demolish the remaining shacks this week, Mr. Tema said.



# Secret UK buying of vital metals

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RMM  
15/2/83

**By NEIL BEHRMANN**  
**LONDON.** — Metal traders believe that the British Government has secretly acquired metals for a strategic stockpile and that ferromanganese, ferrochrome, vanadium and other metals are being supplied by South African companies.

Brandeis Instel, an established metals company which is active in the vanadium market, is thought to have conducted the buying operation.

A Brandeis director refused to comment. A Department of Industry official was also "unable as yet to comment on strategic stockpiling until a question is answered in Parliament".

Industry sources say the UK Government is considering establishing a stockpile of metals essential for industry and armaments.

Towards the end of last year a House of Lords Select Committee recommended that European Economic Community nations should encourage "limited stockpiling of strategic minerals".

It said British Steel Corporation had identified chromium and manganese as key metals in its industry.

It said that two months' supply of chromium and manganese ore would cost only £3-million and £2-million respectively.

The committee found that the most important metals and minerals for the EEC were chromium, manganese, platinum group metals and

phosphate rock

These were metals on which the EEC "is more than 85% dependent on external sources".

The report regarded them as potentially vulnerable to supply disruption. It listed antimony, cobalt, vanadium, nickel, molybdenum, niobium, tantalum and titanium as less important strategic minerals and although they were vulnerable, substitutes were available.

Mr Nicholas French, a director of Wogen Resources, which specialises in strategic metals, suspects that the buying could have taken place towards the end of last year and possibly last month.

But the amounts were small and some traders believe that less than £10-million was spent on the metals.

Traders think the timing was right because manganese and chrome prices were depressed because of a surplus.

Platinum agents and dealers were not approached, but rhodium could have been bought on the free market. Early last year the French Government bought platinum and palladium for its strategic stockpile.

Mr French said prices of cobalt, cadmium, indium and other strategic metals had risen in the past two months in anticipation of a recovery in demand.

Mrs Sarah Fromson, a metals analyst at Shearson-American Express, said the price increases were artificial and reflected "an overflow from the boom in precious metals and copper".



20/2/83 S. Times (210) #172

# Social responsibility

THERE are definitions aplenty of social responsibility, some more illuminating than others.

The one I prefer comes from Mr A A Sommer, formerly a member of the Securities and Exchange Commission in the United States, who defines it crisply as meaning that a corporation "voluntarily expends its resources to do something not required by law and without immediate economic benefits"

A definition, of course, is not a justification and, to my mind, the case for doing something that brings no immediate financial return and which, anyway, you do not have to do, is that an investment in the future well-being of your society and of your country must in the long run be of benefit to your business.

Moreover, if we believe in a private enterprise system we must believe that private initiative has a part to play in the welfare, education and culture of society as well as in business

Without corporate support this role cannot be performed and society's progress will suffer as a result. So, too, will society's awareness of, and regard for, the potential of private enter-

prise and individual initiative, to the obvious detriment of the whole private sector. We come full circle

Having thus defined the subject and justified the activity, we would be well advised, I think, to be clear in our minds as to the first obligation of management

It is to run a profitable business that meets its customers' needs as efficiently and honestly as it can, pays good wages and offers satisfying opportunities to its employees.

If it passes that test it is serving its shareholders, its community and society as a whole

In that sense I would argue

that from the beginnings of commercial enterprise there has always been a social responsibility upon business, over the years the perception of how far it should extend has widened considerably and there has, of course, been considerable debate, if not dissension, as to where that responsibility should end

But there can surely be no question that the making of profits comes first

I recall that in 1972 we in Anglo American Corporation, dissatisfied with the progress being made in improving the wages and opportunities of black employees in our group, issued a statement of policy designed to accelerate the pace of change.

It was signed by the chairman, Mr H F Oppenheimer, on behalf of our executive committee, and ended with these words:

"In approaching all these matters it should never be forgotten that the process which above all others can improve the conditions of low-paid workers is economic growth, with the consequent multiplication of employment opportunities

## Middle way

"Similarly, in an individual enterprise the condition most favourable to any form of improvement in labour conditions is one of expansion

"It follows that the continued endeavour to run all enterprises in the most efficient and profitable manner possible, so far from being in conflict with the desire to improve the conditions of the poorer section of our community, is in direct support of it; hence efficient and profitable operation, while not being our only objective, remains our principal objective"

That much all businesses have in common, then, in fulfilling their social responsibility — the successful, that is the "long-term", creation of wealth.

There are some who assert that profitable and efficient operation defines the entire responsibility — in the words of Milton Friedman, that "all business firms serve total society best by trying to earn the greatest return possible within the existing legal and ethical framework"

And, just in case we missed the point, he concludes that there is nothing that would destroy the private enterprise system more than a real acceptance of the social-responsibility doctrine

While I have great regard

for Professor Friedman and cherish the function he so happily fulfils of concentrating our minds on the fundamentals, I do not accept his statement in full and believe that a middle way must be found

Perhaps Friedman has himself left the door open to compromise Ethics are concerned, as Emerson put it, with the system of human duties commencing from man, and there can be no question that the ethical framework in which a business operates today assumes an acceptance of social duties significantly broader than was the case a half-century ago

There must be, naturally, a limit to the cost and extent of a corporation's social responsibilities in the wider sense

## Obscene

Peter Drucker is clearly right in defining that as being the point at which the resources a company expends on social goals impairs its ability to fulfil its economic purpose

The most obvious example of this arises when a company goes bankrupt It then ceases to be able to serve its customers; it ceases to be able to do anything for its employees; it ceases to pay any taxes, and if nobody can be found to take it over as a going concern much of its capital plant may be lost, involving an actual destruction of wealth

No peripheral service which a company could offer to society would compensate for the damage it does to society if it fails

Who was it who said that it is losses — not profits — that are obscene? Hence, the limitations on what companies can do in pursuing their social responsibility — in addition to the creation of wealth — are not only considerations of self-interest; they are themselves prime considerations of social responsibility

It is not, of course, easy to measure with sensitivity and accuracy the effect that a company's pursuit of social responsibilities may be having on its profits, other than the dramatic and final measure of bankruptcy

## Danger

When I read the social reports of a number of leading companies I am impressed by the extent and variety of their social involvement, and perplexed as to how the company satisfies itself — as it surely must — that these multifarious activities are not interfering with or jeopardising its prime function

Boards of directors are not indifferent to, or casual about, their fiduciary responsibility, and therefore are unlikely to sanction expenditure that seems unjustifiable or extravagant in the pursuit of social aims

So I would think myself

## GAVIN RELLY



Chairman of the Anglo American Corporation

## charts a course for business

that the danger a board must be alert to is of a gradual, insidious dissipation of management's energy that is only indirectly and imperfectly reflected in the profit and loss account

How much should it cost, how much should you invest? In Anglo American, certainly, we are never sure that we have arrived at the "right" ratio between profits and corporate giving

Need tends to increase in times of recession — when a company usually is least able to be more accommodating — and vice versa

## Dishonest

In our own case we now effectively average our expenditure taking one year with another, not by abandoning the ratio but by spending less in good years than we have available, in order to have more to spend in the bad

However your sums are arrived at, you would be wise to resist the notion fashionable among many good people in the world today that business, in order to expunge the sins of capitalism in the past, has a moral duty to pay high rates of taxation and assume a high level of social responsibility in financial terms

The notion is dishonest, corrosive and ultimately destructive of both the will and ability of business to exercise social responsibility in all but the narrowest terms

Where the government sets out to provide an elaborate welfare system, companies make their contribu-

tions to this through the tax which they pay and they cannot be expected to make the same contributions over again voluntarily

Where the government does not make such provision companies can and should do more, but under-developed countries have less elaborate welfare systems than developed ones primarily because they do not have the necessary resources, and there is no way that private enterprise can do in this field what it is impossible for a government to do

To my mind the importance of corporate giving is precisely the other way around, it stems from a recognition of the inevitable limitations on state activity

I am not now speaking primarily in a financial sense. Whether the network of social services provided by the state is more or less comprehensive, it still carries the hallmarks and shortcomings of bureaucracy rigidity, slowness, uniformity and insensitivity

Above all, the state system is unlikely to inspire, let alone act upon the imaginative, "way-out" means of tackling a social problem that a private organisation could conceive of and carry through

We shall always have a need for private voluntary activity if we are to do justice to the immense complexities of human society, and to my mind the major purpose of corporate giving is to ensure that the resources for that activity are available.

## Emphasis

Obviously the emphasis will depend on the conditions of the society in which the company is operating In a very under-developed society the greatest need may well be for health services, at a higher level for education and training, and in highly developed societies the emphasis may well be mainly on the arts.

But whatever the condition of the society, a wide area of choice will remain, and I would urge you to make that choice or series of choices, and not simply give something to everybody

Break new ground, do not be afraid of setting precedents, do your own thing.

Above all, establish the principle that social responsibility concerns the whole company, not just management and the responsible department, and that it requires of us more than the giving of money

Finally, do not allow yourselves to become "accountable" or answerable to every special interest or pressure group which, no matter how peripheral to your operations its activities may be, will nonetheless insist you have a duty toward it that is even greater than that to your customers, employers and shareholders

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# Mining houses flex their muscles

By Vera Beljakova

A FLUCTUATING gold price inflation and undesirable buying practices may be forcing mining houses to centralise their buying operations and use their corporate muscle to drive harder bargains.

A study by Perry & Associates, architects in marketing plans, reveals that mining houses have begun to marshal their buying power and that even in the event of rising gold prices and increased purchasing power marketing to these organisations will not become easier.

While individual mines had substantial buying autonomy in the past central buying departments are now using

computer techniques to review and rationalise even small purchases.

Perry notes that mining houses which traditionally conducted many of their purchases using a government-like tender system may now forgo the red tape and adopt the buying style of the super-

market industry.

Mining houses are expected to concentrate on negotiating each individual tender become more specific on internal purchasing motivations and investigate every suggestion of cartel-like activity among their suppliers.

Advanced computer systems

will contribute to a sophisticated analysis of the buying power within a mining organisation pinpoint areas of better purchasing and expose possible areas of favouritism which have occurred in the past.

Recent Press reports of corruption in the purchasing activities of major organisations may be a symptom of closer scrutiny by mining houses into their buying techniques.

Parallel with the upsurge of confidence caused by prevailing gold prices mining houses are becoming better organised and manufacturers are urged to revise their marketing techniques and strategy.





# Why UK stockpiles Africa's metals

By Roy Assersohn

Financial Correspondent

LONDON — Britain has been one of the slowest of developed countries to decide to stockpile strategic metals.

The news this week that Prime Minister Margaret Thatcher's Government has given the go-ahead for supply-sensitive materials to be bought and stored, in case of war or other disruption, is a response to events in 1978.

Late that year exiles from Shaba Province in Zaire invaded the area from neighbouring Angola. The result was that cobalt prices rose \$5 a pound to \$45 in less than a year.

This emphasised the vulnerability of British industry — including the arms makers — to insurrection and Britain's remoteness from sources of supply.

Before 1978 about 70 percent of the world's cobalt came from Zaire.

The Shaba rebels stopped production at the metal refining plants in the province. Consumers of cobalt in the United States, Europe and Japan were unable to buy.

Cobalt is vital in the manufacture of high-temperature wear-resistant steel, which is used in jet engines, tools and armour-piercing shells.

The problems in the cobalt market drew attention to other products.

Apart from coal, oil and tin, the UK has almost no domestic mineral production base. Europe is in much the same predicament. So is Japan. The US depends entirely on imports for several minerals.

## DISRUPTIONS

America decided to protect itself from supply disruptions during the Korean War. By 1955 it had accumulated the equivalent of three years' consumption of tin, tantalite, rubber, industrial diamonds and silver, with smaller stocks of chrome, copper, bauxite, manganese and mercury.

Shortly after 1978 the French Government, which provided political and military aid to overcome the Shaba invasion, established stockpiles of chrome, nickel, vanadium and molybdenum. It is adding to them.

The West German Government considered a similar plan, but no agreement between government, traders and industry was reached on how to organise and finance it.

The Japanese Government in 1979-80 set up a small fund to buy similar metals, including chrome, nickel and vanadium.

At the same time the UK government, through the Department of Industry, was talking with the UK metal-trading house Brandeis Goldschmidt about similar plans.

The response from Brandeis was that it was possible technically to establish and run such a stockpile, given clear directives on funding. Many potential consumer beneficiaries, including British Steel, several major private-sector steelmakers, and the engineering side of Rolls-Royce Aerospace, supported the concept.

Southern Africa is the most vulnerable spot. The metals under consideration for the UK stockpile are chrome, manganese, vanadium and cobalt.





(210) ~~210~~ (18) R004  
28/2/83

# SA minerals on way for UK stockpile

By ADAM PAYNE

**MOST** of the South African tenders for strategic minerals and ferroalloys for the British stockpile have been closed and shipping is going ahead because the minerals have to be in the United Kingdom by March 31.

Manganese ore and chromite orders have been allocated, with Samamcor supplying 35 000 tons of manganese.

I am told that a separate consignment of 15 000 tons of manganese ore, not for the stockpile, will be supplied by Samamcor to the British Steel Corporation.

An order for 35 000 tons of chromite has been placed for the stockpile, by the agents serving the British Government, Brandeis Instel, a commodity trading firm which is owned by the French conglomerate, Pechinery-Ugine-Kuhlman.

The name of the supplier is not disclosed and Brandeis

Instel in London and Johannesburg has issued no details of purchases for fear of being prosecuted under the British Official Secrets Act.

An order for 20 000 tons of ferrochrome has been placed and tenders for 40 000 tons of ferromanganese have been called for. This ferromanganese would be worth about R13-million.

It is not known whether a tender for silica manganese has been accepted.

The agents are also looking for vanadium supplies.

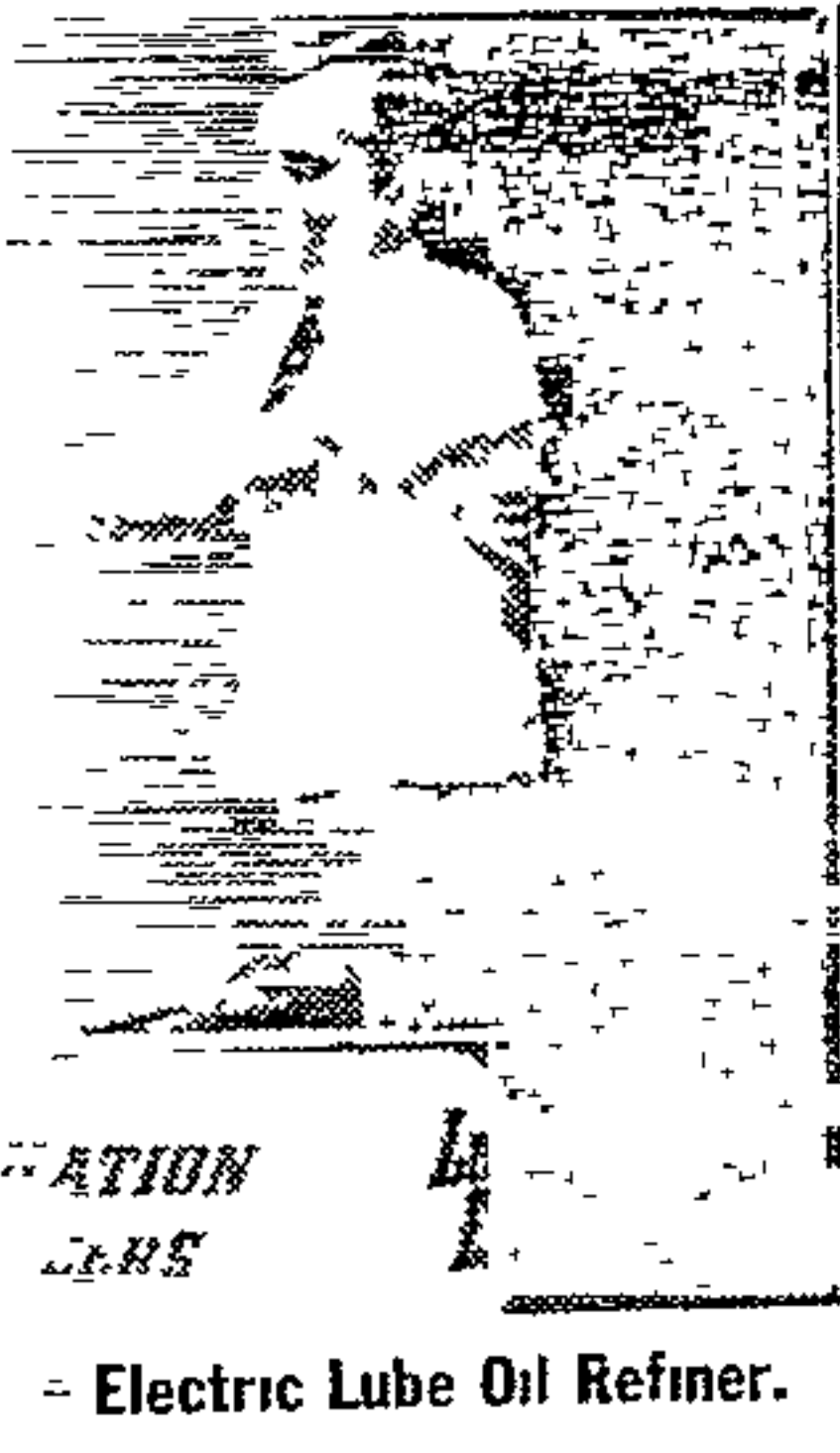
The tenders were to be closed by February 11, but the date for some of them was extended because of orders from consumers in Western Europe and elsewhere set off by news of the British stockpile programme.

The British have been secretive on the extent and cost of the programme, partly because any stated target would indicate Britain's strategic needs.

A House of Lords select committee on strategic stockpiling, in a report issued last October, said the four most important materials

were chromium, manganese, phosphate rock and the platinum group metals.

The next most strategically important, mainly because they were easy to substitute, were antimony, cobalt, molybdenum, nickel, niobium, tantalum, titanium and vanadium.



Electric Lube Oil Refiner.

(210) Industrial Week 2/3/83

# Mineral glut causes concern

By Priscilla Whyte

A GLUT of commodities is affecting the economies of the world and maybe the surpluses are bringing more than a few theories of economy of scale into question

The burning question around many a boardroom table must be "Are these sums right in the light of present day market reality?"

There is a surplus of enriched uranium and the spot price of that energy supply has plummeted from a peak of \$40/pound to \$17/pound. So much for the enrichment of suppliers

The fate of the Opec cartel is at the wishing well with each waiting for the other to drop the benchmark price

Another area of energy

that has seen a downward trend is thermal coal. The Australians tried to maintain the existing price structure, which SA mines deftly undercut

Diamonds maybe flawless, but the diamond market is anything but flawless

### Traditional

The one carat diamond has been the traditional standard of speculation for investors in gemstones

In times of low interest rates the price of those khippies have tripled. However, from the beginning of 1980, when interest rates rose, 1 carat prices fell by half. Smaller stones 0.5 0.75 carats

not being the objects of international speculation appreciated in value

So much for seeking alternative markets by undercutting the carat

The carat and big stick psychology will always be a means of manipulating the market

De Beers, control more than 60% of the raw stone trade, must have put more than a little pressure on the market, which will always bend to a "heavy"

What of magically lyrical words that make the ink flow from the journalistic stream when reports of overcapacity, dumping and price cutting are heard

However, contrary to common belief it is not a desire to wield the poison

pen that drives the journalist. A need to express the facts against a landscape of all shades of opinion is a truer portrayal of the ideal reporting reverie

Sometimes the journalist is even a bit human and develops a soft spot for rugged machines and feels a twinge when the supplier's yard is heavily overstocked with once freshly painted vehicles peeling in the relentless African sun

### Temporary

"Enough already" of the intrepid psyche of an atypical journalist

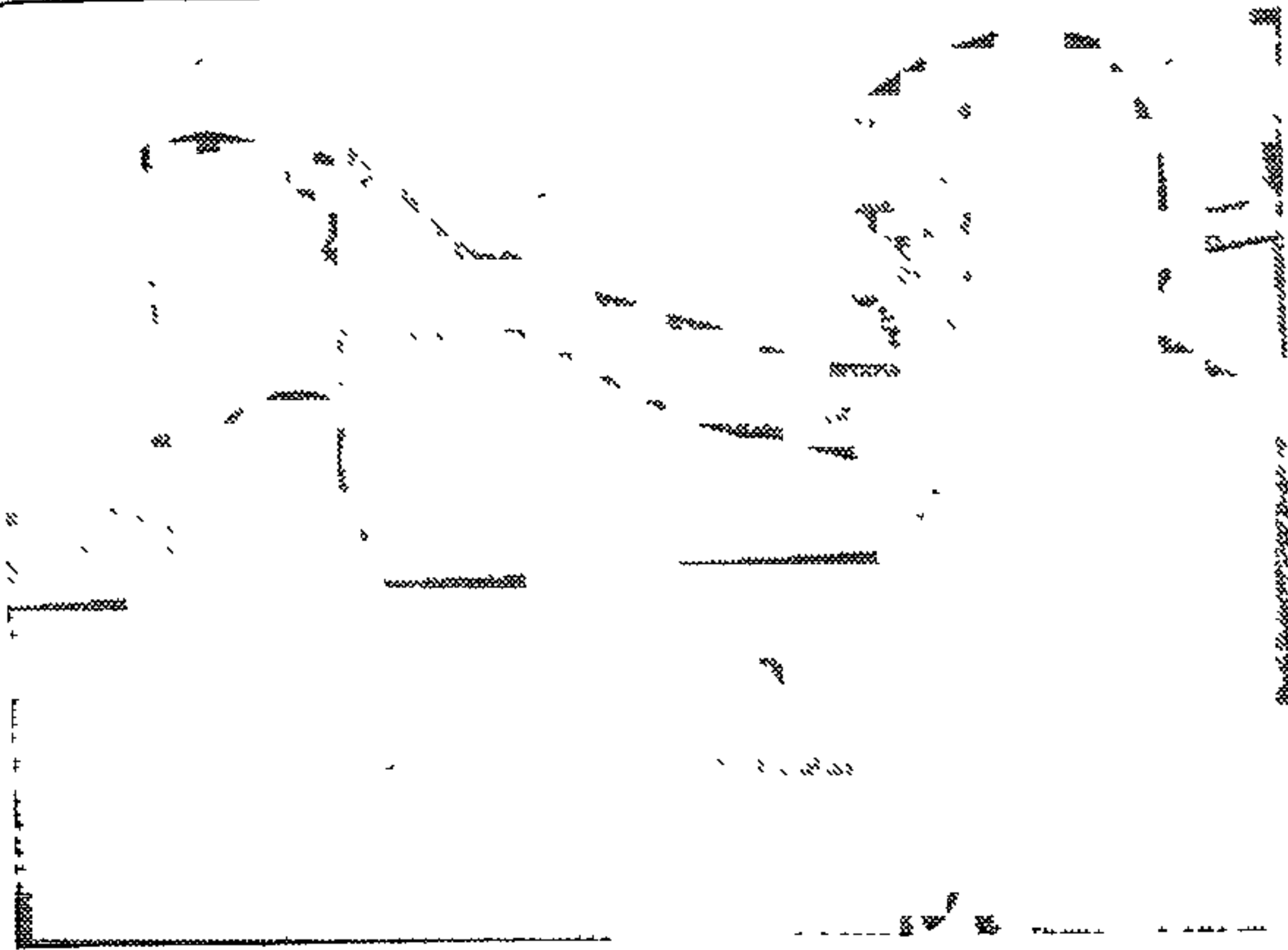
The gluts are as temporary as the periodic scarcities and those with money will sit tight 'till turnaround time means overtime again

## Fusion power soon!

The world's largest fusion research machine now nearing completion in Britain is expected to be ready for service next June. And by 1990 it should give scientists a clear indication whether nuclear fusion can solve man's energy problems in the next century

Dr Hans-Otto Wuster, director of the R700-million Joint European Torus (JET) project at Culham, near Oxford, predicted that if all went well fusion power could become a reality in the second decade of the next century

## Double core sensor



A BURGLAR deterrent that doubles as a safety, convenience and energy saving device has been introduced to the local market by Pinetown-based Smiths Industries (SISA)

Codenamed SLC 1 the unit incorporates a passive infrared sensor which detects the difference in temperature between the background and the "target" as this target moves through the detection zone

Once movement is detected be it a person or a vehicle to name just two examples the alarm activates any number of connected outdoor lights or other devices up to 500 watts for a pre set time

# GY

ect is of such to the 85,000

## Week

own regular paper on the

day

## TRANSFORMERS

EXCELLENT DELIVERIES ARE OFFERED ON:

- AIRCOOLED TRANSFORMERS
- OILCOOLED TRANSFORMERS
- FURNACE TRANSFORMERS
- ELECTROMAGNETS
- CHOKES/REACTORS
- SATURABLE CORE REACTORS

## LET US CUT YOUR DOWN-



(710) Hansard  
Mineral production of Black states  
Q. 61. 553 8/3/83  
330 Mr R A F SWART asked the  
Minister of Co-operation and Development

What was the value of the mineral production, excluding platinum, in each of the Black states in the 1981-'82 financial year?

The MINISTER OF CO-OPERATION AND DEVELOPMENT

	R
KaNgwane	20 800 000
KwaZulu	108 000 000
Gazankulu	2 300 000
Lebowa	83 500 000
KwaNdebele	Nil
Owaqwa	Nil

# Hudbay control moves to US firm

By BRENDAN RYAN

CONTROL of Hudson Bay Mining & Smelting Company of Toronto is to be vested in a United States company which is now a 50% subsidiary.

This will follow a reorganization of Hudbay's joint interests with Minerals & Resources Corporation (Minorco)

Minorco, the Bermuda-based foreign arm of the Anglo American Corporation-De Beers groups, will hold 60% of the equity of US-quoted Plateau Holdings which is to acquire Hudbay

Care has been taken to ensure Plateau will not be seen as a subsidiary of Minorco

Minorco has agreed to restrict its voting rights in Plateau to below 50% and will elect a minority of the enlarged Plateau board.

Minorco is owned 41% by Anglo American Corporation, 22% by De Beers and 10% by Charter Consolidated.

Plateau Holdings owns Inspiration Consolidated Copper, Terra Chemicals and Inspiration Coal

Hudbay shareholders other than Minorco (which controls 44% of Hudbay) can exchange their Hudbay common shares for special shares in Hudbay at 1.1 special shares for each Hudbay common share

As an alternative they may convert directly to Plateau shares at 1.15 Plateau for each Hudbay

The Plateau shares will be listed in the US and the Hudbay special shares in Canada,

each to receive the same dividend payouts.

Hudbay special shares can be converted to Plateau ordinary shares on a one-for-one basis at any time over the next 10 years after which they will automatically be converted

COMMENT: The latest reshuffle of the United States-Canadian operations of the Anglo American group has a company being taken over by one of its subsidiaries and another, with nominal control over the creature, shying away from it.

AAC, which is sensitive to its North American image, is doing its best to avoid being accused of controlling companies in this area.

This move and those be-

fore it are part of a build-up of business in North America

The Hudbay announcement says the deal will enable improved access to capital markets in Canada and the US as well as simplifying corporate and management structures within a single entity.

Minorco watchers say the company is building a large equity base, fulfilling long-term strategy dictated from 44 Main Street

With Minorco at a price of R12.75 a share and a dividend yield of 1.5% there are better buys around — unless the investor can see capital gain to be made from the company's future role in the machinations of the AAC-De Beers empire.



(210)  
 South African Development Trust: leasing of  
 land @ 61.697  
 Hansard 16/3/83 - 698  
 371 Mr R A F SWART asked the  
 Minister of Co-operation and Development

- (1) Whether the South African Development Trust leased land in 1976 to a company whose name has been furnished to the Minister's Department for the purpose of his reply, if so
- (2) whether he will furnish the name of such company to the House,
- (3) whether any royalties have accrued to the Trust from the lease of land to such company, if so, (a) what amount in royalties accrued to the Trust in each year since the lease was entered into, (b) into which account is the revenue paid, (c) for what purpose is it used and (d) on what date does the lease expire,
- (4) whether any direct benefits accrue to the residents of Reserve No 4, if so, what benefits?

The MINISTER OF CO-OPERATION  
 AND DEVELOPMENT

- (1) No Prospecting rights were however granted to Zululand Titanium (Pty) Ltd, during 1973 in respect of a portion of Reserve No 4 No 7638 District of Lower Umfolozi

- (2) See (1) above
- (3) An amount of R2 800 00 accrued to the S A Development Trust from 1 November 1973 to 31 October 1977 in respect of prospecting fees. From 1 November 1977 the prospecting fees were paid over to the kwaZulu Revenue Fund which amounted to R4 877,50 for the period ended 30 November 1982
  - (a) 1/11/'73-30/4/'74—R350 00  
 1/5/'74-31/10/'74—R350,00  
 1/11/'74-31/10/'75—R700,00  
 1/11/'75-31/10/'76—R700 00  
 1/11/'76-31/10/'77—R700 00  
 1/11/'77-31/10/'78—R700 00  
 1/11/'78-31/10/'80—R700 00  
 1/11/'79-31/10/'80—R700,00  
 1/11/'80-31/5/'81—R771 25  
 1/6/'81-30/11/'81—R668,75  
 1/12/'81-31/5/'82—R668 75  
 1/6/'82-30/11/'82—R668,75
  - (b) and (c) The Prospecting fees received by the S A Development Trust were paid into the Suspense Account and utilized for the development of the national states in general
  - (d) The permission to prospect expires on 31 April 1984. An application by the Company concerned for a Mineral Lease is presently being considered
- (4) No direct benefit accrued to the residents of Reserve No 4

W. 61679 - 682  
 Tax  
 Hausard  
 476 Mr J I B VAN ZYL asked the  
 Minister of Finance +

What amount of tax was paid to the Receiver of revenue by (a) the goldmines, (b) other mines (c) companies other than mining companies and (d) individuals (i) by means of the PAYE system or (ii) otherwise in each month of 1982?

The MINISTER OF FINANCE

Unfortunately it is not possible to distinguish between payments made in terms of the PAYE system and other payments and the information asked for is not yet available for December 1982. The available information is as follows —

	(a) Gold Mines R	(b) Other Mines R	(c) Other Companies R	(d) Individuals R
January 1982	205 571	5 343 530	476 777 138	266 915 121
February 1982	472 550 448	44 451 453	120 343 228	310 933 578

681

WEDNESDAY, 16 MARCH 1983

68

	(a) Gold Mines R	(b) Other Mines R	(c) Other Companies R	(d) Individuals R
March 1982	11 725	11 122 903	407 18 402	488 243 451
April 1982	719 139	1 832 387	24 43 037	234 131 379
May 1982	135 175 884	588 329	138 208 133	255 299 763
June 1982	—	19 312 026	293 185 814	296 474 705
July 1982	63 670	4 412 611	534 009 674	259 001 653
August 1982	401 027 154	10 281 292	254 848 521	423 919 795
September 1982	—	2 359 924	266 629 019	444 916 655
October 1982	873 594	28 104 127	312 070 291	260 636 199
November 1982	98 074 144	22 862 200	177 161 108	305 572 527



Call to ~~the~~  
relax ~~the~~  
influx <sup>7/3/83</sup> (210)  
E. Post  
control

DURBAN — The chairman of Anglo American and retiring president of the South Africa Foundation, Mr Gavin Relly, yesterday called on the Government to relax its influx control measures

Addressing delegates at the annual meeting of the foundation in Durban, Mr Relly said that South Africa could not expect its major trading partners to continue their policy of constructive engagement unless the Government encouraged economic growth by allowing blacks to participate fully in the country's economy

He outlined two kinds of reform constitutional, which was of "fundamental importance", and economic

"Constitutional reform tends to be dramatised and is measurable and subject to control. On the contrary, developments from shifting emphasis in the economy are largely unseen. For this reason they may ultimately be more significant," Mr Relly said

He praised the Prime Minister, Mr P W Botha, for showing courage in adapting reformist policies

"I hope he will now accept the risks of allowing the productive forces in our economy the freedom to meet those demands," he said — Sapa

C  
C  
S A  
C A

# Bankers told to stay out of mining

"LET bankers stick to banking and miners to mining — or suffer the consequences."

This veiled warning was issued in Johannesburg this week by Dr Louw Alberts, president of the SA Council for Mineral Technology, in an address to the SA-German Chamber of Trade and Industries.

Over the past few decades, said Dr Alberts, financial institutions such as banks, insurance companies and pension funds had acquired a powerful influence in the industrial world because of their ability to invest in one form or another.

"Their increased participation in the decision-making processes in industry because of their large shareholding leads to a situation in which the norms applicable to the running of financial institutions play an increasing role in the running of industries, that is, in industry technocratic leadership is being supplanted by financial leadership, and in the long-term this will harm industry."

"The entrepreneurial spirit, the 'gut' feeling in the making of good long-term decisions, will suffer."

Dr Alberts said a technocrat was not necessarily someone with technical training. He was, rather

"someone who has lived and breathed a technological atmosphere with innate sympathy for technology and its potential."

"And the true wealth of a country such as South Africa is not represented by bank accounts, but by its mines and its metal and chemical industries. We should learn from the history of others."

It was imperative, said Dr Alberts, that South Africa retain a viable programme of research, development and innovation.

"As runners in the race for survival fall by the wayside, those who are still on their feet when the climate changes for the better will have such a tremendous head start that their future prosperity will be assured."

Regarding the prospects for economic revival, Dr Alberts said when the issue was raised no-one appeared able to identify what specific event or circumstance would break the vicious circle and reverse the economic momentum.

"Moreover, the prophets always predict the starting period some six to 12 months ahead — and then the target keeps on moving."

On the strength of South Africa in the economic struggle for survival during the next decade, Dr Alberts

said the mineral industry formed the backbone of the SA economy.

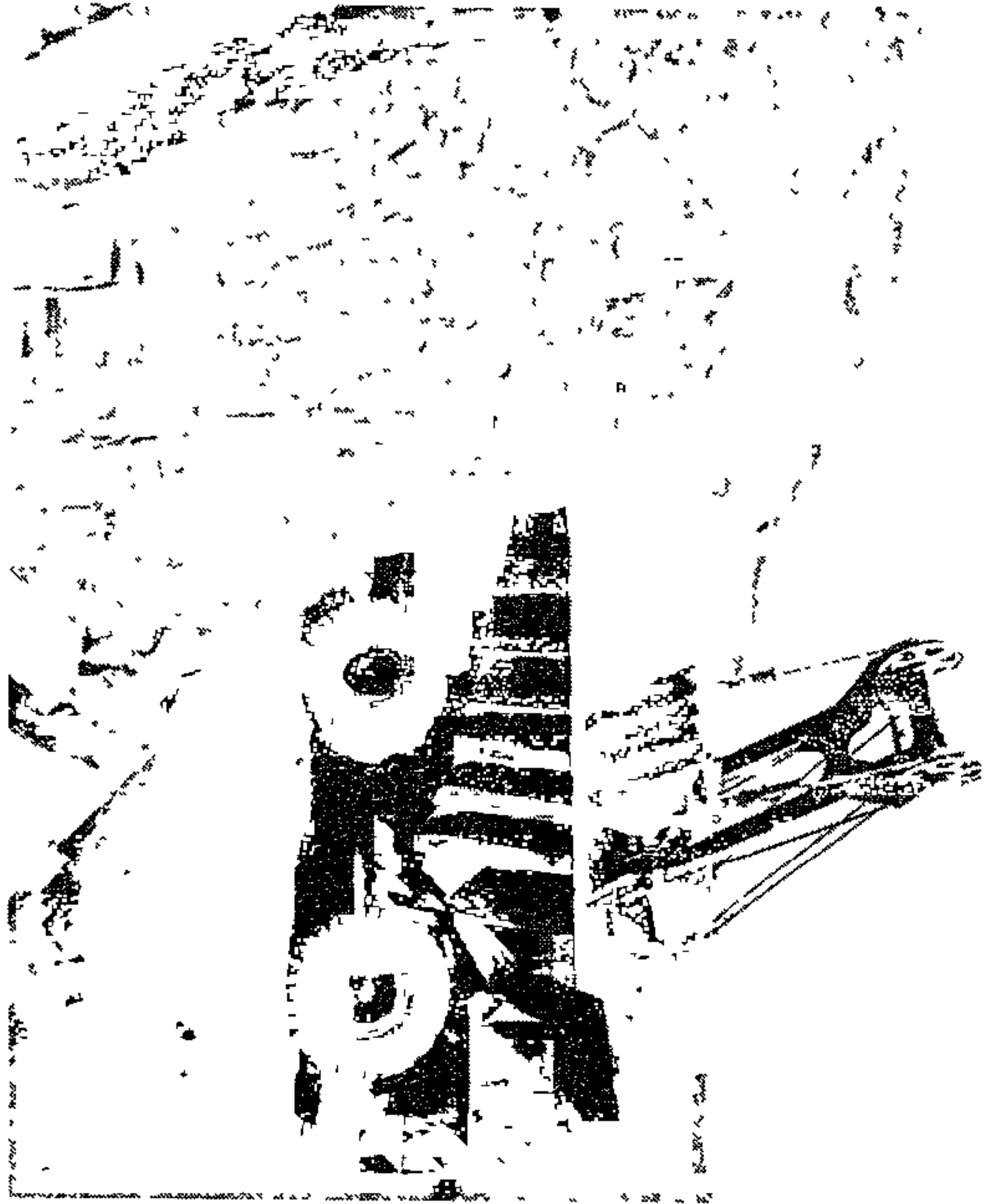
During the past few years, he said, the world's copper industry had been experiencing a serious recession and the real price of copper was at present at its lowest level for the past 40 years.

Furthermore, plants in many parts of the world had closed down and yet Phalaborwa, which was probably working with the lowest grade of ore in the world (0.5%), continued to show a profit as proof of its success.

As regards ferroalloy production, a new process, plasma extraction, was now being developed at Mintek, said Dr Alberts, and this would maintain and possibly increase South Africa's leadership in the field of ferroalloys.

He listed a few points to "illustrate the powerful image of the South African mining industry in the world."

In 1978, the international four-yearly congress known as the Commonwealth Mining and Metallurgical Congress should have been held in India, but, when that country refused to grant visas to South Africans, the entire congress was transferred to Hong Kong, since it was unheard



**Iron ore from Sishen: testimony of SA's inherent economic strength and the fact that minerals form the backbone of that economy. Let financiers tamper at their peril, warned Dr Louw Alberts this week.**

of that this congress should take place without South Africa's participation.

Last year this same international congress was held in Johannesburg with South African mining and metallurgical develop-

ments during the past two decades as its theme. The word Commonwealth was even dropped from the title in 1982 to accommodate the Republic, as a non-member of the Commonwealth.

Under the circumstan-

ces, concluded Dr Alberts, the SA minerals industry was evidently still well on its feet and could be expected to remain a forerunner in the years to come —

Sapa

All answers  
Number  
Number

Surname

First Name

Date

Degree you are

Subject (to)

Paper (to)

NOTE

1. Turn over the sheet.
2. Write clearly.
3. Do not write on the back of the sheet.

4. Names must be printed on each separate sheet (e.g. graph paper) where sheets additional to examination book(s) are used.

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



*de facto* and (b) *de jure* Black population in the Greater Cape Town area in respect of (i) adult (aa) males and (bb) females and (ii) children;

- (2) (a) how many persons in each such category were (i) employed and (ii) unemployed at the time the estimate was made and (b) what is the date of such estimate?

The MINISTER OF CO-OPERATION AND DEVELOPMENT:

- (1) (a) Estimated figure—226 224 It is not possible to break this figure down into males, females and children.

(b) Estimated figure—154 224

(i) (aa) 66 577

(bb) 38 860.

(ii) 48 787

- (2) It is not possible to give details of employment and unemployment in respect of the estimated *de facto* population.

(a) *de jure* population.

(i) Employed males . . . 54 107.  
Employed females 13 262.

(ii) Unemployed males 5 202.  
Unemployed females 1 446.  
(These are estimated figures)

(b) Date of estimate June 1982

Note: The above-mentioned figures are in respect of the Peninsula as it is not clear what exactly is meant with Greater Cape Town area

(210)  
Handed 0.61.729-  
Cape Town: population 730  
18/3/83

\*23 Mr K. M. ANDREW asked the Minister of Co-operation and Development.

- (1) What is the latest estimate of the (a)

18/3/83 12019 (21)

# Mineworkers are federation's target

Labour Correspondent

THE Federation of SA Trade Unions (Fosatu), the country's biggest federation of emerging, mainly black, unions, is considering recruiting black workers on the mines

A decision on whether to begin recruiting, which may involve forming a new union, is expected to be taken at a meeting of Fosatu's central committee next month

Several black unions are currently trying to organise

black mineworkers in the wake of the Chamber of Mines decision to grant access to the mines to black unions for the first time and to grant them recognition

By far the biggest is the

18 000-member National Union of Mineworkers, which belongs to the Council of Unions of SA

Until now, Fosatu has not shown an interest in recruiting black mineworkers



5 Times 20/3/83 (210) 210

# Dramatic coup for Anglo American

By Neil Behrmann London  
MINERALS and Resources Corporation (Minorco), the overseas trading arm of Anglo American Corporation, plans major expansion in the United States, and "effectively" a listing on Wall Street's "Big Board"

The expansion of Minorco will be funnelled through a 60%-held subsidiary, Plateau Holdings

Since Plateau will be listed on Wall Street, Minorco and Anglo American have achieved a dramatic coup

This important development, which emphasises the growing importance of the Anglo American empire as a multinational corporation, comes about through the reorganisation of Minorco's Canadian company, Hudson Bay Mining and Smelting, and Plateau Holdings

Both Minorco and Hudson Bay have a 50% share in Plateau Holdings. Minorco, in turn, holds 44% of the shares in Hudson Bay

In terms of the proposed reorganisation, the United States investments of both Minorco and Hudson Bay will be injected into Plateau Holdings, a publicly quoted US company

Minorco will hold 60% of this new company's shares and be entitled to 50% of the voting rights

Plateau then becomes a trading concern, owning companies producing copper, coal, chemical fertilisers, oil and gas holdings. It will also buy the voting shares in Hudson Bay

The subsidiaries involved in the move include Inspiration Copper, Inspiration Coal, Terra Chemicals and Gas and Oil, and Trend International

All Hudson Bay's Canadian mining and metals operations, ranging from copper to tantalum, are included

The companies' announcement states "The new structure will enable better access to capital markets both in Canada and the United States"

"After completion of the reorganisation public offerings of additional equity shares will be made"

The chairman and chief executive of Plateau, Reuben Richards, forecasts a "hell of a lot of growth in Plateau" during the next five years, and "within 10 years it will be a major natural-resources company"

Forbes magazine comments that Minorco has caught the imagination of Wall Street

Other companies within the Minorco

ambit are a 29% interest in Consolidated Goldfields, which in turn owns 25% of the shares in the huge US copper company, Newmont

It also holds 28% in the New York Stock Exchange public company, Phibro, a large international commodity and financial broking and dealing firm which trades through the renowned companies, Philipp Brothers and Salammon Brothers

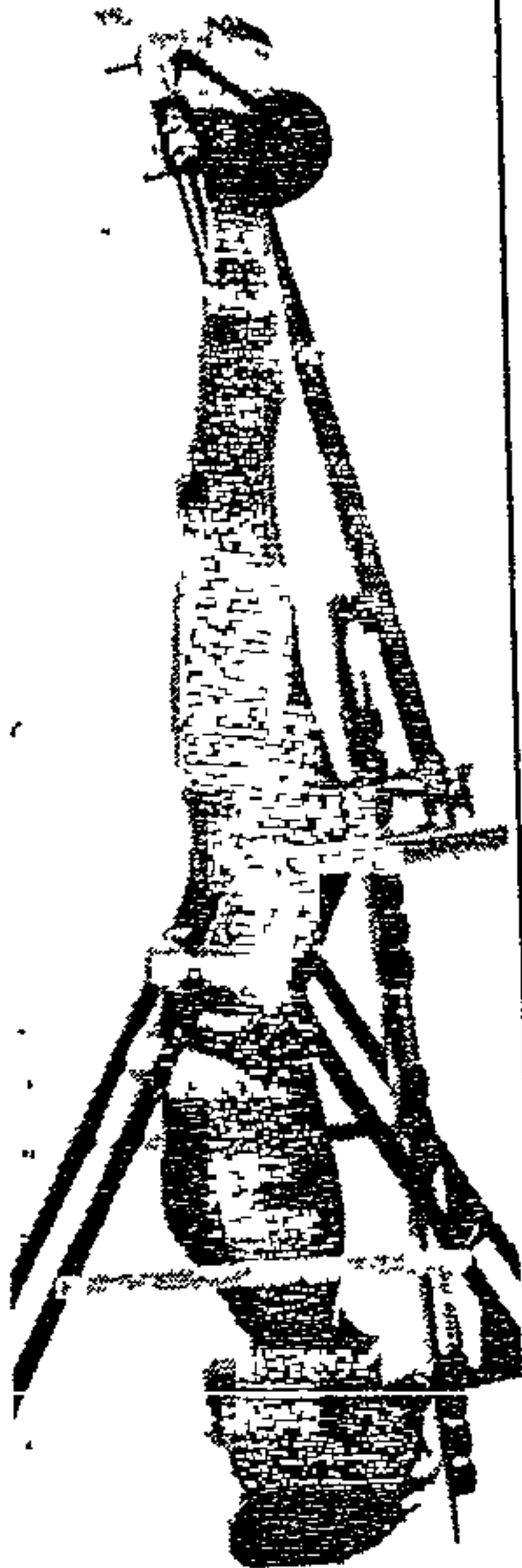
Minorco has a 28% interest in another New York Stock Exchange listing, Engelhard Corporation, which on a worldwide basis makes precious-metals products, and refines metals and speciality chemicals

Spokesmen from both these companies said that the Plateau-Hudson Bay reorganisation would not affect them

Finally, Minorco has a 36% stake in Charter Consolidated, the British industrial and mining group

Minorco has 163-million shares outstanding but Anglo subsidiaries and the Oppenheimer family control around 80% of its shares

Mr Tom Freeman, mining analyst at London brokers Greenwells calculates that Minorco's assets were recently worth around \$11.60 a share



■ **BUSINESSMEN**, all too familiar with trying to stand on their heads to meet the demands of customers or bosses, can take relief in an entirely different sort of headstand, using an apparatus called a backswing exerciser

■ As shown here, the user can dangle effortlessly in this form of relaxation, or use it as an exerciser

■ Claimed to ease back problems and improve circulation, the device is now being sold by Backswing SA of Johannesburg

## Rates forecast

By Elizabeth Rouse

INTEREST rates are bottoming out, says Richard Jesse, gilt research director of Martin & Company

He gave the following projections for short-term money-market rates and Government stock at the 1983 South African Corporate Finance Conference in Johannesburg this week

● The key three-month bankers acceptance rate should be in the vicinity of 8.5% by the second quarter of 1983. The rate is currently around 10.5%

● The overdraft rate should be around 11%-12% by the fourth quarter of this year (current prime rate is 14%)

● The 12-month NCD rate should not be lower than 9% in the second quarter of this year (current rate is around 11%)

● Long-term Government stock rates should not go higher than 12.5% and not lower than 10.5%-11% in the next six months

All these projections are

## Rich and poor nations: Clever = rich

### JAPANESE HAVE 100% MORE MANAGERS SCORING 130-PLUS IN IQ TESTS

By Vera Beljakova

WHY are the rich nations getting richer, the poor getting poorer?

A two-letter word (IQ) may do more to explain the matter than the volumes being written by the world's top economists

According to recent studies on intelligence, the average IQ of various nations differs by as much as 31% — swaying from 80 to 111

The Japanese come out tops — again!

They are being born a little bit more intelligent than West Europeans, who score the average IQ of 100

The new school of thought — that IQ is a matter of genetics rather than environment — is attracting increasing attention

The findings by Professor Richard Lynn (New University of Ulster psychology department) that the Japanese

have a higher IQ on average could easily have caused a furore had it been applied to comparisons between other racial groups

He says that the Japanese born up to 1950 have an average IQ of 104, compared with 100 scored in the economically advanced North America, Europe and Australia

What's more, the Japanese are getting cleverer by the year: the latest batch of births produced people with an average IQ of 111 — based on the culture-fair Wechsler test

The notion that became popular after the Second World War — and is still popular in South Africa — that group differences in intelligence are environmental in origin is now falling away rapidly

Prof Lynn told International Management that in recent years the role of heredity has been given a greater

prominence and that the Japanese IQ advantage may be largely genetic

Many international studies have established clear links between national IQ levels and economic performance

In less developed countries such as Spain, Yugoslavia, Greece and Argentina, the average IQ is 88-94, while in African nations and the Caribbean islands the level sinks to about 80

Concluding his research, Prof Lynn says that Japanese, equipped with better firepower, tend to do better at all levels of the productive process and many able men enter the large public companies such as Sony, Toyota, Mitsubishi and Matsushita

"This gifted group of young managers — many with IQs of 130-plus — are more than 100% more numerous per capita in Japan than in the US and Europe"

## Barlows-Tiger-Smiths

THIS is an urgent call to current and potential small shareholders in the massive C G Smith group, now in the R7 000-million Barlows stable

Look back at pages 39 and 40 in the Tiger Oats offer document to Smith shareholders. There you will find a C G Smith article — No 91 — passed on August 10 last year

The article protects the directors and holding company under a common-law derivative action but probably not

According to a Mr Shandland secretary of C G Smith Barlows was issued with 9 196 166 Smith shares at a discount of 400c a share

This produced a cash shortfall to Smiths of R36 784 664

The full implications need urgent explanation. But at this stage Smith shareholders are merely wondering why this kind of 'protection for the big guns in the Barlows-Tiger-Smiths deal

Where do small shareholders stand and what is the reason for the unusual article?

## Surge in SA search for American investment

By Elizabeth Rouse

SOL Kerzner's multi-million foray into an Atlantic City hotel-casino venture is setting the pace for other local entrepreneurs seeking fame and fortune in the US

Since Southern Sun's recent announcement, at least another 200 substantial businessmen have sought expert advice on expanding their interests in the US, says Michael Sifris, managing director of Global Broking

Services

The response to Finance Minister Owen Horwood's relaxation of exchange control for non-residents is resulting in special air trips for groups of businessmen eager to survey the US business scene

"We have already advised hundreds of individuals and companies interested in either setting up subsidiaries overseas or persuading American businessmen to invest in South Africa," says Mr Sifris



Etheredge urges tough new moves

# Call to step up war on business corruption

By Michael Chester

210  
22/3/83

Round-the-clock telephone "hotlines" to the police and snap computer probes were proposed by a top Anglo American Corporation director today to expose the wave of graft and bribery in business and the civil service.

The intensification in the war on corruption was urged by Mr Denis Etheredge, chairman of the AAC gold and uranium division, at a conference of the Institute of Internal Auditors in Sandton.

It was Mr Etheredge who first raised the alarm about the extent of graft and bribery in business and the civil service in an address he made as president of the Institute of Management four months ago.

The bombardment of exposures since, he said today, had convinced him that the degree of corruption in the public service, State organisations, control boards, local authorities and in business was even worse than he had feared.

Confirmation had come from all levels — chief executives down to junior officials and clerks. "Sector after sector of our society has had a finger pointed at it by someone who knows the facts," he said

One solution in the provision of a channel for information on corruption could be a round-the-clock hotline to the police — similar to one run successfully in the United States after several local authority officials had conspired to extort money from private individuals seeking approval for new housing zones.

Companies should also consider installing systems of snap random audits of business operations to uncover graft and bribery, using teams of accountants and engineers and anyone else familiar with where abuse and collusion were likely to be found

"The more the business is run on the basis of clearly defined systems and controls, the less opportunity there is for employees to break the rules to feather their own nests", he said

"While the computer brings its own security problems, it is undoubtedly a major aid in reducing opportunities for self-seeking behaviour"

He applauded moves by graduate schools of business "to prepare the potential senior manager and chief executive for the fact that we are not a society of saints"

Education in the home and school was now of the greatest importance to build and entrench what an editorial in The Star had termed "society's non-materialistic values".

The private sector admitted its blemishes and much was now being done to tackle corrupt practices and to lift the level of business ethics

It was not unreasonable to suggest that the civil service and other bodies should take a good look at themselves and the widespread allegations of mishandling of funds.

## Precedent

One anonymous writer had suggested that the Info scandal had created an environment in which lower echelons felt corrupt practices at their own level were not without precedent at top level

"In fact, the most serious aspect of the whole matter is the view that corrupt practices are so widespread because they involve some top level people in various sectors who are in one way or another shielded from public gaze."



# Graft is worse than I thought: Etheredge

Mr Etheredge

# The Government will not hesitate to act: PM

Mr Botha

# Corruption row grows

By Michael Chester

After 24/3/83

The anti-corruption war gained momentum today when Mr Denis Etheredge, of the Anglo American Corporation, arranged to meet the Advocate-General to discuss tactics in exposing alleged graft and bribery in business and the public service.

Mr Etheredge, chairman of the AAC gold and uranium division, who triggered the growing controversy over allegations of widespread corruption in both the private and public sectors, was also sending a telex message on the issue to the Prime Minister.

The full text of the speech he made to the Institute of Internal Auditors on Tuesday — a speech which has caused a nationwide rumour — had been sent to the Minister of Internal Affairs, Mr Etheredge said.

These dramatic moves coincided with a demand by Mr Harry Schwarz, finance spokesman for the PFP, that the Government should set up a special commission of inquiry to probe the corruption allegations.

And they follow an appeal by the Prime Minister, Mr P W Botha, to Mr Etheredge to inform the authorities of instances of corruption of which he is aware.

Mr Botha suggested three specific routes

- The SA Police — for immediate investigation
- The Advocate-General.
- The relevant Minister, who would request an investigation by the Commission for Administration

Mr Botha pledged "The Government will not hesitate to act should he be aware of any irregularity."

Mr Etheredge said today that it would be improper to disclose the contents of the telex message he was sending to the Prime Minister, and of the more detailed letter that would follow, until Mr Botha had received them.

It would also be improper to disclose details of the conversation he had had with the Advocate-General in the course of arranging to meet on the issue.

"However, I have explained to the Advocate-General that I do not feel that I personally should pursue the many statements and allegations of corruption that have been made to me since the controversy began in earnest about four months ago," Mr Etheredge said.

"Also, I think people with information about malpractices should be prepared to make written statements or, better still, legal affidavits rather than rely on anonymous telephone calls, if they hope for action to be taken.

"However, the general message remains corruption of one sort or another is indeed widespread in the public service, para-state organisations, control boards, local authorities and in business — much more so than I had realised"

Peter Sullivan, The Star's Political Correspondent, reports from Cape Town that Mr Schwarz believes a judicial commission of inquiry should now determine the accuracy of Mr Etheredge's statements and make recommendations on how to further ethical standards and practices in public and private life

The commission should be headed by a judge, with representatives from the private sector, Parliament and the public sector.

Mr Schwarz considered inappropriate the Prime Minister's suggestion that complaints be brought to the attention of the relevant Minister.

The South African Police had to investigate specific instances instead of broad allegations and the proper tool was a judicial commission

# De Beers tread carefully as . . .

By Stephen McQuillan

Angolan diamonds — mined with the indirect help of the giant De Beers organisation — are being spirited away as smuggling runs rife

But the world's biggest diamond empire is loath to discuss the problem for what appear to be sensitive political reasons

A De Beers spokesman said he could not comment on reports of smuggling in north-east Angola "This is a matter for the Angolan Government," he said

He denied mines were run jointly by the Angolan Government and De Beers, but admitted the organisation helping Angola mine diamonds was "a De Beers offspring"

It is not clear how extensive the smuggling operations are, but they are unlikely to have any serious effect on De Beers

The report from Angola said a British diamond merchant based in Antwerp had flown to Angola to "buy Unita diamonds"

Some had apparently been panned from Angola's rivers, but others had been smuggled

# Diamond smugglers hit Angola hard

out of mines in the north-east, according to the merchant He said he was heading for a jungle meeting with rebel commander Dr Jonas Savimbi

The company involved in helping the Angolans mine diamonds is Mining and Technical Services (Mats), which is incorporated in Liberia and has offices in London and Lichtenstein

Mats is believed to be supplying technicians, engineers and manpower It entered the country after independence to put the industry back on its feet

It is believed Mats supplies expertise in return for allowing

De Beers to market diamonds through the Central Selling Organisation

"The Central Selling Organisation paves the way for Mats to go into a country," said the De Beers spokesman

"Mats exists to provide technical services and operates separately from this office"

De Beers, who were involved in mining diamonds in Angola for about 40 years before independence, produced more than 2 million carats a year in the seventies

But production fell catastrophically after the civil war

"De Beers' shareholding was less than one percent at the time of independence," said the De Beers spokesman

It is believed Angola then approached various sources to help put the industry back on its feet

The spokesman said there were no South Africans working in Angola, but reports in 1979 suggested South African mechanics, electricians and experts in direct recovery were working in Angola on British passports

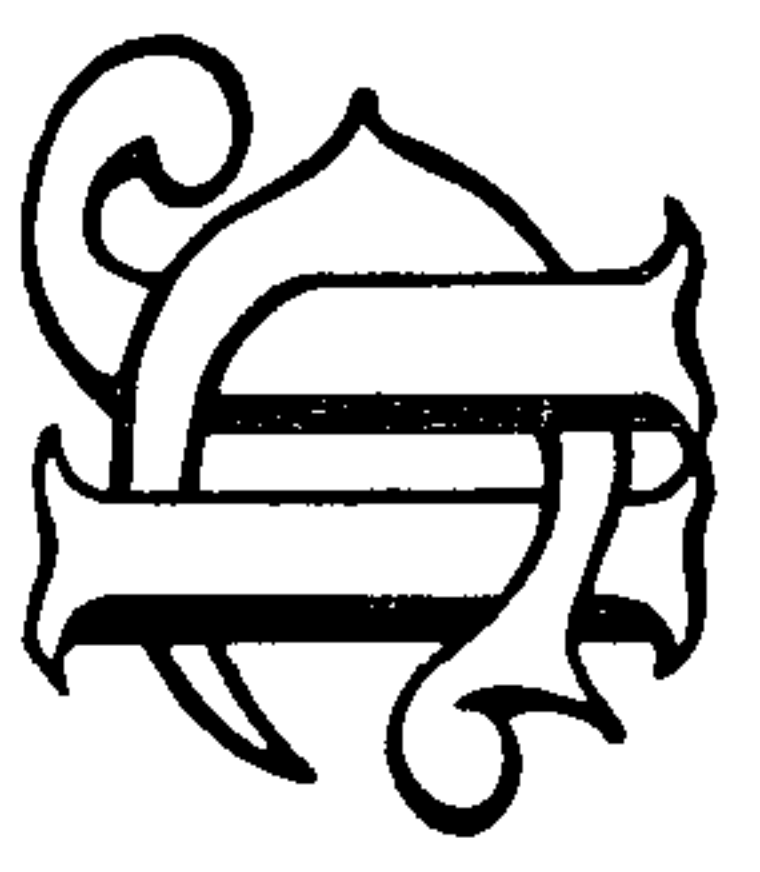
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# Western Areas Gold Mining Company Limited



Members of the  
Johannesburg Consolidated Investments  
Group of Companies

# The Randfontein Estates Gold Mining Company, Witwatersrand, Limited

## Highlights from the 1982 Chairman's Reviews

**Gold market**  
The London free market gold price, which was fixed at \$400 (R383) per ounce on 31st December, 1981, had declined to \$304 (R348) per ounce by 23rd June, 1982 against a background of deepening recession in the major Western industrial countries and despite political developments that might have been - and, in the past, have been - a significant factor in stimulating the demand for gold. Fortunately, however, this reduction in the dollar gold price of 24% during the first half of 1982 was accompanied by a lower rand/dollar exchange rate, with the result that, in rand terms, the equivalent reduction in the gold price was only 9%.

During the second half of 1982, the dollar gold price recovered and the free market price was fixed in London at \$448 (R481) per ounce on 31st December, 1982, having attained a level of \$489 (R560) per ounce on 7th September, 1982. The sudden rapid increase in the gold price was apparently the result of two factors. Firstly, the prospect of a swift recovery in the United States economy - following significant decreases in U.S. dollar interest rates - created expectations of both higher inflation in that country and of greater gold demand for jewellery and investment purposes. Secondly, the precarious financial situation in certain third-world countries cast some doubt on their ability to repay U.S. dollar loans. In this instance the perceived threat - which still exists - was that default by such countries would severely strain the U.S. banking system, causing the U.S. monetary authorities to increase the money supply.

While the U.S. money supply rose sharply between September 1982 and February 1983 in response to a relaxation of monetary policy, inflation in America nevertheless declined further and this, together with a decline in oil prices, caused the gold price to ease back again. In fact, it fell by 19% from \$509 (R569) per ounce on 15th February to \$412 (R449) per ounce on 4th March, 1983 ahead of the OPEC agreement of 14th March, 1983 to reduce the Saudi Arabian reference price by \$5 a barrel to \$29 a barrel. This had come about as a result of the significant over-supply of oil to the world petroleum market and can be expected to contribute positively to a further easing of world inflation in the short run.

With the benefit of hindsight, it is now possible to say, with a fair degree of certainty, that both the severe decline in the gold price as well as its rapid recovery during 1982, may have been exaggerated by the participation of speculators in the futures markets. The influence of these markets becomes apparent only when it is realised that on a particular day the turnover is usually between three and five times greater than that associated with the physical gold market. Furthermore, between 1980 and 1982 annual turnover of gold on the major futures markets increased by some 30% to a level approaching 1 400 million ounces, which is more than 30 times greater than the world's total gold production during 1982. The radical change in the gold

market during the past few years has clearly resulted in a far greater awareness of gold, which augurs well for the price in the future. However, this has also resulted in greater fluctuation in the gold price as it adjusts with speculators' expectations of U.S. dollar purchasing power.

It seems possible, therefore, that the wide oscillations in the gold price experienced in the recent past may be a permanent feature of the gold market and that the gold producers will have to adapt their policies accordingly. Insofar as low-cost producers are concerned, the necessary adaptation may be relatively minor and entail only a more dynamic approach to planning. However, marginal producers may have to adopt a more conservative approach to try and secure an acceptable level of revenue rather than take the risks associated with a volatile gold price.

**Uranium market**  
The uranium price decline, which began in 1979, continued during 1982. The lowest uranium spot price as published by Nuexco in 1982 was \$17 per pound in September and October of that year compared with a price of \$23.50 in December 1981. This reduction in the spot price has been a reflection of a basic imbalance between demand and supply following a world-wide reduction in energy consumption. In the absence of significant decreases in uranium production, stocks continued to increase substantially. Sales from stock by American utilities - committed to purchase quantities of material substantially in excess of their requirements - and the sale of uncommitted production by certain North American producers exacerbated the decline in the uranium price.

Fortunately, however, most major consumers with long-term contracts for their requirements have taken a realistic view of the decline in the uranium price in order to ensure continuity of supply. As a result, the price associated with such contracts has in many instances not been as severely affected as it might otherwise have been. In addition, the lower rand/dollar exchange rate that prevailed during most of 1982 offset to some extent the lower dollar price.

Towards the end of 1982 the Nuexco uranium spot price increased to \$19.75 per pound. Although this may suggest that the decline in the market has been arrested, the industry is still faced with the fact that production will probably exceed demand for some time to come, particularly while regulatory constraints and concerns about environmental issues influence the construction of further nuclear power facilities in the United States and other industrialised countries. However, the force of these considerations should diminish if any significant upturn occurs in the demand for electric power.

## Western Areas

### Labour

Consultations continued with white employees and their organisations on the question of the better utilisation of all labour. The indenturing of engineering apprentices from all races was introduced in 1983, but little progress has been made regarding the position of semi-skilled workers.

During the year the company was approached by various black unions with requests to recruit employees and conclude recognition agreements. Discussions have continued and agreement should be reached in due course. This will certainly lead to a major change in the industrial relations environment within the industry.

### Forward Sales

As a result of the need to stabilise revenue at the level necessary to cover working costs and capital expenditure, the major portion of the expected gold production for the second half of 1982 was sold forward earlier during the year.

### Outlook

The company still faces a difficult period ahead pending the completion of the SV2 and SV3 Shaft systems and the development of sufficient ore reserves, particularly on the VCR horizon, to provide the necessary flexibility of operations. In the longer term, these projects should result in an improvement in the grade of ore available for mining.

With the improvement in the gold price, underground production at North Shaft is expected to increase and this should offset the reduction in the treatment of surface dump material, sources of which will be depleted towards the end of this year. Recovery grades during 1983 are expected to be maintained at the present levels.

### SUMMARY OF OPERATIONS

Year ended 31st December	1982	1981
<b>GOLD</b>		
Tons milled - 000's	3 768	4 291
Kilograms produced	16 923	17 706
Recovery grade g/t	4.5	4.1
Average price received		
U.S. \$ per ounce	358	463
Rands per kilogram	12 590	12 946
Revenue per ton milled R	57.51	53.57
Cost per ton milled R	52.49	41.80
Profit per ton milled R	5.02	11.77
<b>URANIUM</b>		

### Operations

The sharp decline in the U.S. dollar price of gold in the early part of the year necessitated a major rationalisation of operations to improve the grade of ore mined. As a result of the decision to concentrate mining operations within limited higher grade areas, ore from underground decreased by 17%. Material from surface sources to the mill increased from 433 000 tons to 567 000 tons. The effect was a net decrease of 12% in total mill throughput. Surface ore included 85 000 tons from the waste washing plant and 472 000 tons from the rock dump at North Shaft.

Despite the treatment of 510 000 tons of uranium-bearing Middle Elsburg ore with a low gold content, the recovery grade improved to 4.5 grams per ton (1981 4.1 grams per ton) resulting in the production of 16 923 kilograms of gold (1981 17 706 kilograms).

Notwithstanding reductions in the number of employees, labour costs increased by some R8 million (8.75%). Power and water costs increased by R4.6 million (26.4%). In consequence of these increases together with additional development and the effect of inflation in other areas, total working costs increased by 11% to R198 million. This increase, together with the lower tonnage milled, resulted in unit working costs rising by 25.6% from R41.80 to R52.49 per ton milled.

### 4E Sub-Vertical Shaft

Development and stopping from this shaft are progressing well and the planned rate of production is expected to be reached during 1984.

### SV3 Shaft

Sinking and equipping of this shaft are planned for completion during 1984, when development of the areas between 83 and 95 levels will be commenced. The deepening of the SV2 Shaft, should be completed in 1985 and will assist in the acceleration of the work necessary for the commencement of



**Capital Expenditure**  
Expenditure on mining assets during the year was limited to R19.1 million. This was necessary because of the low gold prices realised during the major part of the year and work was restricted to items vital to the short and medium term maintenance of production. Present estimates indicate that expenditure of some R30 million will be incurred on capital items during 1983, the major portion of which will be absorbed by the SV3 Shaft programme.

**Safety**  
The Mine achieved a million fatality-free shifts in January 1982 and the five-star rating in the International Mine Safety Rating Scheme was retained. On 12th February, 1983 a million fatality-free shifts were again recorded. Management and staff at the mine are to be congratulated on these achievements.

**Operations**  
Operating profit for the year at R219.5 million was 24.4% higher than the R176.4 million achieved in 1981 and was the highest ever recorded by the company. Tax and the State's share of profits at R64.8 million were nearly double the amount (R34.9 million) paid in the previous year.

Net capital expenditure on mining assets amounted to R96.9 million, while R10.5 million (net) was repaid in respect of long-term loans. Earnings per share after tax and capital work were 1.61 cents and a dividend of 1.100 cents per share was paid, which absorbed R59.5 million. These and other appropriations resulted in a decrease in retained earnings by R0.9 million to R14.2 million.

Largely due to the reclamation of greater amounts of low-grade surface dump material, the tonnage treated for gold increased by 19.6% while the recovery grade was lower at 5.0 grams per ton. The mine produced 27 055 kilograms of gold, 14.2% more than in 1981.

As a result of the decision to terminate the mining and treatment of uranium ore at Randfontein section, the total tonnage treated for uranium was 11.4% lower, producing 462 837 kilograms of uranium oxide, or 21.8% less than in the previous year.

The fight to contain working costs in the face of continued high inflation has met with significant success as a result of marked improvement in labour productivity and stores consumption. Total costs amounted to R158,207 million, 5.2% higher than in 1981, while unit costs were 12% lower, largely as a result of the increased tonnage from surface sources treated for gold.

**Cooke No. 3 Shaft**  
Construction and sinking at the No. 3 Shaft are well advanced and production is now expected to commence early in 1984, twelve months earlier than originally scheduled. This good progress has been achieved through the continual revision of planning and control of operations, the effectiveness of the mechanised drilling in shaft sinking operations and the enhanced development rates achieved by utilising the mid-shaft loading facility. The major factor has been the large amount of development advanced from No. 2 Shaft. The project has also benefited by the absence of adverse ground and water conditions.

1 881 metres on the UE1a Reef in the Cooke No. 3 Shaft area were sampled. While limited areas were of high grade, values for both gold and uranium were generally satisfactory. The UE1a Reefs in this area usually comprise three or more distinct bands, all of which are prospected to determine the optimum horizon on which to develop raises. Much work has yet to be done to interpret the geological structure and the probable distribution of values in this section of the lease.

Treatment capacity for ore from the No. 3 Shaft area will be made available at the Cooke plant by diverting lower grade uranium ore from the Cooke No. 1 Shaft to Millsite to be treated for gold only. This will reduce the urgency for the further expansion of facilities at Cooke plant in the short term.

**Capital Expenditure**  
As a result of the lower gold price prevailing during the first half of the year, expenditure on capital projects was curtailed. However, with the improvement in the gold price the programme was again revised and expenditure reached R96.9 million by the end of the year.

evaluate old blocks of ore at North Shaft has been accelerated. These programmes will result in higher working costs but these increases should be offset to some extent by improved productivity.

The major portion of the expected gold production for 1983 has been sold forward to ensure a satisfactory minimum level of income. It is intended to maintain this policy until the deeper high-grade areas have been developed and the necessary flexibility of operation has been achieved.

Johannesburg  
22nd March 1983

G Y Nisbet  
Chairman

## Randfontein Estates

Present estimates indicate that a similar amount will be spent during 1983. Of this expenditure approximately R42 million will be required for the Cooke No. 3 Shaft project.

### Joint Venture

With a view to the long-term future of the company, an agreement has been concluded with the Johannesburg Consolidated Investment Company, Limited whereby your company will participate in a joint exploration programme aimed at determining new areas of gold and/or uranium potential in the Transvaal and Orange Free State.

Randfontein's share of expenditure in this regard in 1982 was R1.9 million and is estimated at R1.0 million for 1983.

### Labour

The better utilisation of manpower continues to be influenced by the attitudes of employees and their organisations. A large amount of time and effort has been devoted by management to the development and implementation of an Industrial Relations Education programme which, through consultative committees, will assist in communication with all workers. Consultation with employee organisations has also been given more attention. As a result some advances have been made and with the imminent emergence of unions representing all employees it is expected that change will now be accelerated. A major advance has been made in this regard in respect of a non-discriminatory policy adopted in the indenturing of apprentices this year.

### Outlook

The recovery in the gold price and the increased flexibility available in mining operations have allowed the company to continue with its expansion plans as well as to devote more attention to exploration for the long term.

As low grade material from surface dumps is replaced with underground ore, unit working costs can be expected to increase. However, any such increase should be offset to some extent by the expansion of underground operations and further improvements in productivity. The increased gold price will make it possible to mill lower-grade ore from underground, including payable footwall bands, and as a result recovery grades are not expected to change significantly in the medium term as low grade surface dumps are depleted.

Evaluation of the area immediately north-east of the Cooke section where the company holds certain of the mineral rights has continued for a number of years and the point has now been reached where decisions can be taken. Feasibility studies indicate that at current gold prices the area could be profitably exploited if mined by this company as part of its own operations. This would require the agreement of all the other mineral right holders and to this end discussions to try and reach agreement on all the financial arrangements have been initiated.

Johannesburg  
22nd March 1983

G Y Nisbet  
Chairman

Recovery grade - kg/t	0.38
<b>FINANCIAL</b>	
Profit from gold - Rm	18.9
Profit from uranium - Rm	2.9
Capital expenditure - Rm	19.1
Tax and State's share - Rm	—
Dividends - Rm	4.0
	16.1

### SUMMARY OF OPERATIONS

Year ended 31st December	1982	1981
<b>GOLD</b>		
Tons milled - 000's	5 411	4 525
Kilograms produced	27 055	23 679
Recovery grade g/t	5.0	5.2
Average price received U S \$ per ounce	371	471
Rands per kilogram	13 072	13 065
Revenue per ton milled R	65.86	68.37
Cost per ton milled R	29.24	33.24
Profit per ton milled R	36.62	35.13

<b>URANIUM</b>		
Tons treated - 000's	2 967	3 351
Oxide produced - tons	463	592
Recovery grade - kg/t	0.16	0.18

### FINANCIAL

Profit from gold - Rm	198.2	159.0
Profit from uranium - Rm	19.2	15.3
Capital expenditure - Rm	96.9	103.9
Tax and State's share - Rm	64.8	34.9
Dividends - Rm	59.5	40.6

**Elsburg Gold Mining Company Limited**  
**Western Areas Gold Mining Company Limited**  
**The Randfontein Estates Gold Mining Company, Witwatersrand, Limited**  
(Incorporated in the Republic of South Africa)

### Notice of annual general meetings and of closure of share registers

The annual general meetings of the above companies will be held on Monday, 25th April 1983, in the boardroom, Consolidated Building, Fox and Harrison Streets, Johannesburg, as follows:  
09h 15 Western Areas Gold Mining Company Limited followed immediately by  
Elsburg Gold Mining Company Limited  
11h00 The Randfontein Estates Gold Mining Company, Witwatersrand, Limited

Any member of a company is entitled to appoint a proxy to attend the meeting of that company and to speak and to vote in his stead. A proxy need not be a member of the company.  
The share transfer books and registers of members will be closed from 19th to 25th April 1983, both dates inclusive.

By order of the board  
JOHANNESBURG CONSOLIDATED INVESTMENT COMPANY LIMITED  
Secretaries

per D J BARRITT

Head Office and Registered Office  
Consolidated Building  
Fox and Harrison Streets Johannesburg 2001  
22nd March 1983

Office of the London Secretaries  
Barnato Brothers Limited  
99 Bishopsgate London EC2M 3XE

## Elsburg Gold Mining Company Limited

Stockholders are referred to the review in respect of Western Areas Gold Mining Company Limited above







**GOLD**

There were two distinct phases in the price of gold during 1982. A decline in the first half of the year followed by a recovery in the second. The price fell away rapidly from the \$400 level ruling at the end of December 1981 to approach \$300 in the middle of March. Some firmness was apparent during April 1982 at around \$350, but the market weakened in May and again in June. A low point of \$297 was reached on June 21. This was followed by a resurgence which took the price back to \$350 by the end of July, around \$400 a month later and close to \$500 early in September. This trend was reversed later in that month but, although the \$400 level was tested again towards the end of November, the price held relatively steady and from early December moved rapidly to around \$450. The revival gained impetus after the year end, and in January 1983 there was a renewed surge and on January 31 gold was fixed above \$500 for the first time since May 1981. The price remained around that level until February 22 when an abrupt correction took place. It then dropped rapidly, to touch \$408 on February 28, since when it has moved around \$420.

As in the previous two years, economic and financial, rather than political, factors dominated the market for gold and speculative influences in the futures markets have progressively magnified short-term price fluctuations. During the first quarter of 1982, tight monetary policies in the US led to an increase in interest rates in both nominal and real terms and to a renewed strengthening of the dollar and another decline in US gross national product. In such circumstances, in spite of concern about the political situation in Poland, the gold price continued to decline. The recovery of April can now be seen to be due less to the effect of the Falklands crisis than to a temporary fall in interest rates, set against the background of an apparent bottoming-out in the recessionary cycle. By contrast, another burst in interest rates during June had a particularly adverse impact. Political events such as the Iran-Iraq war and the Israeli incursion into Lebanon were overshadowed by the belief that US monetary policy would remain essentially restrictive.

From the end of June, however, the scenario changed. Gold's recovery in July and August was fuelled largely by a sharp downturn in interest rates, and by a growing conviction, subsequently confirmed, that the US Federal Reserve had adopted a less restrictive monetary stance in the light of a weaker domestic economic situation and of reduced concern, in consequence, about the likelihood of intensified demand for credit from government 'crowding-out' the private sector and once more driving up interest rates. At the same time, anxieties arose about the ability of many LDC borrowers to meet their debts, heightened by recognition of the effects a failure to repay would have upon some major and many smaller, regional, American banks. Speculative activity had pushed the gold price to above \$400 even before Mexico nationalised its banks on September 1. During the International Monetary Fund meeting in Toronto early that month attention was focused on the position of Mexico, Brazil, Argentina and other Latin American countries.

Gold was traded at \$500 but the price subsided fairly quickly, in spite of mounting alarm over the question of global debt and the consequent fragility of the world's banking system. Awareness that a major rescue package for Mexico might have to be done for quickly, and that the same might have to be done for other nations heavily in debt, temporarily diverted attention from a fundamental issue, the difficulty of rectifying the financial distortions brought about by the 1973 and 1978 oil crises and the subsequent deep

the pattern of physical demand and supply during 1982. The increasing complexity of trading operations of various kinds among central banks, and the role of commission houses, compound the problem. Preliminary indications, however, are that mine production in the West increased slightly while sales from the Communist bloc were less than in the previous year and were concentrated in the early months of 1982.

On the demand side, it is estimated that fabrication demand for jewellery rose relatively strongly. This was consistent with a lower average dollar price compared with 1981 and was largely the result of net buying in the Middle and Far East in the first half of the year when the price was falling. This trend apparently ceased in the second six months when demand in the West recovered. It is thought that other industrial demand was down slightly on 1981, following the effects of the recession.

In the investment sector physical off-take was remarkably strong in the first half of the year when Eastern markets - and in particular Japan - took advantage of the prevailing price weakness. Western investors continued to sell the metal short and the bearish trend was intensified, especially in June, by positions taken, often on pre-determined and computerised chartist signals. Once fundamentals were seen to have altered, however, short covering was responsible for the sharpness of the subsequent upsurge. The extraordinary effect of stop loss selling in the futures markets was seen again in the adjustment of early 1983.

Investment in coins was relatively strong in the first half of the year, but fell off in the second half. There was a drop in Kruggerand sales of 28 per cent to 2,565,800 ounces, although there has been an encouraging start to the 1983 year. The position in regard to official sales and purchases is particularly hard to assess. It is thought that net official buying took place during the first half of the year with central bank support forthcoming when the price dropped towards \$300. Subsequently some net selling took place, although gold from central banks, when mobilized, was used mainly in swap transactions and as collateral for loans. On balance the net demand from this sector was probably marginally positive.

The gold market has been through a testing time over the past two years and is still subject to conflicting influences. The restraints necessary to bring about a significant abatement of inflation in the OECD countries worked against gold in the short term. Yet there was no lack of market participants who understood that the pursuit of disinflation was beginning to uncover weaknesses in an international financial structure the viability of which rested on an expanding, not a contracting, world economy. That the gold price did not rise even higher, and in fact hesitated in October and November after the initial response to the threat of widespread sovereign default, is testimony to the persistence of dampening influences and the belief that anti-inflation policies might be modified, but certainly would not be recklessly abandoned, in the US or elsewhere. Furthermore, the earlier foreboding that the process of 'recycling' funds was inherently unsound, indeed potentially disastrous, gave way to more sober assessments of the role of bank financing for developing countries.

Nevertheless, towards the end of 1982, as evidence mounted that governments and international organisations would be compelled to move in where private bankers had become reluctant to tread, the wider implications for the international financial order of such necessarily complex efforts became subject to closer scrutiny. The upward movement of the gold

and price values that might be required as a fragile system unfolds, the multi-currency reserve asset situation will be called upon as never before to provide whatever safety nets are needed. In these circumstances, gold must remain the ultimate source of security for central banks and private investors alike. Experience has shown how circumstances one must be in assessing probabilities in the gold market. Nevertheless, despite recent unsettling events, I am firmly of the belief that balanced views will prevail and that gold will continue to justify the assurance it offers in a troubled world.

**URANIUM**

Although spot uranium prices declined further during the year they now show a significant improvement on the lowest prices, reached early in the second half of 1982. The turning point came when it seemed that legislation to restrict imports of uranium into the US was imminent, at the same time a fall in US interest rates, and hence carrying costs on inventory, lessened the rate and volume of offers of surplus inventory for sale by electric utilities. The consequent improvement in short-term market sentiment has had some impact on longer-term price expectations. As a result certain consumers began to buy additional material at what they considered bargain prices, even allowing for the cost of financing stocks for several years. At higher spot prices this off-take has in large part fallen away.

The spot market, however, represents only a very small proportion of international uranium trading, and there remains a considerable surplus of material, in spite of the probable detour of some projects still in the planning stage and of substantial cuts in production. These have been mainly in the US, but there have also been reductions in other countries including South Africa, where production fell to 6,877 tons in 1982 from 7,001 tons in 1981. Although utility inventory levels relative to consumption are likely to fall, the fact that negotiated prices under long-term contractual arrangements have not declined to the same extent as spot prices suggests that this market will not see any significant improvement for some time to come.

**MINING OPERATIONS**

The results of South African gold mining operations in 1982 underline a fundamental factor of the industry, that although revenue fluctuates, broadly speaking, with the rand price of gold the trend of costs is inexorably upwards. Obviously this is especially marked in times of higher inflation, although for 1982 the increase in working costs over the production price index, which rose by 13.9 per cent for the year, was less than in 1981. Nevertheless, the increasing depth of mining operations as well as the need to close the wage gap between black and white mine workers will inevitably increase costs. It is indeed disheartening to see a further twist to the inflationary spiral in the form of price rises of 14.5 and 15 per cent by the Electricity Supply Commission (Escom) and South African Transport Services respectively, which came into effect in January.

This pattern of rising costs set against relatively static productivity has encouraged further advances in the mechanisation. Progress has been made in the development of a tunnel borer which permits faster access from shafts to the stopping areas and a major project on trackless mining to speed up the driving of development ends is well established. Operational research methods and computer models for gold underground transport systems are being increasingly employed.

At the same time research into all aspects of mine safety continues. In line with the official policy of the

sufficiently encouraging to warre. At the same time, the programme will be encouraged. In addition, a joint drilling programme with General Mining Union Corporation has started in this area. Results from the third area referred to in last year's report have been mixed, but exploration will continue.

Drilling is in progress to the south of Vaal Reefs mine and recent intersections of Vaal reef have returned high gold and uranium values. The rate of exploration will be maintained in the coming year, as additional drilling is still required to complete the evaluation of this structurally complex area. To the north of Klerksdorp, exploration has been completed on ground adjacent to the old Afrikaner, Babroscos and Wolwerand mines. This programme has delineated a shallow, low-grade deposit. Further deep drilling south of Western Areas has confirmed that interesting gold values persist into the southern part of the area. A considerable amount of fill-in drilling will still be required to evaluate these reefs, which occur at some depth.

Gold prospecting was undertaken in many other parts of Transvaal and Orange Free State but results to date are inadequate to comment on the potential of these ventures. In other areas geophysical surveys have been completed and have delineated drilling targets. Exploration continued at Barberon and has begun in the Pietersburg area. Results from neither area have been particularly encouraging, however.

Prospecting programmes in Australia, South America and Spain are continuing.

**DIRECTORATE**

Mr H F Oppenheimer retired from the board on December 31 1982. Mr Oppenheimer had been closely associated with the development of the company from its earliest beginnings. He was a director of both West Rand Investment Trust Limited and Orange Free State Investment Trust Limited from soon after their formation in 1937 and 1944 respectively and chairman of both from 1957 to 1961. Over these 45 years he has seen this company grow to one with assets of R3 billion. I am sure shareholders will wish me to pay special tribute to him. We shall deeply miss his wisdom on the board. Happily, we are able to welcome as a director in his place his son, Mr N F Oppenheimer.

**CONCLUSION**

As I have said, it is particularly difficult at this moment to take a view on the short-term gold price but one can be confident in the medium and long term in the light of gold's position as the ultimate security. The average rand price of gold for the calendar year to date is R512 compared with R412 for the whole of last year. The industry's problems remain largely those of containing inflationary cost increases and the need to improve productivity. However, at these higher gold price levels the industry is assured of a long life and your company, with its sound, well-spread portfolio, including investments in almost all the better grade mines, has a secure future.

The annual general meeting of members will be held at 44 Main Street, Johannesburg, on Friday April 22 1983 at 09h00.

The annual report and chairman's review may be obtained from Consolidated Share Registrars Limited, First Floor, Edura, 40 Commissioner Street, Johannesburg 2007.

J Ogilvie Thompson  
March 16 1983



It was merchandise. In fact, it did not rise marginally in February to \$350-million from \$370-million in January, says the Commerce Department.

US imports in February were \$19,910-million compared with exports of \$16,330-million.

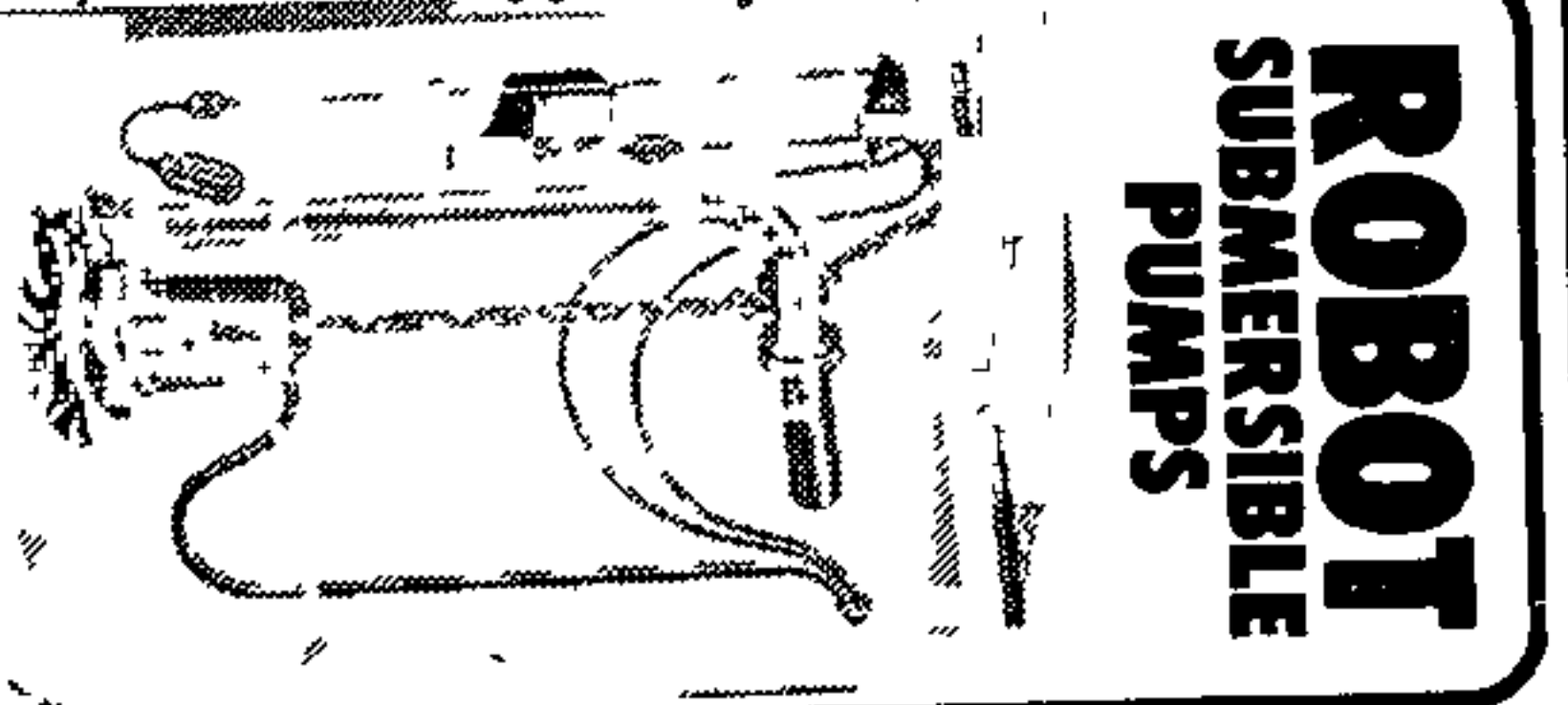
Imports of manufactured goods grew 4.6% to \$13,110-million, but oil imports fell to their lowest since October 1976.

The United States imported \$3,190-million of oil in February compared with \$4,740-million in January.

Lower imported oil prices led the Commerce Department to forecast a lower trade deficit for 1983 than it had previously made.

It now expected a deficit of between \$50,000-million and \$60,000-million compared with an earlier forecast of \$60,000-million to \$70,000-million.

Last year, the United States had a record deficit of \$42,680-million - Sapp-Reuter.



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I HAVE often been surprised by the interest in, and knowledge of, South Africa which I encounter in America. After all, South Africa is a small country at the other end of the world and it might have been thought that her politics and difficulties would attract little attention here.

There are, I think, three reasons why this is not the case. First, South Africa's problems are moral as much as political and therefore appeal to the emotions of this most idealistic of nations. Secondly, a situation of racial confrontation and conflict must be of special interest in the light of the racial problems, past and present, of America itself.

And thirdly, South Africa with its strategic situation on the trade route from the Middle East to Europe and America and its important reserves of strategic minerals occupies, for good or evil, a key position in relation to the Soviet thrust into Africa.

What is more, South Africa is now a not inconsiderable military power and is also now capable of exporting arms on a significant scale.

I have always been and remain an opponent of our Government's policy of apartheid, and I regard the victory of the National Party at the 1948 elections, ever since when it has been in power, as having been an enormous setback for South Africa.

And it seems to me that the reforms being introduced by our present Prime Minister, Mr P. W. Botha, important though they are, for the most part are merely a cautious effort to undo some of the damage which his own party has done over the past 30 years.

What is required is a government based on the consent of the governed brought about by negotiation and compromise, with general understanding that no one tribal, racial or linguistic group is going to get just what it would like.

There is, I think, no doubt that the vast majority of all South Africans understand very well that failure to reach agreement among themselves would lead to disaster.

Most important of all, change must be brought about peacefully, no reasonable South African wants to see violent revolution. It is unfortunately true that the black majority has not shared as it should have done in our economic growth, though matters have, as I shall explain in a moment, been improving rapidly in recent years.

The maintenance and expansion of our economic system, on the basis of black initiative and enterprise just as much as white, is vitally necessary in order to raise living standards and preserve social peace.

In most other countries of southern Africa, however, the process generally described as "liberation" has led to a one-party state with a centrally controlled economic system designed to a greater or lesser extent on Marxist lines.

This is true of Angola, Mozambique, Tanzania and Zambia, while Zimbabwe is rapidly moving in the same direction. In all these countries the effects, whatever appeal the new system may have on ideological and political grounds, have economically been little short of disastrous.

In South Africa with its much more complicated and diverse economy and much greater dependence on foreign trade, economic change along these lines would be catastrophic.

I am convinced that economic growth is the factor with much the greatest potential for effecting peaceful change in South Africa. In 1970 and indeed as far back as 1924, when these statistics first became available, the white population's share of total personal incomes amounted to about 75% of the whole, with only about 25% going to the blacks (with whom I am now including the "coloureds" and Indians).

By 1980, as a result of the economic upsurge associated with the rising price of gold, the blacks' share had increased to 40% with a decline to 60% in the whites' share.

This is a quite remarkable redistribution within the comparatively short period of ten years and there is no doubt that the process is continuing.

Even more striking has been the effect of this change on the consumer goods market. From 1960 to 1970 increases in black expendi-

# Bringing a dappled SA into the full light of day

By HARRY OPPENHEIMER

An edited version of his speech in the United States last night to the Chicago Council on Foreign Relations.

ture accounted for 26% of the annual increase in the consumer goods market.

Between 1970 and 1973 this percentage rose to 35% and between 1973 and 1975 to 41%, while it is estimated that over the five years from 1975 to 1980 it rose to 46% and is probably now running in excess of 50%.

I should add that over the 20 years from 1960 to 1980 the proportion of whites to blacks in the population remained virtually unchanged at just short of 20%.

What has happened makes absolute nonsense of the arguments of those who maintain that our economic growth is based on the exploitation of the blacks and bolsters up the policy of apartheid.

Economic change to the advantage of the blacks can and will go much further but economic change is not enough.

Racial discrimination cannot be brought to an end without drastic changes in our social and political systems.

I think it may be of interest to you if I first describe briefly some of the major changes that have been effected over the last few years.

A key date is 1976, when serious riots took place in Soweto and other black townships adjoining our major cities.

While these disturbances were sparked off by objections to the use of the Afrikaans language as a medium of instruction in the schools, the underlying causes were far wider and one of the major grievances was certainly about housing.

Government housing policy had been based on the notion that blacks were temporary sojourners in the so-called "white" cities, with their roots in the tribal areas.

As a result of this policy such accommodation as was constructed in the cities concentrated increasingly on hostels for single men rather than family houses.

The result was a desperate shortage of houses with accompanying overcrowding and squalid conditions.

The riots of 1976 came as a shock to the Government and to the whole country.

An important development was the formation by leading businessmen of an organisation called the Urban Foundation, with the object of improving the quality of life in the cities.

It set out to improve housing conditions, educational facilities and conditions of employment and to encourage the growth of small businesses among the blacks.

It drew up a non-racial code of industrial behaviour, and this has been adopted by most large progressive South African firms.

The Government reacted positively to these developments. It accepted that the urban black population was a permanent, not a temporary, feature of South African life — something which implied a break in the whole basis of the apartheid policy.

It recognised that the State alone could not resolve the housing crisis and that it was essential to create conditions in which the private business sector and black individuals could participate.

Perhaps the most striking change in recent policy has been in relation to black, trade unions.

Highly successful structures for encouraging co-operation and conciliation, an industry

in relation to white workers have long existed in South Africa, but from these structures the black workers were excluded.

In 1979, full trade union rights were extended to black workers on the same basis as of whites.

The blacks are now free to organise themselves in recognised black unions, or, at their choice, to join with workers of other races — the organisation of racially-mixed unions — something which had previously been an anathema in terms of Government policy.

So far, rather less than 10% of the black labour force has been unionised, but the movement is growing rapidly and has already proved its effectiveness.

It is often said that the Nationalist stand for white domination. But that is only partly correct, after all, about the first thing they did when they came to power was to put the brake on white immigration.

What they really stand for is something much narrower. It is to keep government in

the hands of the Afrikaans-speaking section of whites.

The Prime Minister has recently put before the country new constitutional proposals which mark a drastic break with hallowed National Party principles.

There are many people inside and outside South Africa who regard these proposals as being of no fundamental importance or a mere device to entrench exclusive white rule still more strongly.

To that I can only reply that no able and experienced political leader — which the Prime Minister certainly is — would be prepared to split his party, for that is what he has done, on issues of no real importance.

I think, therefore, we should take the new constitutional plan very seriously, indeed, even if we disagree with it or think it does not go far enough.

At this stage only some general comments are possible.

In the first place it is certainly a great change and a highly important step forward — that this Government should contemplate a direct share in central government for the coloureds and Indians with representation in Parliament, the Cabinet and the President's Council.

On the other hand there must be doubt about whether these complicated arrangements will work or are really required. Why must there be three racially segregated

chambers in Parliament? What in fact are the matters which fall within the exclusive field of interest of the individual races?

What is the real objection to members of all three races sitting in one assembly?

What is to be the role of the opposition parties in the three chambers?

Will they be adequately represented in standing committees that are envisaged? And will they have any representation in the President's Council?

These are all serious questions to which it is to be hoped that the Government has satisfactory answers.

But the most serious objection of all is that the new system in its present form makes no provision for representation of the blacks.

The Government's theory is, of course, that the blacks will be able to satisfy their political aspirations through the governments of the "minor" black states that have been, or are being set up, under the patronage of the National Party.

The autonomous or independent tribal states are for good or evil now a fact of life, and they must certainly have a part in devising and working whatever system is finally adopted.

The picture I have tried to paint is one of light and shade and whether we can find a way into the full light of day remains to be seen.

HARRY OPPENHEIMER

Economic change not enough

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# Mr O delivers high praise on Reagan's SA policy

210

WASHINGTON — Mr Harry Oppenheimer has high praise for the Reagan Administration's policy on South Africa and believes that this will elicit a "timely and generous response" from the Botha Government.

The recently retired chairman of the Anglo American Corporation made this point yesterday in an address to the Chicago Foreign Relations Council, one of the more important foreign-affairs interest groups in the United States

With his speech, Mr Oppenheimer became one of the few people outside the Reagan Administration to offer an American audience unqualified praise for the administration's policy of "constructive engagement" with South Africa

Describing the process of political change in South Africa, Mr Oppenheimer said that the country was on the move as never before

"Change is absolutely necessary, but inevitably it is uncomfortable and full of risks

"It is a time when South Africa has need more than ever of the help and counsel of men of goodwill at home and abroad

"A significant and positive part has been played by the Reagan Administration's policy of constructive engagement.

"It has given South Africa a new chance and some breathing space"

Mr Oppenheimer said that the Reagan Administration had shown patience and steadfastness of purpose in pursuing American

By John D'Oliveira,  
The Star Bureau

31/3/83

objectives together with a sensitive understanding of the limit to which external forces could influence the nature and pace of change in South African society — complex and deeply divided as it was

"Above all, it has shown courage in being prepared to put American prestige on the line to bring about a peaceful and just solution to problems of Southern Africa

"Wisdom surely suggests that all this should elicit a timely and generous response from our government

"I am optimistic enough to believe that it will be forthcoming."

Mr Oppenheimer said that between 1924 and 1970 the total personal income of blacks had been about 25 percent

By 1980, as a result of the upsurge in the price of gold, the whites' share declined to 60 percent, while that of the black races rose to 40 percent



# Power blackouts pose major new threat to drought-hit South Africa

## Jobs in danger

# When the lights go out

By Stephen McQuillan

South Africa is facing a major crisis and there is hardly a thing anyone can do to avert it. As the water nightmare intensifies the threat of a new but associated problem becomes more apparent — power blackouts.

The picture is gloomy. It is hard to say whether cuts in electricity supply will become a reality, though the Electricity Supply Commission (Escom) appears pessimistic and the Government is preparing for the worst.

Escom predicts power cuts by August or September — the end of the dry season — unless it can get more water to provide cooling at power stations.

Water levels in dams supplying stations are dropping rapidly. The Directorate of Water Affairs at Pretoria is considering building a pipeline to keep water flowing to stations in the Eastern Transvaal which supply about 80 percent of the country's needs.

Escom is suggesting an R80 million project to shift generation to older stations which are more expensive to run but have ready access to water, such as those on the coast.

But what happens if the lights go out? South Africa could be facing a disaster — especially for industry.

No doubt businesses would receive priority from Escom and from the Government. But it seems they would escape power cuts completely only if the crisis were short-lived.

The Chamber of Mines would rather not think so far ahead — the prospects are depressing. Gold mining, which consumes about 27 percent of Escom's power output, would be one of the last areas to be hit.

But if the current stopped, so would the mines.

*'If there was a serious power failure it would certainly throw the cat among the pigeons.'*

"Obviously, if there were extensive power cuts it would affect gold mining very seriously indeed," said a spokesman.

Mines have emergency generating plants, but they would be used only to recover miners underground if the normal sup-

ply failed. Mines could not be operated on stand-by generators.

Parts of the South African banking system would face total collapse.

The world of finance becomes more and more dependent on computers as the years pass. When the computers stop, so does the banking operation.

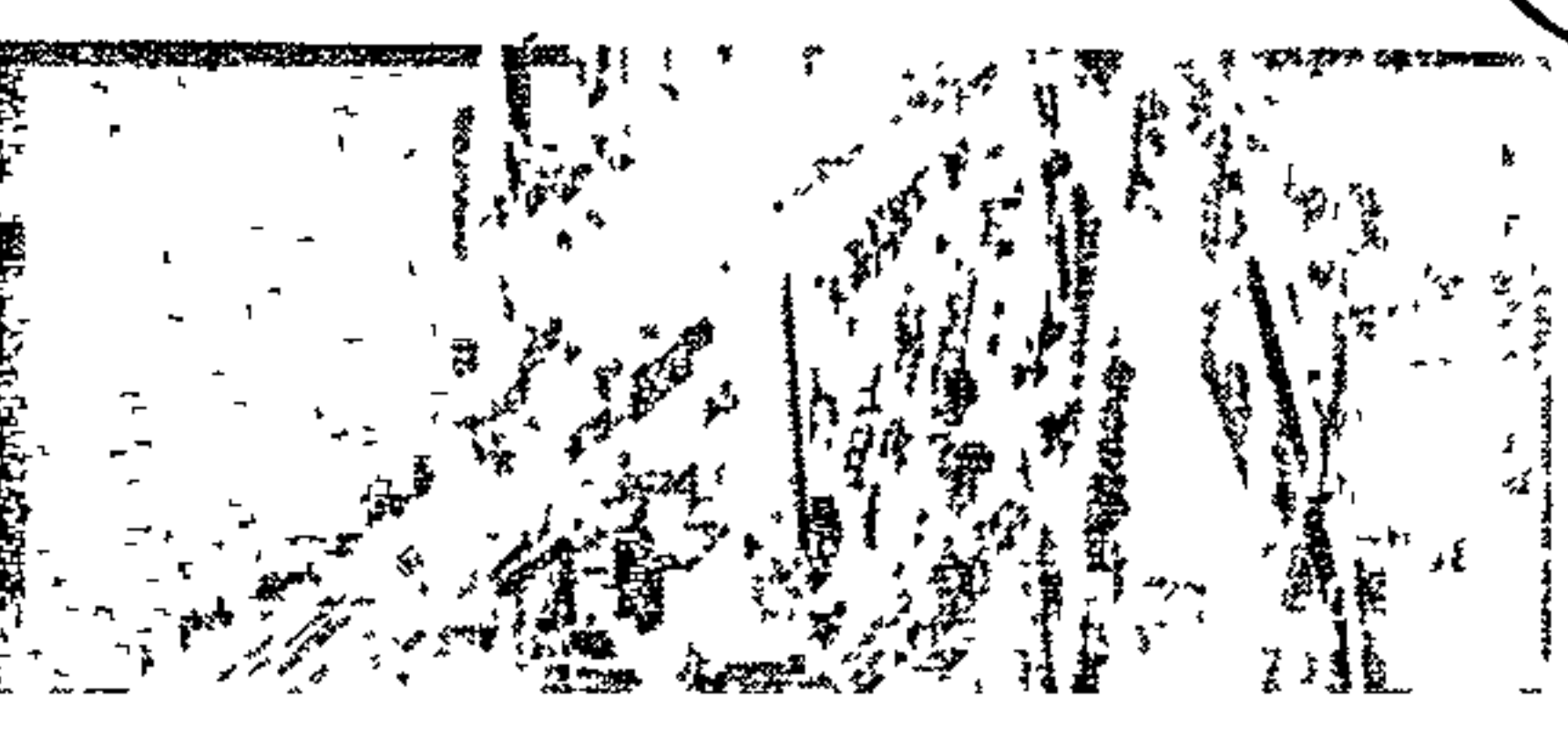
Many banks have back-up power supplies. Some have not. Banks would not cash cheques if they were unable to check computer records to see if an account was still in the black.

Mr Bill Jones, general manager of operations with the Standard Bank, said that although his bank was well protected others could not rely on an uninterrupted power supply.

"If there were a serious power failure it would certainly put the cat among the pigeons," he said. "Banks with little or no protection would have to come up with something in a hurry."

"Power is vital to our industry. If the supply collapses, so does much of the banking system. There is no way we can go back to pen and ink."

Mr Jones said Escom had always been co-operative in the past, warning banks in plenty of time about impending cuts.



He said any bank would not have uninterrupted supply now must surely bring it for the future though the cost would over R1 million.

Mr John Nelson, acting director of the Steel and Engineering Industries' Federation South Africa, said if power occurred industry would "gigantic problem".

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- 3 Names must be written in full (e.g. graph paper, examination booklet).

Any dishonesty will be dealt with severely.



## South Africa

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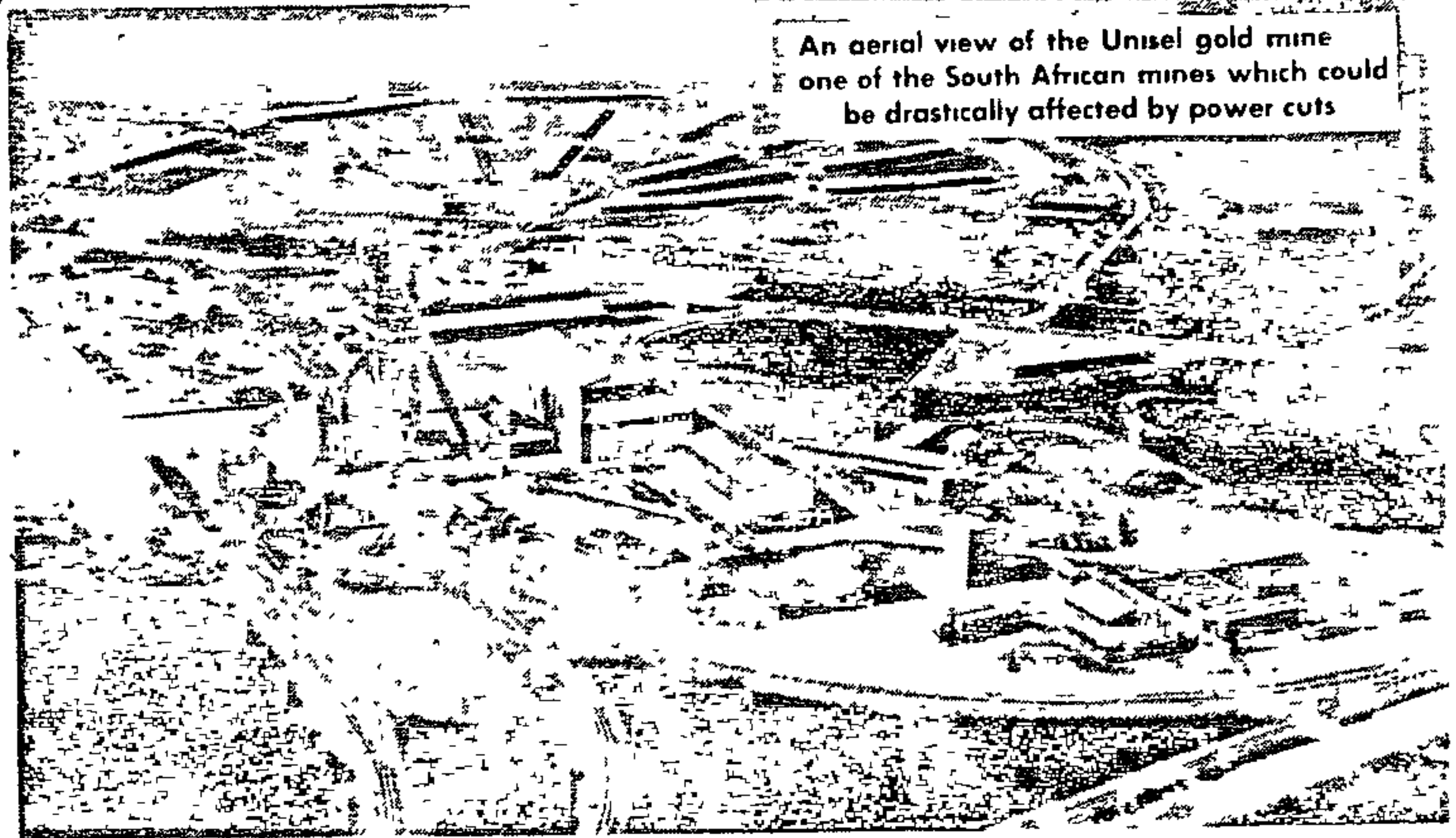
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"Power is vital to our industry. If the supply collapses, so does much of the banking system. There is no way we can go back to pen and ink."

Mr Jones said Eskom had always been co-operative in the past, warning banks in plenty of time about impending cuts.



An aerial view of the Unisel gold mine, one of the South African mines which could be drastically affected by power cuts.

He said any bank which did not have uninterrupted power supply now must surely be planning it for the future, even though the cost would be well over R1 million.

Mr John Nelson, acting president of the Steel and Engineering Industries' Federation of South Africa, said if power cuts occurred industry would face a "gigantic problem".

The federation, which represents mainly the steel and aluminium industries, feels there would hardly be a factory in the country that would be able to avoid laying off workers if

power cuts were both widespread and lasting.

Mr Nelson said it was essential to prevent molten metal solidifying in giant electrically-powered furnaces.

"Furnaces could be destroyed or at least put out of action for a long time," he said.

"My opinion is that industry would be given priority. In no circumstances would power supply be cut until this became unavoidable."

Industries represented by the federation were major users of electricity.

Mr Nelson said it was impos-

sible to keep furnaces operating without the normal power supply. They needed about 30 Mw to operate and back-up systems could not provide that amount of power.

"If power cuts occur on a big scale, industry will grind to a halt," said Mr Nelson.

Mechanised industry would be badly affected as plants fell idle.

Mr Nelson said the South African Iron and Steel Industrial Corporation (IsCOR) could be badly hit by widespread black-outs.

Managing director of IsCOR Mr Floors Kotzee said he was concerned because he did not know what to expect.

IsCOR had already launched contingency plans to keep its supply of water flowing. It was using effluent from local authorities for cooling, re-cycling water and drilling boreholes.

Only one plant, the Newcastle works with an output of 2 million tons a year, was facing problems with water supply and Mr Kotzee believed they would soon be overcome.

No plans had been made to deal with widespread power cuts in spring, though temporary interruptions in supply had been taken into account.

"We can only hope this situation does not arise," he said. "We have limited back-up power supplies to keep furnaces 'ticking-over' but if power to a particular works were cut, men would have to be laid off."

"You must bear in mind that steel is a basic industry. I think the idea would be that this industry would not be the first to be hit."

"It is a vital industry which contributes substantially to the country's exports."

Mr Kotzee said that if power cuts spread to IsCOR it would have to come to an arrangement with Eskom on how to limit the use of electricity by cutting back some operations.

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Made in South Africa



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"It is a vital industry which contributes substantially to the country's exports."

Mr Kotzee said that if power cuts spread to Iscom it would have to come to an arrangement with Escom on how to limit the use of electricity by cutting back some operations.

Escom believes it is not overstating the threat. The commission saw the threat of power cuts emerging as early as August 1982 and feels justified in warning of possible cuts in spring

But even Escom is unable to predict what will happen

Heavy rain could bring a reprieve, though it would have to be unprecedentedly heavy to change the picture drastically.

"We are still trying to get the full story, in consultation with Government, on what is happening around the country in order to establish just how serious the problem is," said a spokesman.

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Made in South Africa

By Yussuf Nazeer

Anglo American Property Services denied today that its "liberal policy" allowed coloured tenants to occupy its Highpoint flat complex in Hillbrow's white group area and said it had taken steps to have them evicted.

More than 100 persons occupying 35 flats are involved in the pending evictions.

Their white nominees — the legal leaseholders of the flats — have now been warned by letter to

get rid of their illegal coloured sub-tenants or face prosecution under the Group Areas Act

A senior spokesman for Anglo American said "We are indeed sympathetic towards the coloured tenants and were quite content to leave them to live in the com-

plex

"But group areas inspectors who, it appears, are doing periodic checks in search of people infringing the Group Areas Act notified us that we had illegal tenants occupying Highpoint. We were told to evict them

"We in turn have been

forced to place this onus on the legal leaseholders," the spokesman said

He said he was unaware of reports that white tenants had complained about "rowdy coloureds" who threw noisy parties at weekends or white women complaining

about "coloured drunks" who accosted them in the lifts

"I believe we had some decent coloured people living in Highpoint who tried to remain inconspicuous under the circumstances," the Anglo spokesman added.

When coloured people applied for flats at Highpoint they were treated as any white applicant was but the onus was on the coloured applicant to obtain a permit from the Department of Community Development to live there

# Anglo is 'forced' to evict coloureds



210 W M 20/4/83

# Charter sells its stake in RTZ

By NEIL BEHRMANN

LONDON. — Charter Consolidated has sold its 4% stake or 9 100 000 shares in Rio Tinto Zinc for £57-million (R97-million).

The company says that the after tax proceeds of £38 600 000 (R66-million) will be used to reduce borrowings and finance investments in Charter's subsidiaries.

Charter's dividend from RTZ was £2 330 000 (R3 970 000) in the year to March 31, but against this loss of income the group will be able to reduce interest on borrowings and use the capital to buy companies such as Anderson Strathclyde.

The sale took a matter of hours and the shares were placed at 560p a share, a discount of more than 50p on RTZ's market price.

Charter has held shares in

RTZ since the mid sixties. It reduced its initial holding in RTZ by 10-million shares, valued at £18 300 000 (R31 200 000) early in 1976.

In 1980, Charter sold its holding in selection trust following the BP bid Mining finance investments, although still substantial are

now mainly in the ambit of Mineral and Resources Corporation (Minorco).

In the six months ended March, Charter's net attributable profits amounted to £16-million (R27-million), equal to 15.2p a share, against an adjusted £21-million (R35 700 000) last year.

# SA must 'use' gold, says expert

By David Braun  
22 APR 1983

South Africa has the responsibility, as well as the opportunity, to use its international gold supply monopoly to advantage, Mr David Hargreaves, director of the British Metals Research Unit, told the conference yesterday

"The gaining of a domestic advantage by the control of supply and price to the market need not conflict with the well-

being of the industry worldwide if such controls are installed within a framework of commercial reality," he said

To improve its market position in gold South Africa should consider

- Strategic withholding and release of newly mined supplies
- Use of the futures markets.
- Use of gold as loan collateral
- A lobby for gold remonetisation

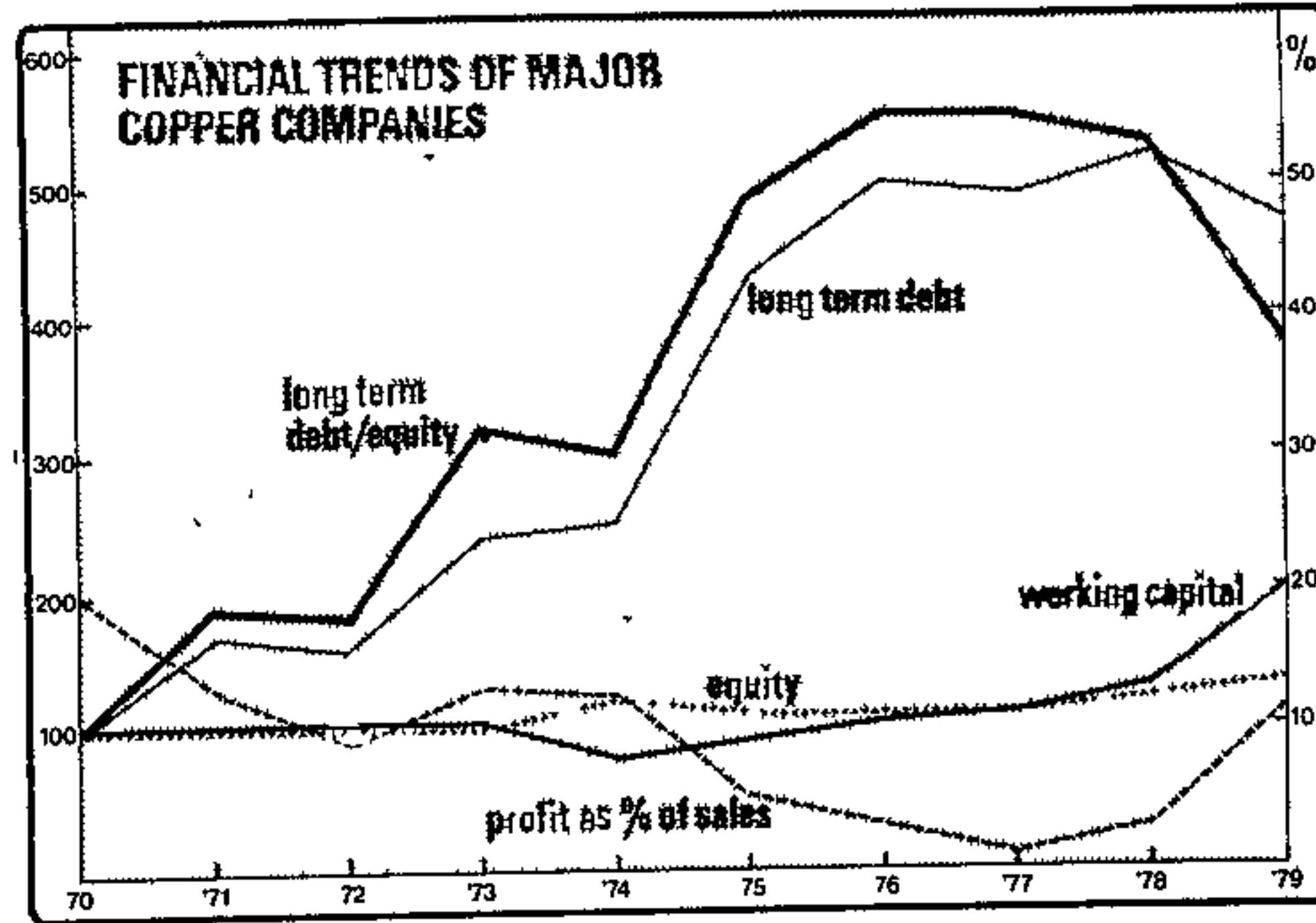
Mr Hargreaves said SA had resisted using futures markets as an adjunct to its sales policy while the Canadians, whose gold production was less than 10 percent of South Africa's, were adopting a fairly aggressive stance

The establishment of a market in Hong Kong had effectively heralded a 24-hour gold market upon which the traded price was totally dependant

"There is a danger of undue volatility and organised squeezes as a result of such a volume of activity but there is little possibility of the market being dismantled Continued growth is more likely," Mr Hargreaves said

"SA's presence can be viewed in two ways — a stabilising influence or potentially the most powerful addition to a fast-moving market"

These reports are based on papers delivered at the Second Southern African Metals and Minerals Conference in Johannesburg yesterday and today.



This plots the changing pattern of finances of the major commercial copper mining companies from 1970 to 1979. Whereas in 1970 longterm debt was only 10 percent of equity, by the late 1970s the figure had risen to more than 50 percent A so-called "high-risk" industry should not operate with such high debt levels, says Mr Reg Eccles

## Plastics outdoing base metals

Copper faces a potential major threat from fibre optics in the telecommunications end-use market, Mr Reg Eccles, group executive for base metals, Consolidated Gold Fields PLC, told the conference today

"It is too early to assess with accuracy the extent of this threat but it has been estimated variously as displacing 100 000 tons to one million tons a year of mine copper production by 1990"

Mr Eccles said plastics had made significant inroads directly and indirectly into most of the base metal end-uses It remained a major threat to copper in pipe and domestic construction materials, had taken a large share of the packaging market from tin, and had been a direct substitute of zinc in diecasts Yet immediate prospects were for a revival in consumption and prices of all metals

It appeared that copper, nickel and tin markets' problems would not be solved by a couple of years' reasonable economic growth.

"In my personal opinion real metal prices will remain weak, by post-war comparison, for most of this decade"

Mr Eccles said the fact that much Third World debt paper was worthless should result in a more conservative attitude on the part of banks to the financing of major minerals projects in developing countries

Likewise the banks probably would adopt a more cautious attitude towards loans to commercial mining companies, given the latter's recent profits record, the worst in 50 years

The mining industry would have to rely on risk capital, in turn placing responsibility for decision-making more firmly where it belonged, in the mining companies, and much less in banking halls and government circles

The end result would be a healthier industry

## Uranium recovery unlikely

There is little likelihood of a substantial further recovery of uranium spot prices in the near term, Mr Jim Vaughan, vice-president of Nuexco, told the conference yesterday

"Two basic reasons argue against significantly higher near-term prices

"First is the continued existence of a strong secondary market, where holders of inventory are selling material back into the market

"Second is the chronic imbalance between consumption and production, which will result in the world's inventory position increasing further over the next five years"

Nuexco expects continued growth of installed nuclear capacity into the 1990s, from 146 gigawatts in 1982 to 370 gigawatts in 1996, a compound increase of about seven percent a year

Consumption of uranium (mainly in nuclear plants) on a worldwide basis is forecast by Nuexco to increase from 29 million kg to 58 million kg in 1996, a compound growth rate of five percent a year

Mr Vaughan said that with inventory redistribution likely to continue it was difficult to see a mechanism for substantial price strengthening in the near term

## Business 'uses' futures market poorly

The cash value of gold futures traded in 1982 was probably about R33 000 million, the Futures World editor said yesterday at a metals and minerals conference in Johannesburg

Mr John Parry said "A conservative estimate of world gold futures turnover in 1982 was 15-million contracts A more realistic figure was probably nearer 20-million At 400 dollars an ounce the nominal value of this trade was R660 000 million

"This represents the face value of the contracts traded It is slightly unrealistic, because future contracts are traded on a margin, and because all contracts are closed before delivery falls due The cash value of the trade is considerably less than its nominal value, but even so it was probably around five percent of its nominal value"

Mr Parry said although there were 11 gold futures exchanges world-wide, more than half the business was done at New York's Commodity Exchange

He said the futures business, especially in relatively new areas like gold, had been used poorly by many sectors, who should have been more enthusiastic



# Uncooking the books

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The sharp attack mounted this week against Pretoria's official statistics by Natal University economist, Charles Meth, may be obscured by the left-wing rhetoric in which it is clothed. Nonetheless, it contains some valid charges which will surely need answering.

The attack, mounted in the form of a paper produced for the Federation of SA Trade Unions, Fosatu, has its ideological colours firmly nailed to the mast. Meth is primarily concerned to dispel what he views as the official myth that SA has shown a dismal productivity performance over the last decade, a myth used by management against workers demanding higher wages.

Related to this is a challenge to the conventional wisdom that fast economic growth is the best means to provide employment. Meth characterises the most important implications of his findings as "South Africa has, contrary to popular belief, experienced both high economic growth and high productivity from 1970 to 1980 in spite of two recessions and that this good performance has not produced sufficient jobs" and "Considerable ignorance about the real performance of cap-

italist enterprises hampers workers' struggle for their rightful share of output."

Meth's terminology and vested interests may alienate some. A Johannesburg economist, for instance, believes that "the loose and vitriolic style in which he writes dismisses his paper as a serious academic endeavour." And in fact Meth may have tumbled into his own trap by charging that statistical treatments of figures cannot in general be rigidly interpreted, but that his treatments are "more right" than are Pretoria's. As another economist puts it "You can prove many things with statistics. The truth of your conclusions is always a relative one and heavily dependent upon your assumptions."

### Something wrong

But the paper is not an isolated voice in its criticism of the validity of many of the figures produced by the Central Statistical Services (CSS) in Pretoria. That these do not always meet the highest standards of presentation, quite apart from questions of interpretation, is clear from the second example in the accompanying box (*Meth's method*). Further, it is difficult to see how the CSS can explain away the internal

inconsistencies in some of its figures that Meth demonstrates. There is clearly something wrong there that transcends the universally acknowledged relativity of statistical convention.

More important, the paper can be seen as a plea for moderation in attaching over-significance to the official statistics compiled for the national accounts, insofar as they claim to measure real trends in the development of the economy and in national welfare. As Meth says "My findings are subject to the same objections. The whole point is to demystify them — to avoid treating them rigidly." This is especially important when vital socio-economic decisions are based on these results. Here Meth's real argument is with the National Productivity Institute, whose influential assertions of falling productivity in the mining sector over the last decade appear to contradict even those of the CSS. Both cannot be right, although both could be wrong.

In broader terms, divested of its polemic, Meth's findings are a contribution to a wider and older econometric debate — the problem of measurement. Here, his claim that the United Nations conventions used by SA in computing its national accounts

## METH'S METHOD

For the technically minded, we have extracted three major criticisms of official statistics from the welter of charges that Meth levels.

□ **Valuing mining output** Meth claims that the deflator used by the Central Statistical Services (CSS) to reduce current values of mining output to real or constant values is unsuitable. The CSS uses an index of physical volume of production, so that if the number of ounces of gold produced declines, the real value of the contribution of the gold to gross domestic product also declines. This ignores price fluctuations, as it is meant to do. So it produces the result that although the total income of the mining sector in 1980 was R13,4 billion, the real value of output is given as R3,5 billion, lower than the 1970 figure, simply because a lower tonnage was produced.

Meth argues that extreme price fluctuations make large differences to current income, and that a deflator that pays due account to, say, the income effects of this R13,4 billion should be used. He produces one that suggests that the real value of mining output in 1980 was actually R7,5 billion, and in 1970 was R1,9 billion. He amends the *gdp* figures

by this amount, producing an overall economic growth rate over the decade of 6%, as opposed to the official rate of 3,6%. This obviously alters productivity (production per worker) figures.

Economists argue that the real value figures for mining do not profess to measure anything more than physical output. Meth, they say, is trying to produce a different figure — one that shows changes in real welfare. They argue that current income — like the R13,4 billion in 1980 — is not ignored, but is picked up as it flows into higher real demand in other sectors of the economy. They add that *gross national product* measures, which do take account of large price fluctuations, are better indications of real welfare. Meth counters that productivity measures generally use *gdp* and not *gnp*. This, however, is not really the fault of the CSS.

□ **Valuing manufacturing** In 1980, the CSS changed the base year for its manufacturing production index from 1970 to 1975. In the process, it revised its estimate of real growth in manufacturing between 1970 and 1979 from 2,6% to 5%. This was the result of a modernisation

of its weighting systems. The revised figures, says Meth, show that productivity in manufacturing rose substantially during the decade. That this escaped critical attention was due to "a series of self-cancelling errors" which meant that the revised manufacturing figures did not change overall growth figures. Meth claims that the overall growth figure between 1979 and 1980 was close to 5% as opposed to the official 3,2%.

More telling and obvious, the 1982 edition of the authoritative SA Statistics produced by the CSS contains a gross and glaring anomaly. Its index of physical manufacturing production clearly states that the base year is 1975 — that is, 1975 equals 100. But the table actually omits altogether both the years of 1974 and 1975, and makes 1973 the base year. As it stands, the table is meaningless.

□ **Valuing construction** Meth demonstrates convincingly that the official statistics for the construction industry are internally inconsistent. He concedes that the CSS is aware of this, but "do not know how to solve the problem." He claims that similar inconsistencies can be found in mining output figures and in pre-1980 manufacturing figures.

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are "international fictions" is neither original nor helpful. All metrical approximations of reality are, strictly speaking, fictions and unless they are applied very differently by different countries, they remain valid for comparative purposes. It should be remembered, as well, that they are the only fictions we have. However, if it is accepted that they are subject to reform and re-interpretation, then criticism, however sharp, will no doubt be welcome.



(b) To investigate the effectiveness of existing administrative measures

(2) The costs attached to the keeping of stocks of commodities which are stored under the programme

(3) Yes The financial position of companies is investigated

(4) Yes Control is exercised over the acquisition and stockkeeping of commodities for which money is provided under the scheme

Strategic stock piles

\*12 Mr H H SCHWARZ asked the Minister of Industries Commerce and Tourism

Whether any investigation has been carried out into a pharmaceutical company to which moneys were advanced from the National Supplies Procurement Fund for the purpose of strategic stockpiling, if so, (a) with what result and (b) what is the name of the company concerned?

The DEPUTY MINISTER OF INDUSTRIES COMMERCE AND TOURISM

(1) Yes

(a) The investigation has not yet been completed

(b) For security reasons it is not considered advisable to divulge the names of companies which participate in the programme

*(210) (257) Hansard Strategic stock piles Q. Col. 1221-1222 6/5/83*  
\*11 Mr H H SCHWARZ asked the Minister of Industries, Commerce and Tourism

(1) Whether any investigation is being carried out into the administration of strategic stock piles; if so, (a) by whom and (b) for what purpose,

(2) what is the basis on which moneys are advanced from the National Supplies Procurement Fund,

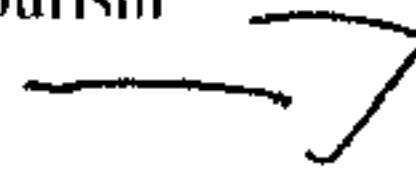
(3) whether, prior to advancing moneys to companies, investigations are made in respect of the companies concerned,

(4) whether control is exercised over the moneys so advanced; if not, why not, if so, what control?

†The DEPUTY MINISTER OF INDUSTRIES, COMMERCE AND TOURISM

(1) Yes

(a) The Department of Industries, Commerce and Tourism



# 'SA export prices will rise

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SOUTH Africa's major primary export prices will increase during the next two years even if the world economic recovery is slack

This is the view of the Economist Intelligence Unit in a study, "Raw Material Prices After the Recession" (price £60).

As the world emerges from the recession, sharp increases in prices are likely for manganese and tin in particular, the report predicts

More modest appreciation is likely for copper and lead, but, "even if world economic recovery is fairly slow, average real raw material prices will rise significantly from their 1982 low to perhaps a little above the 1981 level".

"On a more rapid economic pick-up, the price increases will be more marked, rising in real terms to at least the 1979 levels"

The Economist Intelligence Unit, however, foresees a gradual revival from last year's economic slump, so price rises are unlikely to be dramatic

The unit examines two scenarios Under scenario A — an optimistic situation — real growth of industrialised countries will be 1.5% this year, followed by growth of 3% in 1984 and 4.5% in 1985

The more pessimistic scenario (which the unit backs) envisages real growth of 1.5% this year followed by only 2% growth in 1984 and 3.5% in 1985

Under scenario A, manganese, tin, tungsten, and prices of hides will rise considerably

Prices of steel scrap, copper, lead, wood, bauxite, cot-

ton and rubber will increase moderately, while there will be a small rise in prices of crude steel, nickel and aluminum

Under the more pessimistic scenario, prices of manganese ore, tin, tungsten and hides will rise moderately, while there will be small increases in quotes of copper, lead, cotton, rubber, cotton, bauxite and wood

But there will be negligible changes in the quotes of crude steel, nickel and aluminium

Within the optimistic scenario real prices of zinc, cotton yarns, wool yarns and newsprint will remain virtually unchanged, while quotes of iron ore, wool and man-made fibres will dip During circumstances of dull economic recovery, price declines will be steeper

The Economist Intelligence Unit does not foresee a return to boom-time conditions similar to the 1973-to-1974 level

It notes that prices of several minerals and metals, which include chrome and platinum, could be positively affected by United States strategic stockpiling

Although the unit has not analysed agricultural products, dealers and analysts believe that drought and other climatic changes will boost prices of sugar, maize, wheat, cotton and other produce



# There may even be cash for toys.

MONEY is no consideration in the Government's stockpiling programme, according to the Government's controller of stockpiles, Mr van Zyl Spengler

"Funds are unlimited," he said when questioned about his priorities and the administration of huge loans made to businesses to stockpile essential imported materials. "When you are fighting a war you do not ask how much it costs."

The only limits to his efforts, Mr Spengler told the Sunday Express, were storage space and the fact that many items could only be stored for a limited time before going bad.

Reserve stocks of non-essentials and luxuries are included among the items stockpiled — and paid for by the taxpayer — as essential for the security of the Republic in the event of boycotts by the West.

The Director-General of Industries, Commerce and Tourism, Dr T A du Plessis, whose department is responsible for the administration of the programme, this week prohibited the Sunday Express from publishing examples of such items in terms of his powers under the National Supplies Procurement Act.

He explained, however, that strategic stockpiles were not confined only to essential imported materials considered vital for the country's security. Others were included because they were considered important for morale.

Asked if the same argument could not also be used for stockpiling Dinky toys, he said "You would be surprised at what we stockpile."

Mr David Tabatznik, a leading Johannesburg businessman and government adviser, had another explanation

He said that several years ago a particular industry association in which he had been involved had negotiated with the government about strategic stockpile loans

The association's attitude had been that it could not negotiate a "benefit" for only some of its members — those who imported strategic materials — and it had persuaded the Government to give such loans to all its members who held imported stocks, whether they were

strategic or not

He had been critical of the system for years, Mr Tabatznik said

A senior public official who dealt with the industry expressed the same view in an interview with the Sunday Express.

The stockpiling of luxuries and non-essentials is not the only strange fact to emerge from the Sunday Express investigation

Mr Spengler, controller of stockpiles for the past 16 years, said he granted stock-

pile loans only after protracted negotiations. He established exactly which imported materials were to be stockpiled, and was sure the money was never used simply to finance old stocks

Evidence obtained by the Sunday Express suggests this was not always the case

In February, 1978 the director of a company in the Cape wrote to a colleague in Johannesburg asking for assistance in obtaining a secret Government stockpile loan — not to buy extra stocks of

imported raw materials vital for the security of the country, but to finance a large stock of unsalable goods which was proving an embarrassment

"Our high stock holding of raw materials, relative to our monthly usage, is the result of the depressed market where materials of older products have not moved. Sales have been achieved through the introduction of new products which necessitated the purchase of additional raw material," he

wrote

Far from the company wishing to keep extra stocks, the director assured his colleague that "we have tried at all times to keep our stockholding as low as possible"

"This letter comes to you as a result of a discussion with (a prominent Johannesburg company executive is named) who suggested that you could be in a position to assist us in the negotiation of a further loan from the government," the letter said

Shortly thereafter the fol-

lowing letter was directed to Mr Spengler in Pretoria: "Due to the threat of sanctions against South Africa by the USA and other Western powers, as well as the inflationary tendencies and the economic climate, as far as price increases are concerned, we would like to increase our stockpile loan"

The letter then specifies the value of stock the company holds relative to its normal monthly turnover.

A substantially increased loan was granted.

## Officially, nothing's strange about strange stockpile story



Dr Dawie de Villiers After a four-week probe his department has handed inquiries into the administration of the Government's stockpile programme over to the police

AFTER a four-week internal investigation by officials of the Department of Industries, Commerce and Tourism into the administration of the Government's multi-million strategic stockpile programme, the department announced this week that it had found "nothing funny or strange".

However, the department has handed the matter over to the police for further investigation

The Minister, Dr Dawie de Villiers, announced the inquiry early in April after the Sunday Express had reported that irregularities it had discovered could have serious implications for the entire stockpile programme

At the same time Dr de Villiers said he believed the assertions and deductions made in the Sunday Express report were based on insufficient information

Last week, before the announcement that the department had completed its enquiry, Dr de Villiers confirmed in reply to a question tabled in Parliament that his department were investigating a pharmaceutical company to which inquiries were advanced from the National Supplies Procurement Fund

Evidence obtained by the Sunday Express — directly involving loans totalling millions

of rands — suggested that should a crisis arise, South Africa might discover that money intended to buy reserve stocks of vital imported materials has in fact been used by some firms to pay for.

- Warehouses full of non-essentials
- Warehouses full of old products which firms were no longer able to sell, or
- Too much of some and too little of other vital materials.
- Normal commercial trading stocks, so that they in fact have no reserve stock

Up to now more than R2 500-million of taxpayer's money has been invested in the National Supplies Procurement Fund to lay in stocks of imported products and raw materials considered essential to the security of the Republic

These stocks are kept as a vital defence should South Africa be cut off from its normal sources of supply by boycotts and sanctions.

Mr van Zyl Spengler, the official in the Department of Industries who controls the stockpile funds, told the Sunday Express "What I would really have liked are a number of huge warehouses where we could lay in several years' stocks of all the strategic materials we may require. Then South Africa would really be safe"

But for practical reasons much of the money is in fact secretly lent, interest-free, to scores of South African firms who undertake to buy and store extra stocks of these materials on behalf of the Government

### GOVT TO PROBE STOCKPILE SCANDAL

**Exclusive!**

By MARTIN WELZ  
Political Correspondent

Government plans this to launch a major investigation into the stockpile programme

Tourism, Dr T A du Plessis, confirmed this week that outside a probe by the Sunday Express, the Government of the country is investigating the stockpile programme

'Express' evidence

FLASHBACK: The exclusive Sunday Express report published on April 17

### Reports by MARTIN WELZ

When a company is considered for a stockpile loan it must state how much of a strategic imported material it usually stocks for the normal running of its business. The department then requests the company to import and keep extra stocks, over and above its normal requirements — say six months' supply instead of its usual three months' supply. The extra stock is then held in reserve in case of boycotts

The loan is intended to cover the cost of the extra strategic stock only

All the department then requires is an acknowledgment of debt from the company's directors and a stock certificate from them or their auditors every three months

The stock certificates are intended to certify that the extra stocks of strategic materials do in fact exist

These businessmen are expected to act in good faith, and officials have confirmed that to a large extent they have relied on the businessmen's patriotism. But according to facts that emerged in the course of a Sunday Express investigation, to have relied on good faith may not have been enough

Officially there is supposed to be strict government control to ensure that public money is not mispent and that, should a crisis arise, the stocks of imported materials vital to South Africa's security are in fact available

The stockpiling pro-

gramme is a delicate issue. Details are treated as confidential because a list of stockpiled materials would constitute a strategic "hit list" for the country's enemies to institute selective boycotts

The Sunday Express information — conveyed to the department relates to only a small part of the programme. But the deficiencies in Government controls they revealed suggest a much wider field could be affected

According to the latest accounts tabled in Parliament a massive R2 340 298 330 had been invested in the National Supplies Procurement Fund by March last year. The total amount lent to businessmen for stockpiles totalled R88 769 302,83

In his statement Dr de Villiers gave the assurance that the loans were subject to the "standard auditing practices applicable to all state departments"

But the Auditor General's report tabled with the accounts of the fund notes that there was no independent audit to prove that these stocks actually existed

Instead, the Auditor General says, he relied on an assurance from the Director General of Industries that he had received certificates from the directors or auditors of the firms concerned, regarding the existence of the stores

The Sunday Express has seen copies of scores of such certificates issued by companies and their auditors to

cover loans totalling more than R12-million granted over a four year period. A typical example reads "I hereby certify that according to the books and records of the company, total stock value on hand was"

But the stock figure in a company's accounts includes all its stock, not only imported strategic stockpiles

The certificates do not certify the existence of a reserve strategic stock of imported raw materials at cost, as is officially required

When shown some of the certificates, the Director General of Industries, Dr T A du Plessis conceded that they were "meaningless" for determining the existence of the required strategic stocks

In the presence of a Sunday Express reporter, he told senior officials in charge of controlling stockpile loans that the system was entirely unsatisfactory. The matter would immediately have to be investigated and the system reassessed, he said

A number of company directors said that because of the poor control, stockpile loans were a convenient source of cheap capital "money for jam"

In a revealing company memorandum, seen by the Sunday Express, a senior executive told the board of a major Johannesburg-based company "The breakthrough came when we were allowed to certify our own stocks"



S. Express 15/5/83

# Stockpiles: Now the police are brought in

(210) By MARTIN WELZ (257)

THE Department of Industries decided this week to call in the police to investigate allegations of irregularities in the administration and use of multi-million rand strategic stockpile loans granted to businessmen by the Government.

Serious questions about the administration of secret loans granted to businessmen from the National Supplies Procurement Fund were first raised by the Sunday Express more than a month ago, when the Minister of Industries, Tourism and Commerce, Dr Dawie de Villiers, announced he had instructed his officials to urgently investigate the matter.

This week's top-level decision to call in the police was taken despite the fact that the officials reported their four-week internal investigation had turned up "nothing that was strange", the Director-General of Industries, Dr T A du Plessis, told the Sunday Express

The decision to call in the police was taken "at top level" on Monday, but he did not know whether those "at a higher level" had already done so, Dr du Plessis said

He then immediately tried to forbid the Sunday Express from publishing this information. He said he had "spoken too quickly" and claimed he was entitled to prohibit publication in terms of the National Supplies Procurement Act

Dr du Plessis said he was happy for the Sunday Express to publish the statement that the department had found nothing untoward, but not that the police were to be called in

Dr du Plessis said he was happy for the fact that the decision to hand the matter to the police was taken after questions about the administration of the fund were tabled in Parliament last Friday by Mr Harry Schwarz, official Opposition spokesman on finance

"It became clear to us that Mr Schwarz would not be satisfied with our answers so we decided to hand the matter to the police for investigation," Dr du Plessis said

He added that he was not prepared to discuss anything further with the Sunday Express as he now regarded the entire subject as sub judice. Serious questions about the administration and use of huge sums of money secretly lent to businessmen to pay for special stocks of strategic imported materials were raised by the Sunday Ex-

To Page 2



## Stockpiles: police step in

press after this newspaper's investigation into the pharmaceutical industry and interviews with senior Government officials

The loans are intended to finance extra stocks of materials that would be vital to the security of the Republic should South Africa face international boycotts

Mr Schwarz said yesterday he had not been informed of the department's decision to call in the police, but confirmed that he was not satisfied with the replies he had been given in Parliament

"I intend putting further questions and also intend calling for the matter to be referred to the parliamentary Select Committee for Public Accounts for further

From Page 1

investigation," Mr Schwarz said

"The matter is of such a sensitive nature that I believe the Select Committee is the only place where it can be satisfactorily investigated without endangering the security of the State"

In reply to Mr Schwarz's questions, Dr de Villiers confirmed in Parliament last week that his department was then still conducting an investigation into the effectiveness of existing administrative measures

The Minister said monies were advanced from the

National Supplies Procurement Fund to cover the cost of keeping stocks of commodities which are stored under the programme before money was advanced to companies, their financial position was investigated and control was exercised over the acquisition and stock-keeping of commodities

Dr de Villiers confirmed that his department was still investigating a particular pharmaceutical company that had received such loans, but for security reasons he did not consider it advisable to name companies that participated in the programme

See Page 6



projects would be scrapped

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# Phibro boosts Minorco

**By NEIL BEHRMANN**  
LONDON. — A dramatic increase in the share price of Phibro-Salomon, the giant commodity and securities trading house, has boosted net assets of Minerals & Resources Corporation.

Shares of Phibro have soared from a low of \$20.13 to \$73 in the past year

London broker Scott Goff Hancock estimates that Phibro-Salomon Brothers represented about R10 of Minorco's net assets of R17.60 at the end of April. Minorco's current share price is about R14.25. Anglo American holds 40.9% of the shares and De Beers has nearly 22%

Phibro-Salomon's two autonomous subsidiaries, Philipp Brothers and Salomon Brothers, operate on a worldwide basis

Philipp Brothers markets precious metals, crude oil and oil products, minerals and metals to the ferrous and non-ferrous industries, fertilisers, petrochemicals, agricultural products and other raw materials

Salomon Brothers is in investment banking and market making. It serves corporations, state and local governments, sovereign and provincial governments, supranational organisations, central banks and other financial institutions

The latest annual report of this mammoth company, in which Minorco has a 28% in-

terest, lists its assets at nearly \$40 000-million

Total revenue in the year to December 1982 was \$26 703-million

Helped along by the dramatic rise in Phibro's fortunes Minorco's shares have appreciated

Even though the dividend yield on 1983 projected earnings is less than 2% a share, Scott Goff recommends Minorco. It believes that the company's exposure to the international oil and financial markets as well as metal mining and trading markets in North America will sustain investment demand for the shares

"Minorco has now been clearly established as the North American arm of the Anglo American group and will continue to benefit from future reorganisations — particularly if exchange control is relaxed in South Africa"

A large proportion of this expansion will take place through a 50%-held associate company, Plateau Holdings, which may be listed on the New York Stock Exchange in July

Plateau will control Hudson Bay Mining's oil, coal and copper interests

SYM C

# Power rationing could pose crippling threat to mining industry

Emergency generators provided enough power to close the watertight underground doors.

Despite quick thinking and built-in safety features of the mine, its future viability was jeopardised.

The crippling drought means it may no longer be economical to pump water from the underground roadways to save future production.

Forty percent of a mine's electricity consumption is used for pumping water. No emergency generator system in the country could sustain this huge requirement over a long period.

A Chamber of Mines technical adviser, Mr Gordon Grange, responding to suggestions that electricity would be rationed by the end of the year, said "Some mines would run the risk of flooding and some would never reopen."

"Repercussions would be enormous. The effect of power rationing on the mining industry would be extremely serious."

"We have emergency generators but we cannot run mines on these systems."

He went on to say platinum mines

would be particularly hard hit by rationing. They needed a huge amount of electricity to operate furnaces.

Gold mines would not be affected so badly.

The mines had to cope with vast amounts of water and if pumps stopped for any length of time they could be flooded.

For this reason the mining industry should be treated as a special case when considering electricity rationing.

he said.

The industry uses 28 percent of the country's electricity supply and a 10

percent cutback would cost the gold mining industry alone about R90-million a month.

"We are a growth industry, using roughly the same amount of power 24 hours a day," said Mr Grange.

"There are about four new mines in the Welkom area coming into production at the end of this year which will need a tremendous amount of power and their contribution to the economy cannot be jeopardised."

Mr Grange told leaders of industry, commerce and local government at an emergency meeting on the drought

called in Johannesburg by the Electricity Supply Commission (Eskom) it was of grave necessity for them to know about power rationing.

He referred to the possibility of using millions of litres of water from mines in the Vaal catchment area to supplement supplies.

Mr Grange said mine water "exported" to users such as agriculture and manufacturing could, provided appropriate decisions were taken, be diverted to the Vaal Dam.

But there was a snag — the water was contaminated by fluoride.

"Perhaps in view of the situation we will have to accept lower standards of water," said Mr Grange.

By Lawrie Bedford and Stephen McQuillan

At 5.30 pm on August 17 a shift of 275 miners were working 3 000 m underground at a Reef mine.

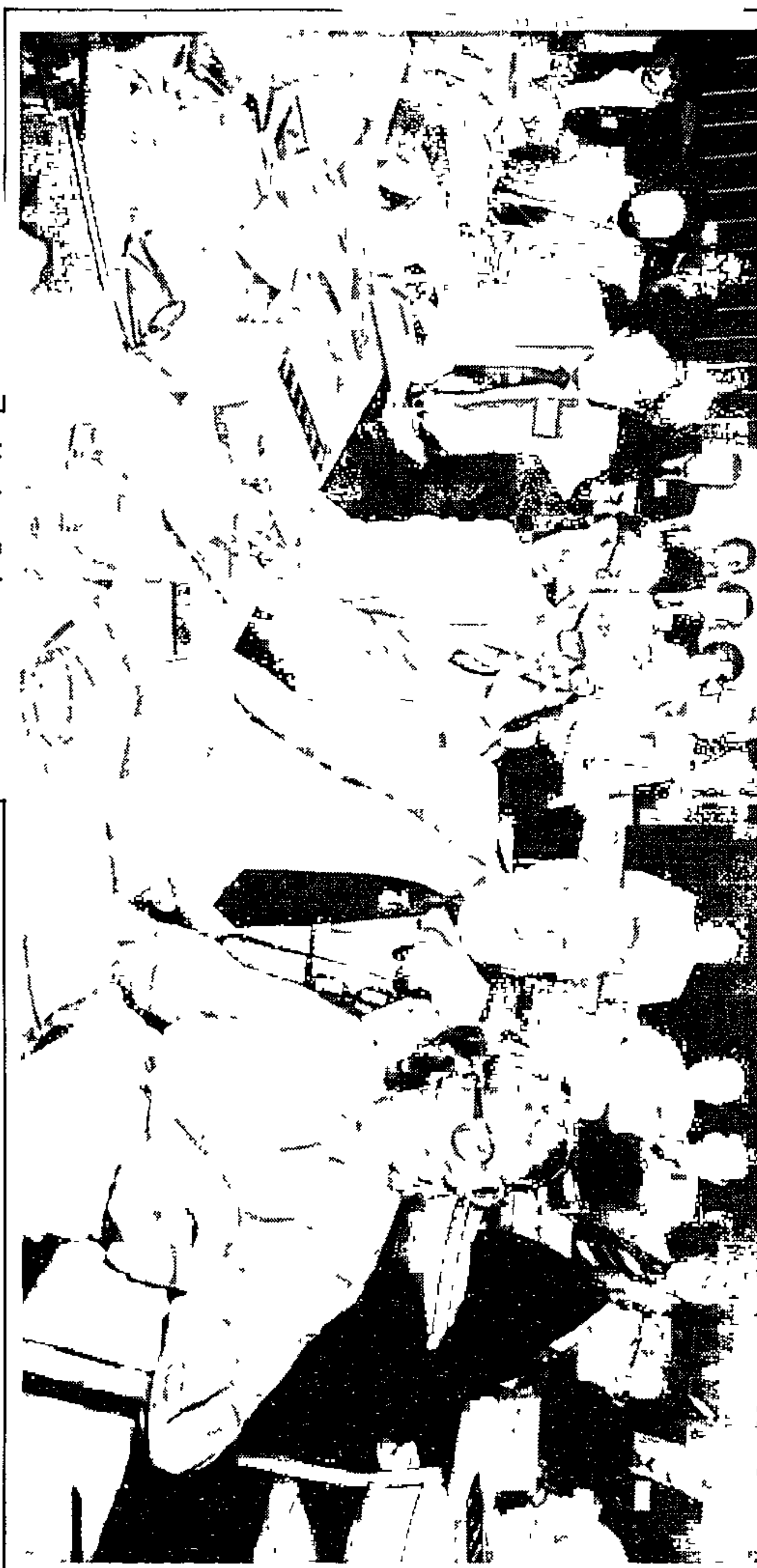
Seconds later the main electricity supply was cut. Immediately, the mine's emergency stand-by generators were triggered into life.

The men were hoisted to safety in a pre-planned emergency procedure.

Lives were saved.

But the real drama was only beginning.

Engineers were looking at ways to save the mine in a race against time to prevent flooding.



Mrs Jean Tatham, representing the Housewives League of South Africa (front) and other worried electricity consumers hear the effects of rationing during a top level meeting organised in Johannesburg by the Electricity Supply Commission.



# Ore exports decline affects port

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18/5/83

By LOUIS BECKERLING  
Business Editor

THE contraction of international trade last year saw earnings from mineral exports growing — before inflation — by only 5,7%, though in some cases the nominal increase was achieved on lower volume.

In this regard one of the "star" performers in an otherwise bleak year for foreign revenue earners was manganese ore, which boosted income a shade above the inflation rate (at 15%), on export volumes which were 8,7% down on those achieved in 1981.

The achievement should come as little surprise in Port Elizabeth — the major outlet for manganese exports — and indeed the Port Manager's office reported yesterday that total volume of ore exported through the harbour last year was 2 873 833 tons, contrasted with the 3 147 090 tons exported through the harbour in 1981.

This substantially reduced volumes of exports through PE's harbour has continued into 1983.

In a review of mineral production and sales for the calendar year 1982, the Department of Mineral and Energy Affairs in a report just released reveals that total earnings from mineral sales last year amounted to R14 448 million, an increase of 5,7% over the final figure for 1981 of R13 673 million.

In detailed tables published together with the report the Department's Min-

erals Bureau provides a breakdown of earnings from the various commodities, though significantly the volume figures in respect of manganese ore exports were not published. Value figures showed export earnings of R134,9 million up 15% from 1981's figure of R117,2 million.

A Minerals Bureau spokesman explained that the volume figures were not published in deference to the fact that there were only two exporters in the market (Samancor and Associated Manganese). However the Port Elizabeth Port Manager's Office was happily in a position to supply the figures.

Export sales understandably dominated the minerals industry's performance last year, with income generated from foreign sales accounting for 83,5% of all earnings from mineral sales.

Earnings from gold, says the review, constituted nearly 73% of total revenue.

While the gold price in terms of United States dollars, heavily influenced by high interest rates in the US and increased gold sales by the USSR, was down on average by 18,3% on the previous year, the advantageous dollar/rand exchange rate actually boosted gold earnings. In the event the value of gold sales reached R8 779 million — up 2,6% on the 1981 total.

In general, however, the experience of the minerals sector once incomes were

adjusted for inflation last year reflected "the full impact of the deep recession that has been affecting SA's major trading partners", observes the report — this after a number of years of "spectacular growth".

Thus the report notes that as a result of the world recession tonnages of iron ore exports (not published) "were well below the levels of 1981".

"Domestic sales held up well over the first three quarters of 1982, but the last quarter saw a decline as a result of production cuts by Iscor (this was also reflected in the closure of collieries supplying coking coal to Iscor)".

The impact of this decline in sales was made evident this week with the publication by Barlow Rand of its six-month interim figures to March this year — in which heavy losses are noted in the steel division, where unquoted subsidiary Middelburg Steel (Pty) is suffering the impact of declining turnover.

Total non-gold exports, notes the report, rose in value by 9% to R3 285 million, largely due to the contribution from coal export earnings.

"On the domestic front local mineral sales increased in value from R2 102 million in 1981 to R2 383 million in 1982. Earnings from coal sales, totalling R1 395 million, provided by far the largest share (58,5%), of this amount".

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Gold fixing

BUILDING, CONSTRUCTION AND ALLIED WORKERS UNION

# Political freedom 'not enough'

WINDHOEK — The chairman of De Beers and Consolidated Diamond Mines, Mr Harry Oppenheimer, said last night that "political liberation" did not secure social and economic freedom.

Speaking at the Namibia Chamber of Commerce and Industry's annual banquet, Mr Oppenheimer said several African states believed that political freedom and economic independence were related.

But, he said, sound economic development would have to accompany "political liberation" if true freedom was to be attained.

An independent Namibia was likely to have either an economy that allowed the participation of private enterprise — or a controlled marxist or socialist system.

"If that happens, there is little chance for business from outside," Mr Oppenheimer said, referring to events in a number of socialist African states.

It should be questioned, he said, whether the economic standards and quality of life in those other states had really improved.

"If there had not been colonies," Mr Oppenheimer continued, "there would not have been a nation state of Namibia."

He also said it was pointless to advocate the "fair distribution" of resources if there were none to distribute.

Mr Oppenheimer said the great advantage of "multinationalism" was the access it gave to qualities and skills which were not immediately available locally — Sapa



# Minorco's Cons Gold chance

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24/6/83

**IF MINORCO** intends going for control of Consolidated Gold Fields this is a good time to do it.

That is the opinion of Johannesburg Stock Exchange share analysts who are weighing the possibility of such a move after speculation in London, New York and Johannesburg that it is a likely move.

Speculation has led to above-average buying from Johannesburg of Cons Gold shares in London.

A London jobber says that a 50 000 Cons Gold share purchase from Johannesburg is normally a good order, but in recent days orders have been for at least 500 000.

Principal reason for the speculation is the weakness of Cons Gold shares in relation to those of 48% held associate Gold Fields of South Africa.

In June last year Cons Gold shares stood at R8,75 compared with GFSA at R46,25 a share.

Since then GFSA shares have soared with the improving fortunes of the gold market and Cons Gold shares have marked time.

At yesterday's close on the JSE, Cons Gold stood at R9,80 a share and GFSA at R147,50, which dropped the Cons Gold-GFSA ratio to 6,6%.

On a market capitalisation basis the Gold Fields element in Cons Gold amounts to more than 600c a share, putting a value of only 380c on the investments in Newmont Mining, Renison, Deelkraal,

By **BRENDAN RYAN** and **NEIL BEHRMANN**

Driefontein, Kloof, Black Mountain and Cons Gold's other investments.

The main reason for the weakness in Cons Gold has been the group's disastrous move into the oil-drilling business in the United States.

Cons Gold bought a company called Skytop Brewster in 1980 — just in time for the bottom to fall out of the oil-drilling market in the United States.

The result was a write-off of £87-million in Cons Gold's results for the six months to December 31, 1982, and a decision to sell Skytop Brewster.

Johannesburg analysts believe the market's disenchantment with Cons Gold has been overdone to the point where the share is now in a good buy situation.

"Skytop Brewster was a disaster, but it has been provided against and all losses from it have been neutralised there is a lot of room for improvement in the share," said one analyst.

Given this scenario, the possibility of Minorco, which holds 29% of Cons Gold, going for control has been raised.

An analyst said "If you want control of a company the time to go for it is when the shares are underpriced and the outlook poor rather than wait for conditions to improve when the same company will cost a lot more."

Although some London brokers believe the situation has some logic, others are sceptical.

Mr Julian Baring, mining partner at James Capel, said

"The market is frothy, they are matching a story to fit the moment."

Minorco, which is the overseas arm of the Anglo American Corporation-De Beers group, acquired the Cons Gold shares in 1981. Anglo holds 40,9% of Minorco and De Beers 22%.

At the time of the deal, Mr Harry Oppenheimer, then chairman of Anglo, denied any intention of raising the group's stake in Cons Gold above 30% — at which level an offer for the entire company would have to be made.

Mr Tony Lea, Minorco's vice-president for finance, said yesterday "That's an interesting theory. However, it is a market rumour and it is not our policy to comment on market rumours."

Minorco's chairman, Mr Julian Ogilvie Thompson, is in England and could not be reached for comment.

Minorco's role in the plans of the Anglo-De Beers group has been the subject of speculation since the restructuring in 1981 which gave Minorco most of the group's overseas interests and a mandate to expand its business.

There would be considerable advantages for Anglo-De Beers if Minorco were to gain control of Cons Gold.

One of the group's main aims is to increase its business in North America and Cons Gold would be an ideal medium through which to do it.

Cons Gold holds 22% of giant Newmont Mining Corporation and has its own mining operations in North America.

Looking long-term control of Cons Gold carries the possibility of a bid for Newmont itself.

Cons Gold has 49% of an Australian mining company, Renison Goldfields Consolidated, which could be useful in bringing to production any mining projects Anglo-De Beers might plan in Australia.

The cherry on the top is Cons Gold's 48% holding in GFSA which controls arguably the finest stable of gold mines in South Africa.

The result of a deal would be an enormous concentration of international and South African mining power in the hands of the men on the first floor of 44 Main Street.

rate of interest

M<sub>2</sub>

Income

Figure 11

MONEY MARKET EQUILIBRIUM

$$M_s = RY + L(i)$$

(The total money supply being 7

ant).

M<sub>2</sub>

# Minorco to raise \$200m

By BRENDAN RYAN  
Mining Editor

MINERALS & Resources Corporation is raising more than \$200-million through the sale of about 6% of its stake in Phibro-Salomon Inc.

Phibro-Salomon is a commodity trader and investment banker and had revenue of \$25 109-million in 1981 and net earnings of \$289-million. Minorco holds 28% of the company.

Yesterday's Minorco announcement speculation on the Johannesburg, New York and London Stock exchanges that Minorco might be going for control of Consolidated

Gold Fields of which it holds 29%

Minorco said yesterday it was offering 3-million shares of Phibro-Salomon common stock through a syndicate to be led by Lazard Freres and Salomon Brothers.

Phibro-Salomon is implementing a two-for-one stock split, so the offer will amount to 6-million shares after the split.

The offer will reduce Minorco's holding in Phibro-Salomon to 22,3% and, on a fully diluted basis, to 20,4%.

The Minorco statement did not give a price at which the shares were to be offered and no Minorco executives or di-

rectors could be reached in Johannesburg to confirm the offer price.

The shares were trading yesterday about \$78, putting a market value on the offer of \$234-million.

Minorco intends maintaining its equity interest at above 20% and will continue to equity account its share of Phibro-Salomon's earnings.

Minorco said the offer would improve the balance of its overall portfolio, increase its liquidity, and put it in a position to take advantage of investment opportunities as they might occur.

An investment opportunity being suggested by Johannes-

burg share analysts is control of Cons Gold.

The speculation has led to above average buying of Cons Gold shares in the London market by Johannesburg purchasers. The price of Cons Gold shares rose 25p to 605p in London yesterday, and only 15c to 995c in Johannesburg yesterday.

The main reason for the speculation is the weakness of Cons Gold shares in relation to those of 48%-held associate Gold Fields of South Africa.

In June last year Cons Gold shares stood at R8,75 on the JSE compared with GFSA at R46,25.

Since then GFSA shares have soared with the improving gold market, but Cons Gold shares have marked time. At yesterday's close GFSA shares were R148.

The value of Cons Gold shares expressed as a percentage of GFSA shares has dropped over the year from 19% to 6,7%.

Yesterday's announcement can be seen in two ways. The markets may have got wind of something brewing with Minorco, and mistakenly come up with the Cons Gold takeover scenario instead of the Phibro-Salomon stock offer.

Alternatively, the offer could be viewed as a cash-raising step by Minorco as it gears up for a major acquisition.

Control of Cons Gold would fit in neatly with the international expansion plans of the Anglo-De Beers group which controls Minorco, holding 63% of its equity.

220 210 DOM 25/6/83



By Roy Assersohn,  
Financial Correspondent  
LONDON — Industrialised countries in the West would be hit disastrously if strategic mineral supplies from South Africa were significantly disrupted

This previously accepted prediction has been challenged recently in some authoritative circles in London and some other European capitals

Those who have tried to downgrade South Africa's strategic role have based their observations on the decline in the relative importance of South Africa's chrome, manganese, vanadium, platinum group metals and associated products upon which the West depends

But whether the antagonists of South Africa or the West and Japan like it or not, their steel and oil industries are deeply locked into South African raw materials for the next 10 years and possibly for very much longer

It is not surprising that the Western perception that South Africa is a potentially unstable area has resulted in the United States, Britain and the rest of Europe, and Japan making attempts to reduce dependence on South African raw materials.

The manifestation of this has been the building up of stockpiles of certain strategic raw materials. But apart from the US, which has a policy of maintaining stocks which would last

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West realises:  
no dependable  
alternatives to  
SA minerals

12 months, Japan, France, Britain and West Germany have all settled for much smaller stockpiles

Steelmakers are being encouraged to look elsewhere for raw materials. They are obliged to buy from Russia, India, Zimbabwe, the Philippines — even from Albania — which as a group, and even singly, do not offer the most stable sources of supply in a troubled world

There is another option to reduce the dependence on certain materials in favour of those more freely available. This makes economic sense but the technical barriers are still enormous when it comes to finding stainless steel alloys which are cheaper and better than chrome or oil-cracking catalysts which are better than platinum

This reality ensures that the

stockpiling policies of most countries are based on ensuring that cover is no more than a temporary expedient to bridge any short-term disruption. The assumption is that the most likely problem in South Africa might be insurrection and that in such circumstances the chances of a disruption lasting more than three months or so are slight

The realities of the marketplace are that the removal, even for a short time, of half the world's supplies of chrome, manganese, vanadium and platinum group metals would do far more than just double their prices. When some years ago Zaire's cobalt was shut off for a few months, prices rose from R17 to R80 a pound

A study in 1980 by The Institute of Strategic Studies in Lon-

don confirmed that chrome prices could increase five-fold, platinum 10-fold and manganese and vanadium four-fold if supplies from South Africa were disrupted for three to six months

Beyond this the report would not put a ceiling on price increases

This analysis shows that not only would the direct customers be affected by drastically reduced supplies of these strategic metals from South Africa but that the whole marketplace would also be badly hit

The disruption in the West would not be confined to a few companies going out of business, it would threaten the commercial viability of many more end-users of these materials — which means most manufacturers

The West knows this. In the real world the steel industry and others in the commercial and strategic end of business and defence accept that without supplies from South Africa the West would face major problems maintaining industrial and armaments output

With so many alternative sources being required to make up supplies from South Africa, and most of these sources being in unstable areas, the West is unlikely to make itself a hostage to political and economic fortune by pulling away from South Africa as a producer



210 star 28/6/83

# Mining — the lifeline in times of recession and drought



W W Malan  
President of the Chamber of Mines  
of South Africa

This is an abridged version of the address given by Mr Malan at the 93rd Annual General Meeting of the Chamber held in Johannesburg on June 28, 1983.

Gentlemen,

Four years of uninterrupted economic expansion ended in 1982 when the South African economy unable to withstand the combined effects of drought, inflation, falling foreign exchange reserves and global recession faltered and then went into reverse.

Such was the magnitude of the general recession in South Africa's normally resilient economy that a negative growth rate of minus one per cent was the final economic assessment of a year in which the export sector and principally the mining industry, especially the gold and coal mines, provided virtually the only positive feature. This was largely attributable to the depreciation of the rand.

Helped by a revival in the gold price during the second half of the year, the gold mines, working with lower grades, milled more tons of ore than ever before to increase gold output for only the second time in more than a decade. The industry produced 664 tons of gold, which directly contributed R8 807 million or about 10 per cent to the gross domestic product.

Of particular importance for the sub-continent as a whole, the labour-intensive mining industry's role of generating employment for the region served as a lifeline to families in South Africa's drought-stricken rural areas and in neighbouring countries. These areas were aided by more than R300 million remitted directly home by mineworkers from their earnings during the year, an increase of about 30 per cent over 1981.

#### Mineral sales

The value of South African mineral sales totalled R14 448 million in 1982, compared with R13 673 million in 1981, an increase of 5,7 per cent. Mineral exports rose by 4,3 per cent to reach R12 065 million.

Although the gold price rose rapidly from the end of August, the average price received of US\$377 per ounce for 1982 was still 18,5 per cent below the average dollar price of US\$462 for 1981. However, the depreciation of the rand against the dollar meant that there was actually a slight increase in the gold price in rand terms. Coal exports once again performed impressively, increasing by 20,5 per cent in value.

The depressed state of the world economy was reflected in the relatively disappointing performance of the other minerals. Their notional earnings from total sales either grew slowly or actually declined, with the notable exception of

manganese, total sales of which increased by 15,7 per cent in value. Copper sales rose by 4,3 per cent, those from iron ore by 3,8 per cent, while diamond sales only increased marginally by 0,5 per cent. A fall in both the production and price of silver was reflected in a 7,4 per cent decline in sales, while those of asbestos fibre and fluorspar declined respectively by 8,5 per cent and 38,7 per cent. The combined sales of strategic minerals including uranium, platinum and vanadium rose by 3,5 per cent in value.

The outlook for the international economy looks rather better now than it did a year ago. The United States economic recovery is now definitely under way, although it is still premature to attempt to assess the strength of economic activity which will be generated in the upswing. The improvement will have favourable effects on the economies of the main trading partners of the US. In addition, inflation rates generally have gradually declined to single-digit figures, which probably means that there will be a relaxation of the restrictive policies which have been pursued until now to bring rising prices under control. Although the world economy is not facing a massive upturn, it will almost certainly fare better in 1983 than it did in 1982, with consequent benefits to South Africa's mineral exporters.

#### The gold market

The current oil glut and falling fuel prices should provide an added impetus to global economic revival which most informed observers predict will be well underway by the end of 1983. The disarray among members of the Organisation of Petroleum Exporting Countries could lead to serious default problems by other Third World oil producers which could, in turn, precipitate a global financial crisis. This would of course have a dramatic short-term effect on the demand and price for gold. It is to be hoped that stability will prevail in the oil markets allowing steady worldwide economic expansion. Global revival will increase disposable income and hence demand for ornamental/investment gold. Coincidental with economic expansion a revival of inflation can be anticipated.

The extent of future international levels of inflation will depend largely on US deficit spending and the state of the balance of payments. Nevertheless, inflation, together with continuing uncertainty about international indebtedness, will encourage investors to look to gold to form an ever important part of their investment portfolios. Thus, there is every reason to believe that the bull phase of the gold cycle, which gained momentum in the last quarter of 1982, will consolidate during 1983 and continue for the next two or three years with the gold price moving slowly but steadily upwards despite periodic corrections.

#### Operating results of gold mines

Despite the rise in the gold price during the last months of 1982, the average price decreased by 18,5 per cent to US\$376,76 an ounce in 1982 from US\$462,15 an ounce in 1981. However, because of the depreciation of the rand vis-a-vis the US dollar, total rand receipts in 1982 actually increased by 2,4 per cent from R402,61 an ounce in 1981 to R412,41 in 1982.

Ore milled in 1982 by mines, members of the Chamber, totalled 95 million tons, a 3,4 per cent increase over the previous year's figure of 92 million

tons. This increase meant that despite a 2,3 per cent drop in average grade from 6,92 gm/ton in 1981 to 6,76 gm/ton in 1982, the industry succeeded in increasing annual gold production for the first time since 1979 from 658 tons in 1981 to 664 tons last year.

Marginally increased production coupled with a higher rand gold price increased the working revenue of gold mines, members of the Chamber from R8 301 million in 1981 to R8 515 million last year.

Success in increasing production was, alas, offset by the perennial problem of working costs which continued to rise at levels in excess of the general level of inflation. While the added costs incurred by mining at even greater depths is a factor in rising working costs, it is the continuing high level of inflation that remains the primary cause of this insidious problem. Working costs per ton milled reached R47,25 in 1982, R5,36 or 15,3 per cent higher on an index basis than the previous year's figure of R41,89.

This excessive increase in working costs meant that despite the higher tonnage milled, output and price, the industry's pre-tax profits fell by R392 million or eight per cent from R4 890 million in 1981 to R4 498 million in 1982. This, coupled with higher capital expenditure, necessitated a drop in dividends, down nearly 19 per cent from R1 684 million in 1981 to R1 372 million in 1982.

These figures emphasise clearly the destructive effect of rising prices and I must again emphasise the priority that must be given by the public and private sectors to reducing our current high levels of inflation.

#### Safety

During 1982 the fatality and reportable injury rates for both gold and coal mines decreased in comparison with the previous year. Although the fatality rate for other mineral mines showed a slight increase, there was a marked reduction in the reportable injury rate for these mines. Overall, the fatality and reportable injury rates in respect of all mines, members of the Chamber, decreased to the lowest levels recorded.

#### Labour

In the field of labour and industrial relations, the past year has been marked by a sharp increase in the recruiting of black and coloured employees by new unions which have come into being since the reforms in labour legislation flowing from the recommendations of the Wiehahn Commission. No fewer than seven new unions have publicly announced their intention of recruiting employees in the mining industry. Five of these seven unions requested the Chamber to grant them permission to recruit members on mine property and in all five cases the Chamber acceded to the request.

Only two of these five unions have made progress, namely, the Federated Mining Union, which initially concentrated on recruiting coloureds, and the National Union of Mineworkers.

The recognition of these two unions enabled the leaders of unions representing blacks and coloureds to negotiate with the Chamber wage increases for approximately 6 000 of their members employed on nine of the 41 gold mines — a milestone in the history of the gold mining industry. These negotiated increases were in line with what the Chamber was prepared to grant to the 465 000 black, Asian and

coloured employees on gold, platinum and copper mines with effect from 1st July, 1983, which the Chamber announced on 17th June and which ranged from R15 per month for novice workers in category 1 on surface to R57 for category 8 underground workers.

The Chamber has, over the past few years, had ample opportunity to assess the practical implications of the labour reforms introduced after the Wiehahn Commission's reports were published and in general can vouch that positive change has taken place in the field of labour relations in the mining industry as a direct result of the amended labour legislation and that the potential for further positive improvements is great.

The very real and significant advances achieved to date include the agreement reached with the unions on the training of apprentices of all races in the full range of skilled artisan trades, the decision of the three officials' associations to open their ranks to all races and the agreement reached with the Underground Officials' Association on the conditions of employment of black, Asian and coloured underground officials. In addition to these changes the very fact that the industry's black labour force is starting to unionise and participate in the collective bargaining process is testimony to the effectiveness of the labour reforms.

#### The outlook

South African economic prospects for 1983 appear gloomy. The drought which contributed substantially to the minus one per cent decline in gross domestic product in 1982 continues to cast its shadow over this year. Agriculture, which accounts for about eight per cent of GDP, when measured in constant prices is expected to decline by an estimated 15 per cent in 1983, contributing further to a decrease in general economic activity.

The volatility of gold and other mineral prices has created some doubts as to whether it is possible for the mining industry to lead South Africa out of its current recession. These fears are based on short-term uncertainties. As the gold price is determined by the interaction of so many factors, it is almost impossible to predict short-term developments. However, in the medium to long term, with global economic recovery and commensurate increase in demand, the gold price will assuredly continue its historic upward path. Export sales of base minerals are strongly affected by capital expenditure in consumer countries and since the latter tends to occur during the later upward stage of the business cycle, the immediate outlook is not encouraging, but should the economic recovery continue into 1984, the prospects for South Africa's metals and minerals look promising.



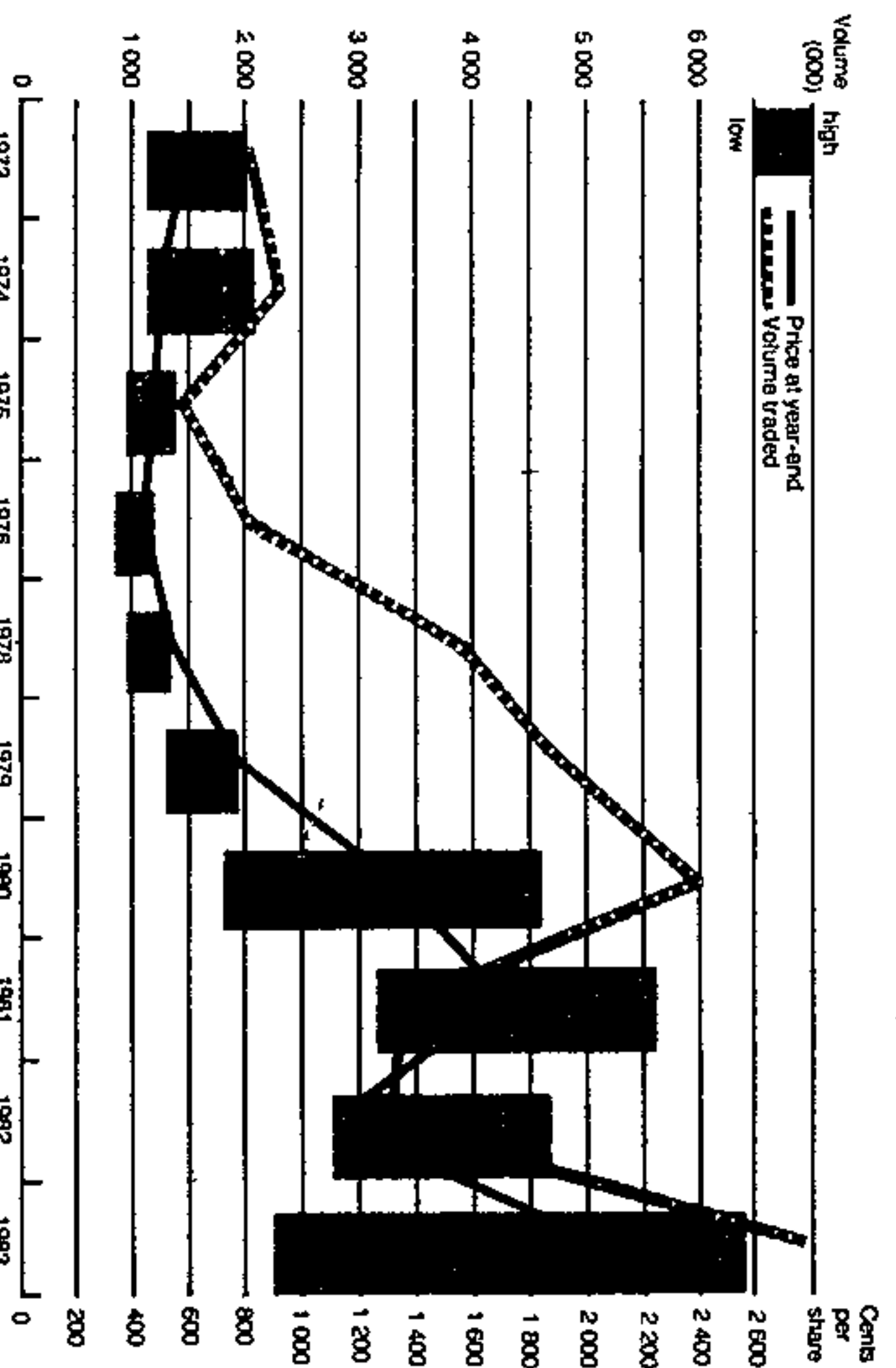
The full text of this address, in English or Afrikaans, is available from:  
The General Manager  
Chamber of Mines of South Africa  
PO Box 809  
2000  
Johannesburg  
South Africa



# AAC share prices and volume of trading on the JSE

## Analysis of shareholders as at March 31 1983

### SHAREHOLDINGS



The table and graphic indicate activity in Anglo American's shares on the Johannesburg Stock exchange, and an analysis of shareholding in the corporation. The volume of Anglo shares traded in the past year has risen sharply, as has the share price.

SHARE-HOLDER CLASSIFICATION	1 - 5 000		Over 5 000		Total		Per cent
	Holders	Shares	Holders	Shares	Holders	Shares	
Individuals	21 439	13 883 312	576	7 348 084	22 015	21 231 396	9.35
Insurance companies	38	73 527	71	25 101 416	109	25 174 943	11.09
Pension funds	123	262 154	179	15 135 937	302	15 398 091	6.78
Nominee companies	394	446 854	174	105 622 315	568	106 069 169	46.73
Other corporate bodies	1 638	1 967 241	271	57 157 351	1 909	59 124 592	26.05
	23 632	16 633 088	1 271	210 365 103	24 903	226 998 191	100.00

# Value of AAC investments exceeds R7 000-m

By David Bamber

The market value of Anglo American Corporation's investments has topped R7 000 million for the first time. Rising share prices and an increased stake in the world's diamond giant, De Beers, hoisted the Anglo's investments from R4 777 million at end-March 1982 to a whopping R7 790.4 million at the end of the past financial year.

To try putting these figures in perspective by comparing them with any of South Africa's other major companies is impossible — there is simply no comparison.

And these figures do not include acquisitions since the year-end, such as Anglo's share in the consortium which bought controlling interest in the Premier group.

During the year Anglo increased its holding in Sigma from 37 to 50 percent — the balance is owned by Anglo American Investment Corporation (Amic).

Further, formation of the Tongaat-Hulett group resulted in the corporation holding 11.2 percent of the equity.

The group has interests in many parts of the world,

yet the value of its investments in South Africa, percentage-wise, rose from 83 to 84 percent last year.

As customary, the chairman's statement — now Mr Gavin Relly's task after the retirement of Mr Harry Oppenheimer — will follow later.

But the directors say in the report it is likely that the world recession will end during 1983, led by renewed US economic growth.

They say this will be mean higher industrial demand for gold.

"Moreover, the strains within the international banking system have not yet been overcome, and as it becomes clear that gold is unlikely to become significantly cheaper investors could again find it attractive as the most secure form of financial asset, particularly if renewed inflationary pressures are expected.

"Nevertheless, with the price being dominated by short-term traders acting on chart signals it is very probable that it will continue to be highly volatile."

Of uranium, the directors say a "substantial imbalance" remains between projected supply and demand despite production cut-backs.

"This situation is likely to persist at least until 1987 and although inventories should then begin to decline there will still be a considerable overhang on the market.

"While spot prices may continue to improve, long-term contractual prices, being very much less volatile, will at best show only a marginal improvement over the next few years."

They say reversal of the downward trend in diamond sales followed a significant improvement in demand for the smaller sizes and cheaper qualities of rough gem diamonds.

"In September 1982 and again in March 1983 the CSO (Central Selling Organisation — De Beers' diamond marketing arm) was able to increase its prices in these qualities, resulting in overall increases of 2.5 and 3.5 percent respectively.

"Since January, demand has expanded to some extent into the higher qualities, although the market remains depressed for the larger sizes and top qualities."

World coal demand is still low and metal markets are awaiting an upturn in the economy.

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# Van der Horst resigns from Anglo board

By BRENDAN RYAN

JOHANNESBURG — The resignation of the chairman of the Old Mutual, Dr Jan van der Horst, from the board of Anglo American Corporation is seen as a further step in the polarization between these two huge investment groups

Dr van der Horst resigned at the beginning of last week. Both he and the Old Mutual's managing director, Mr Frans Davin, are overseas and could not be reached for comment yesterday

An Anglo spokesman said yesterday that the chairman, Mr Gavin Relly, greatly regretted the resignation of Dr van der Horst

Mr Relly had nothing further to add to this comment and was not available to be interviewed

Dr van der Horst was invited to join the board of Anglo by then chairman, Mr Harry Oppenheimer, in August 1980

He was one of five "outside" directors invited onto the board with the purpose of bringing in people whose experience had been gained outside the immediate field of Anglo's operations

## Shareholding

The Old Mutual holds seven percent of Anglo but this shareholding is not enough to command a seat on the board and no other Old Mutual appointee will take Dr van der Horst's place

The resignation is believed to be the end result of a growing conflict of interest between the business of Anglo and Old Mutual

This may go back to the deal which put control of major food company Tiger & Sugar Holdings firmly in the Barlow Rand camp

Old Mutual recently swapped its stake in Tiger & Sugar for Barlow's shares taking its Barlow holding to 24,8 percent which compares with an Anglo holding in Barlows of 13,4 percent.

## Consortium

It is believed this is one of the factors which led to the deal in May this year whereby control of South Africa's other major food group, Premier, went to a consortium of JCI, Anglo and Liberty Life

The consortium also put their combined stake in South African Breweries into the new Premier group and Anglo, through its direct 20 percent stake in Premier and indirect stake through 39,7 percent held JCI has moved well

ahead of Old Mutual as the largest shareholder in SAB

Two aspects of this deal would have upset Old Mutual. After JCI they were the largest shareholders in SAB but were left totally out of this deal while it also revealed the growing relationship between Anglo and the Liberty Life insurance group

## Restricted

Knowledge of the negotiations that took place over the Premier deal was probably restricted to the executive committee of Anglo's board of directors of which Dr Van der Horst was not a member

This action by Anglo may have been a major factor leading to his resignation when added to the growing conflict of interest between Anglo and Old Mutual that the deal represented

Another factor which may have influenced him is the possibility of a link-up between Liberty Life and Anglo American Life which, should it take place, would create a formidable competitor for the Old Mutual in its own field of business

The negotiations through which Old Mutual bought control of Rennies from Jardine Matheson followed close on the heels of the Premier deal

## Inflated price

Old Mutual paid what was generally seen as inflated price for the shares and further made a fundamental change to its business philosophy by going for control

Previously it was content to take minority holdings in its investments. The insurance group's minority holdings extend throughout the Anglo group and include 4,7 percent of De Beers, 6,2 percent of Anamint which is a major shareholder in De Beers, seven percent of Anglo, 6,9 percent of Amcoal, 6,4 percent of JCI, 7,3 percent of LTA, three percent of Southvaal Holdings, 2 percent of Rustenburg Platinum and 1,7 percent of Vaal Reefs

At the time of Rennies deal it was suggested by some observers that other institutions were bidding keenly against Old Mutual and that one of them was Anglo which would also not help Old Mutual's relationship with the mining house

Unless otherwise stated, all financial news in this issue was compiled by Paul Dold and sub-edited by Godfrey Heynes

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# Anglo-Old Mutual rift widens

By BRENDAN RYAN

THE resignation of Dr Jan van der Horst, chairman of the Old Mutual, from the board of Anglo American Corporation is seen as a further widening in the rift between these two huge investment groups.

Dr Van der Horst resigned at the beginning of last week. Both he and the Old Mutual's managing director, Mr Frans Davin, are overseas and could not be reached for comment yesterday.

A spokesman said Anglo's chairman, Mr Gavin Relly, greatly regretted the resignation of Dr van der Horst.

Mr Relly had nothing to add to this comment and was not available to be interviewed.

Dr Van der Horst was invited to join the board of Anglo by Mr Harry Oppenheimer in August 1980.

He was one of five outside directors invited on to the board. The aim was to bring in people whose experience had been gained outside the immediate field of Anglo's operations.

The Old Mutual holds 7% of Anglo, but this is not enough to command a seat on the board and no other Old Mutual appointee will take Dr Van der Horst's place.

The resignation is the result of a growing conflict of interest between the business of Anglo and Old Mutual.

This may go back to the deal which put control of major food company Tiger & Sugar Holdings firmly in the Barlow Rand camp.

Old Mutual recently swapped its stake in Tiger & Sugar for Barlows shares, taking its Barlows holding to 24,8%, which compares with an Anglo holding in Barlows of 13,4%.

It is believed this is one of the factors which led to the deal in May this year whereby control of South Africa's other major food group, Premier, went to a consortium of JCI, Anglo and Liberty Life.

The consortium also put its combined stake in South African Breweries into the new Premier group and Anglo, through its direct 20% stake in Premier and indirect stake through 39,7%-held JCI, has moved well ahead of Old Mutual as the largest shareholder in SA Brews.

Two aspects of this deal

could have upset Old Mutual. After JCI it was the largest shareholder in SA Brews, but was left out of this deal which also demonstrated the growing relationship between Anglo and the Liberty Life insurance group.

Knowledge of the negotiations that took place over the Premier deal was probably restricted to the executive committee of Anglo's board, of which Dr Van der Horst was not a member.

This action by Anglo may have been a major factor leading to his resignation when added to the growing conflict of interest between Anglo and Old Mutual that the deal represented.

Another factor which may have influenced Dr Van der Horst is the possibility of a link-up between Liberty Life and Anglo American Life. Should it take place, it would be a formidable competitor for the Old Mutual in its own field of business.

The negotiations through which Old Mutual bought control of Remies from Jardine Matheson followed close on the heels of the Premier deal.

Old Mutual paid what was generally seen as inflated price for the shares and made a fundamental change to its business philosophy by going for control. Previously it was content to take minority holdings in its investments.

Old Mutual's minority holdings extend throughout the Anglo group and include 4,7% of De Beers, 6,2% of Anamint which is a major shareholder in De Beers, 7% of Anglo, 6,9% of Amcoal, 6,4% of JCI, 7,3% of LTA, 3% of Southvaal Holdings, 2% of Rustenburg Platinum and 1,7% of Vaal Reefs.

At the time of Remies deal it was suggested by some observers that other institutions were bidding keenly against Old Mutual and that one of them was Anglo. This would not have improved Old Mutual's relationship with Anglo.

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ROOM  
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ANGLO AMERICAN

*(Handwritten: DAA 210)*

# Expansion syndrome

**Activities:** SA's largest mining house with interests in mining, industry, and finance worldwide. Apart from its own operating companies, the Anglo group controls JCI and has 30% of Consolidated Gold Fields.

**Control:** De Beers has 38% of the equity, but effective control is held by the Oppenheimer family through E Oppenheimer & Son.

**Chairman:** G W H Rely, joint deputy chairmen J Ogilvie Thompson and N F Oppenheimer.

**Capital structure:** 227m ord's of 10c, 4.8m 6% cum pref stock, 40m red cum pref of R1. Market capitalisation R5.64 billion.

**Share market:** Price 2455c. Yields 4.4% dividend, 11.4% on earnings, PE ratio 8.8, cover 2.6. 1982-1983 high, 2670c, low, 885c. Trading volume last quarter, 10m shares.



Anglo ... deepening a wide range of interests

provide Anglo with a new source of capital.

The Premier deal tends to overshadow the group's other major acquisitions. Nevertheless, they were substantial last year. Most important, perhaps, was the purchase of an additional 3.1% of De Beers, which lifted the Anglo group's holding to 34.2%. Anglo may very well have felt compelled to top up its De Beers stake as another aggressive buyer was in the market and apparently threatening control. Be that as it may, the incident did underline Anglo's ability to move decisively when necessary. The same applies to the acquisition of the residual Chrysler holding in the troubled Sigma motor company and the increased investment in Samancor which further deepens Anglo's interests in the ferro-alloys industry.

Outside SA similar moves were afoot. Control of the North American interests has been tightened by the pooling of the US interests of Minorco and Hudbay; there is wide speculation that further moves are to be made on Consolidated Gold Fields by Minorco, Charter went on a buying spree, and Ambras increased its stake in the Brazilian bank Bozano Simonsen.

There is always some risk in projecting current trends. But Anglo appears to be firmly set on effecting a number of deals which consolidate or establish its position in carefully-chosen sectors. So it seems logical to assume that further moves along the acquisition and merger road will be made in the near future.

While these developments are providing additional or alternative growth bases, the stage seems to be approaching at which many of the group's operations will start reversing the downward trends which have characterised recent profits. Sigma is an obvious case in point. Its new management promises a return to profits next year. Highveld's recovery may be further ahead, as may be an end to the problems currently exercising Amcoal's management's mind. But the all-important diamond market is improving steadily, while, despite technical setbacks, gold is established in a bull trend.

The danger is that the rand will strengthen against the dollar as the gold price advances and limit any advantages the gold and diamond interests derive from improving markets. If so, further deterioration in the group's industrial interests ahead of an economic recovery in this country could be large enough to cause another reduction in Anglo's attributable earnings which gold and diamonds will be unable to reverse. If this is the case, the rate of recovery could well be little short of spectacular in financial 1985.

**Financial. Year to March 31**

	'80	'81	'82	'83
Short-term (Rm)	4	12	11	11
Long-term (Rm)	1 718	1 637	1 370	1 724
Equity ratio	0.32	0.25	0.27	0.21
Debtors' interest & leasing cover	7.9	7.1	5.7	4.9
Dividend cover	0.21	0.36	0.45	0.42
<b>Performance:</b>				
Return on cap (%)	5.3	7.3	10.5	7.5
Operating profit (Rm)	436	712	867	925
Earnings (c)	233	384	341	284
Dividends (c)	70	110	110	110
Asset value (R)	23.9	29.0	21.6	35.4

which are currently laggards

In many instances Anglo tends, for one reason or another, to hide its light under a bushel. Take, by way of example, the recent purchase by a consortium comprised of Anglo, JCI and Liberty of 52% of Premier from Associated British Foods. When this was followed by the injection of the consortium members' SA Breweries holdings and the up-coming formation of a new investment holding company by Premier, Anglo modestly pointed out that its interest in the consortium which controls Premier/SAB would not exceed 20%.

In reality, of course, Anglo controls JCI, which in turn has a 40% interest in the consortium and no one is unaware where the real power lies. For the moment, though, Anglo is happy to hold the reins relatively loosely. But with its direct and indirect (through Amic) controlling interests in Tongaat-Hulett and the newly-acquired Premier stake, Anglo has effectively established itself as the major factor in SA's food industry.

At the same time, the group has forged links (even if they are informal) with the Liberty insurance group, which could eventually result in a merger with Anglo's own insurance interests. Such a development seems almost inevitable if only because any insurance group seeking to challenge the Old Mutual/Sanlam power bases probably needs to be larger than Liberty or the Anglo Insurance arms alone. On the other side of the coin, control of Liberty would

Could investors feel uncomfortable holding Anglo's shares on current and near-term prospective yields? After all, the share price is almost 2.7 times its level of a year ago, the dividend yield is low, there is little likelihood of a significant dividend increase this year and earnings seem more likely to weaken this year than to strengthen.

Looked at this way, Anglo certainly seems expensive and the share could well come in for some heavy selling pressure from non-institutional investors when the market as a whole comes off the boil. The difficulty with this sort of analysis is that, though there are several major divisions within the group which are going through a difficult period, the group has lost none of its edge towards acquisitive growth.

Apart from this, the market appears to have decided that a low yield is acceptable and the group sees a major improvement within the next two years in those divisions



On balance, Anglo's share price seems to have moved ahead too fast — the market appears to have been over-enthusiastic in its expectations of recovery prospects within the group. This, though, is insufficient reason for medium-term holders not to sit tight. Earnings and dividends should be moving strongly ahead in the next financial year. Anyone thinking of buying, however, should consider whether better opportunities will arise when the present bull market loses its head of steam.

*Jim Jones*



THE resignation of Dr Jan van der Horst, chairman of Old Mutual, from the Anglo American board of directors, is the surface manifestation of a far deeper and far-reaching clash of the giants.

An analogy can perhaps be drawn with the gunfighters of the Wild West, with Anglo and Mutual reaching the point where South Africa is big enough for both. There are obvious participants in the show, such as Sanlam, Rembrandt, Barlows and Liberty, but at the moment the focus is on Anglo and Old Mutual.

Sanlam, through its control of Gencor, is already an established competitor of Anglo on the mining and industrial fronts, while Rembrandt, although it has strong ties in banking and insurance, through Volkskas and Legal & General, is a relative newcomer to the fight for control of industrial South Africa.

Barlows is firmly in the Old Mutual camp, and is a head-on competitor with Anglo in areas such as mining (Rand Mines), food (Tiger), sugar (CG Smith) and heavy engineering.

Liberty is probably the one company among the bigger groups that will feature prominently in the next round of the confrontation between Anglo and Mutual.

Anglo American's life arm is way down on the list of major South African insurers, and Liberty, with assets of about R2 500-million is well short of the big two insurance companies — Mutual has assets of more than R5 000-million and Sanlam's assets total about R4 000-million.

A merger of Anglo's life business and that of Liberty would put the merged operation very much in the big league, probably edging out Sanlam and about R1 000-million short of Mutual in terms of total assets.

While other areas of competition are obviously of concern to Anglo and Mutual, the insurance company must react directly to any intrusion on its own domain, so that if Anglo does a deal with Liberty, there will be no possibility of a reconciliation between Mutual and Anglo.

Long-time protagonists, the rift between Anglo and Old Mutual is indicative of the extent to which ownership of the South African investment cake has already been claimed.

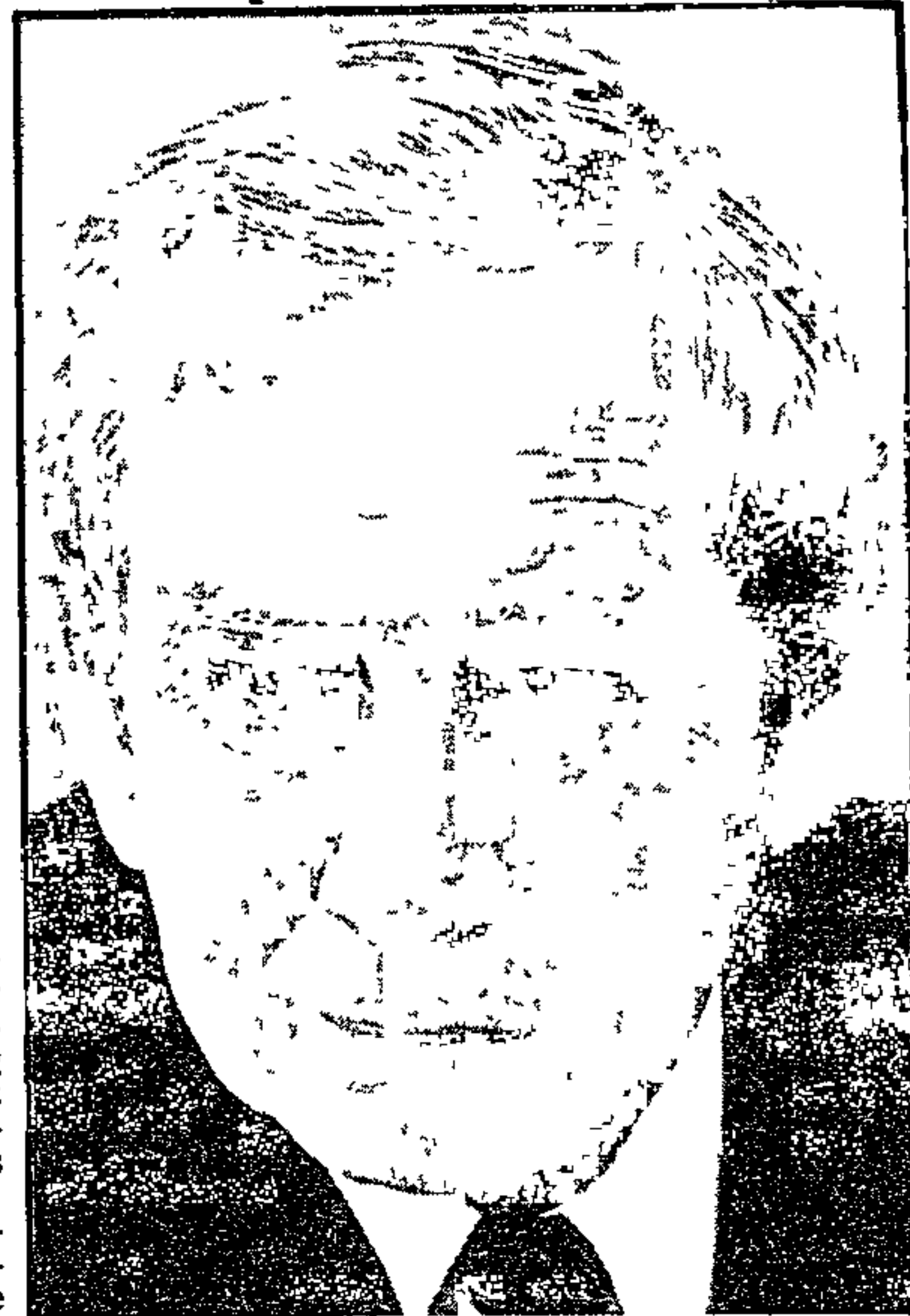
What is now happening is a desperate fight for the remaining slices.

An observer remarked recently that there seemed little point in the big institutions gobbling up all the smaller companies, as the time would come when the authorities, in the form of the Monopolies Commission or the Competitions Board, would take their cue from the American anti-trust legislation and force the giants to dismantle their huge Lego sets.

The point, said a stockbroker, is that there will be even

A layman's guide to the

# Big Business Power Game



DR JAN VAN DER HORST ... position untenable.

and talk  
Old Mutual pays a high price after Premier snub  
RDM 2/7/83  
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cross speaks out on SAB  
near revolt  
Anglo-Old Mutual at loggerheads  
Battle of the titans  
Relly keeps SAB and Premier poles apart  
Mutual chief moves  
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JOHN MULCAHY looks at the increasingly acrimonious struggle for superiority between the business giants of South Africa

more money to be made when the huge groups are dismantled.

It is commonly held that the links which bound Anglo American and Old Mutual really started feeling the strain when Mutual and Barlows restructured the shareholding of Tiger Oats, to give Barlows direct control of the food group and Mutual a bigger stake in Barlows.

Anglo was undoubtedly upset about this deal, as its own aspirations in the food industry were no secret, and the subsequent deal on Premier gave Anglo the stake it had been after in the food industry.

But the roots of the rift could stretch further back, into the middle of last year,

when strong rumours were circulating on a possible outside bid for control of De Beers.

At the time Rembrandt was rumoured to have designs on De Beers, and Mutual was said to be a willing ally.

Although neither Anglo nor De Beers commented on the speculation at the time, it emerged late in October that Anglo had bought another 10-million De Beers shares, presumably to fend off unwanted predators, including Mutual and Rembrandt.

This would have been another thorn in Anglo's side, and a stern warning that Mutual should be regarded as a staunch competitor, and no longer an ally.

In May this year, when control of The Premier Group was brought back to South Africa by a consortium comprising Anglo, Liberty and Johannesburg Consolidated Investments, it was said that the deal was concluded to bring back to South Africa a valuable and strategic asset.

This was indeed true, and no-one can deny the inherent value of a controlling stake in one of the country's two food giants.

But it was the second leg of this deal, almost dismissed as an afterthought by the consortium at the time, that really set the cat among the pigeons, and threatened to widen the Anglo/Mutual rift to a chasm.

Officially, the consortium gave the reason for the inclusion of South African Breweries in the second leg of the Premier deal as a financing option.

By pooling their respective holdings in SAB, the consortium ended up with about 34% of the giant liquor and consumer group, collectively the biggest individual shareholder, and effectively controller of the group.

But let on the sidelines was Old Mutual, which before the Premier deal was the biggest shareholder in SAB after JCI.

There had been an unwritten agreement between Mutual and the Anglo group (which controls JCI) over their shareholding in SAB, to the effect that if either party

ever decided to dispose of its stake in SAB the other would have first option over the shares.

How far this agreement actually stretched and to what extent it was legally binding is not generally known, but that Mutual treated the consortium's deal on SAB as a slap in the face is undoubted.

The Mutual's deal with Hong Kong conglomerate Jardine Matheson, in which it bought control of Remies, was said by some to have been a knee-jerk reaction to the Premier/SAB deal, but even if this was not the case, the price paid suggested some motive not immediately apparent.

Will Mutual use Remies, and particularly Holiday Inn,

as a direct assault on SAB subsidiary Holiday Inn? Or will Mutual try to swap a stake in Holiday Inn for additional SAB shares?

Even the Remies deal was not without some of the acrimony and distaste that seems to be a feature of the Anglo-Mutual relationship of late.

The reason for Mutual having to pay what many regarded as an exorbitant price for Remies was due to the appearance on the scene of a competitive bidder — as word has it, none other than the mighty Anglo/JCI.

The battle lines are drawn at the top of Anglo and Mutual, but may take longer to unfold lower down the scale, because of the widespread crossholdings and alliances throughout industry.

What is clear is that Dr Van der Horst found his position as a director of Anglo American untenable for a number of reasons.

● Mutual's strong position in Barlows, especially after the deal on Tiger, must have made Dr Van der Horst's position on the Anglo board untenable.

● The effective takeover of South African Breweries was engineered by the Anglo executive committee, behind the board's back.

● The strong possibility that Anglo and its connections pushed the Remies price, forcing Old Mutual to pay a high price for the shares.

● Anglo must have a natural desire to have the market leadership in any sector in which it operates, and this includes insurance. A merger of Anglo American Insurance with Liberty would put Anglo/Liberty within range of Mutual's market leadership.

For the future, most of the really big areas of South African business have been accounted for.

Anglo is the biggest South African shareholder in Barlows — Mutual has a significant stake in Nedbank Standard Bank has been close to Liberty since its inception, Volkskas is close to Rembrandt and Trust Bank is owned by Sanlam.

Anglo has Anglo American Insurance and a possible link with Liberty — Mutual is the country's biggest life insurer and then comes Sanlam.

In engineering, Anglo has Amic — Mutual has Barlows.

In food, Anglo has Premier — Mutual has Tiger.

In hotels, Anglo has Southern Sun — Mutual has Holiday Inn.

In sugar, Anglo has Tongaat — Mutual has CG Smith.

In paper, Anglo has Mondri, Sanlam, through Gencor, owns Sappi.

Any major asset that becomes available in future is likely to be subject to a tooth-and-nail battle for control, and even companies that now pride themselves on their independence will find that everything has a price.

This was underlined by the price Mutual paid for Remies, and now that such parameters have been established, battles in future will be fought at high prices.



# BRITAIN

# Gencor stymies Anglo

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ROOM  
5/7/83

**GENCOR has pulled off a major coup in gaining control of SA Manganese Amcor (Samancor).**

News of the development took Anglo American Corporation, previously the largest private shareholder in Samancor, by surprise.

The Anglo directors who sit on the board of Samancor yesterday held a meeting to assess the implications of the move which has ended any plans they might have had for gaining control of the manganese and ferroalloy producer.

Anglo and General Mining were keen bidders in 1977 for Iscor's 40% stake in Samancor, but then Minister of Economic Affairs, Mr Chris Heunis, ruled that Samancor must remain under Iscor's control.

They sought control of Samancor since then and Gencor has won through the deal announced at the weekend in which it traded Hlobane colliery and 70% of Dunsward Steel for 50,25% of Iscor subsidiary African Metals which in turn holds 39,6% of Samancor.

Gencor now has control over Iscor's 39,6% stake as well as a direct 7% holding in Samancor.

In addition, a Gencor investment company, UC Investments, holds 1,4% of Samancor. The Iscor pension fund has more than 2% to take the total percentage held by Gencor/Iskor to more than 50%.

Mr Tom de Beer, Gencor's executive director for finance, and Mr Floors Kotzee, Iscor's managing director, said yesterday that the two corporations had an in-

formal arrangement to maintain control of Samancor between them and this agreement had been in existence for several years.

Asked whether Anglo knew of this arrangement, Mr de Beer said "I don't know."

An Anglo American spokesman refused to comment on the deal or its implications.

The course of action followed by Anglo since its offer for Samancor in 1977 was overruled would indicate it did not know of the arrangement.

After the failure of the 1977 bid Anglo set about developing its own manganese mine, Middelplaats Manganese, which it then sold to Samancor at a book loss for 9-million Samancor shares.

This brought Anglo's stake in Samancor to 24,6% which it increased by buying shares until it reached 29,8% at March 31 this year.

Gencor has also been buying Samancor shares in the market over the past year increasing its holdings from 8 774 000 at December 31, 1981 to 10 480 000 at December 31, 1982.

Anglo has three directors on Samancor's board - Mr Graham Boustred, chairman of Amcoal and Amic; Mr Leslie Boyd, chairman of Highveld Steel, and Mr Alan McKerron, head of Anglo's new mining business division.

Gencor will now appoint its own directors to the Samancor board.

The deal had its roots in a dispute between Gencor and Iscor over reductions demanded by Iscor from Trans-

Natal's Hlobane colliery near Vryheid.

Gencor retahated with the threat of a law suit over the supply contracts it held with Iscor.

Mr de Beer said "It was a very difficult situation Iscor needed the coal and they had to either take over the colliery or face a law suit."

"The Samancor holding was an obvious exchange asset and from our side Dunsward Steel is a small producer restricted by the controlled steel price and by lack of space for expansion.

"Iskor, however, gains more flexibility in its operations on the Reef through Dunsward."

Mr de Beer and Mr Kotzee said they were pleased with the deal and with avoiding legal action.

**COMMENT.** Gencor is the clear winner in this deal, grabbing control of Samancor in exchange for a high production cost colliery whose fortunes were tied to Iscor and a steel producer with a restricted life.

Samancor has good prospects when the benefits of the recovery in the Western economies come through. However, its current price of more than R3 a share reflects the fight between Anglo and Gencor for control and cannot be justified on fundamentals.

In the longer term Trans-Natal will be affected by the loss of earnings from Hlobane. Any detrimental effects on Iscor will probably be met by the taxpayer.

## Dollar strong after M-1

LONDON - Gold was little changed and the dollar rose in quiet markets yesterday.

Gold was fixed at \$416 in London in the afternoon and the morning Friday's second fixing was \$416,25.

Hong Kong gold dropped 73c to close at \$417,33. Trading was dominated by exchange-rate changes especially in US/HK dollar trading. Chartists noted some resistance around \$416,50.

News of a \$600-million increase in the US weekly M-1 money-supply figure against an expected fall meant there was no follow through in London to the rally in US futures late on Friday. Markets had predicted a drop of up to \$2 000-million in M-1.

The dollar rose in New York on Friday and in the Far East and Europe as the M-1 figure took markets by surprise.

Dealers are awaiting the reopening of US markets today before taking a view on the figures in relation to growing signs of a US economic recovery and forecasts of lower US prime rates by the end of the year.

The dollar gained against the yen, closing in Tokyo at 240,15 after being traded at 240,80 at one point - nearly two yen to the dollar more than Friday's close of 238,95.

Sterling firmed in London along with the dollar.

## FREE

By FREE opme has in div 32,5c a 50c yield terday R10,50

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## Trans I

By ALEX PETERSEN

CAPE TOWN - Trans Hex group's taxed income dropped to R1 548 000 in the year to March 31 from R1 607 000 in 1982.

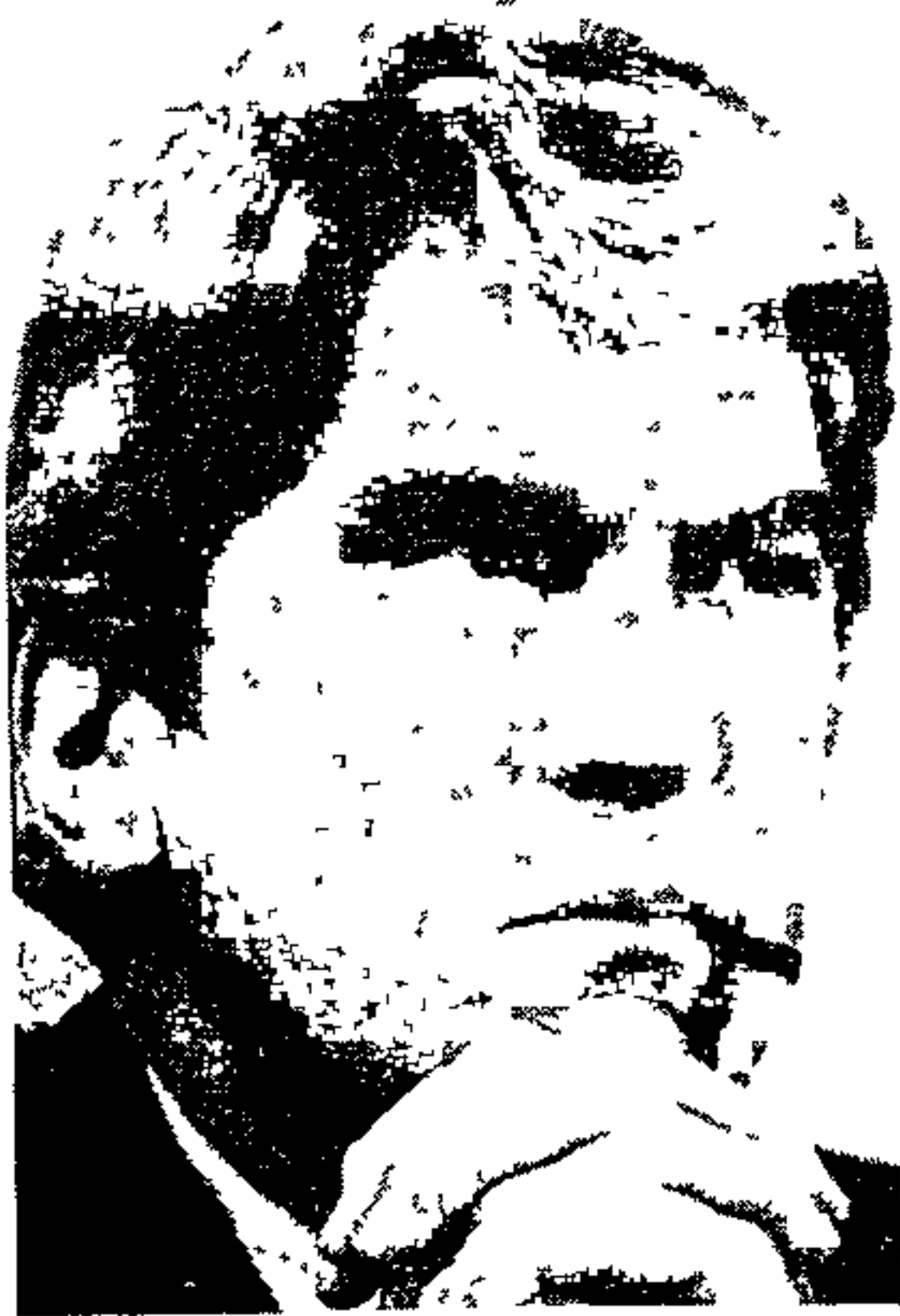
The directors say that in times of relatively depressed diamond prices policy is to continue with normal diamond mining and exploration, but to limit sales to finance operational requirements and to maintain dividends.

Diamond stocks are R2 489 000 compared with R1 610 000 at the 1982 year-

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## UK reserves



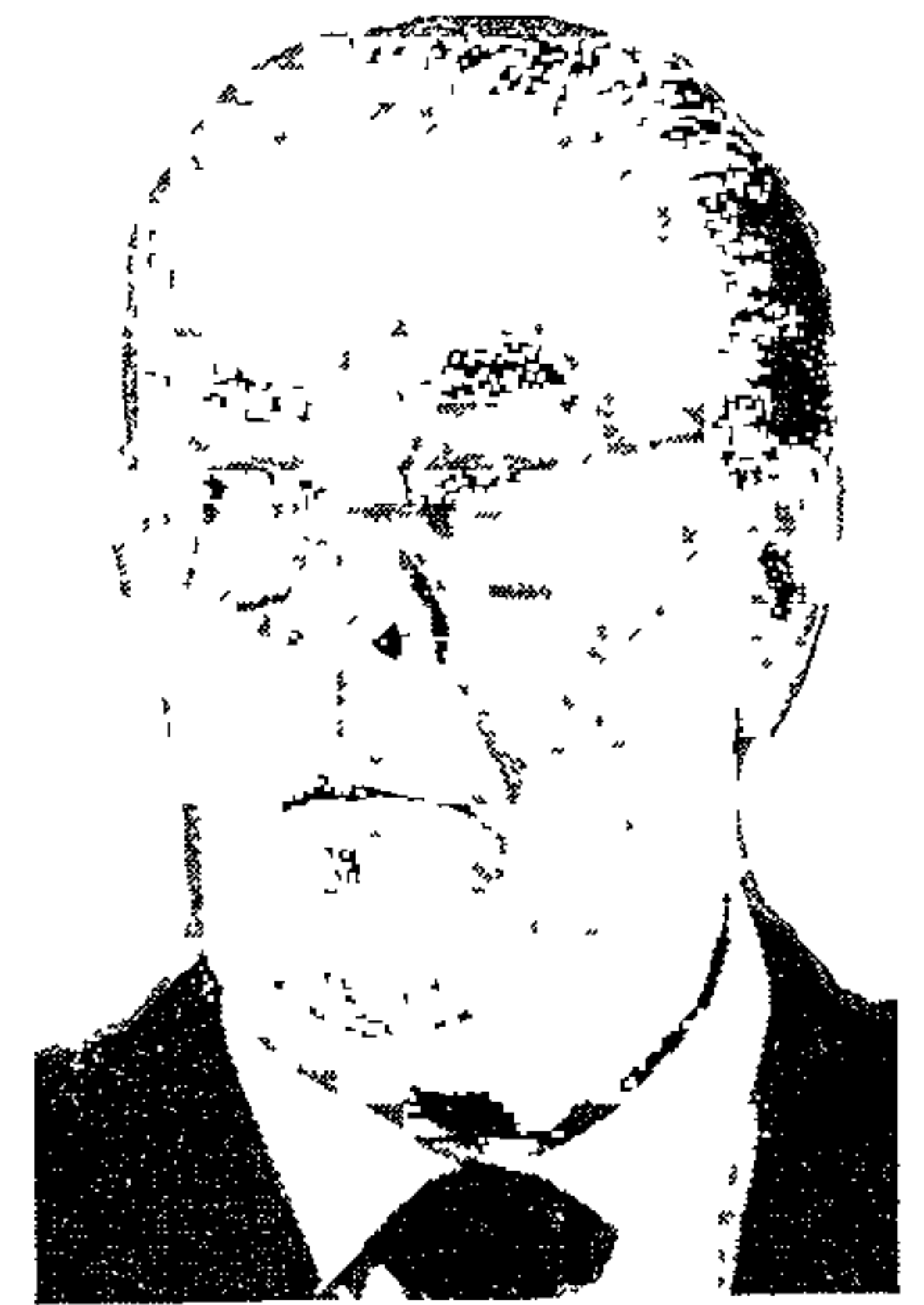


● Senator Warner . . . recalled Russian policy on the "treasure houses".

# Quote

Our aim is to gain control of the two great treasure houses on which the West depends: the energy treasure house of the Persian Gulf and the mineral treasure house of central and southern Africa.

— former Soviet premier Leonid Brezhnev



● Former Premier Brezhnev . . . plan to grab West's energy and minerals

# US leaders agonise over 'Storehouse SA'

210 ~~217~~ ~~218~~ S. Express 10/7/83

WASHINGTON — A United States congressional hearing on energy and natural resources has concluded that South Africa is the most important single supplier of "strategic and critical material" to the US.

Senator James McClure, a conservative Republican who is sponsoring the hearings, warned that the presence of the Soviet Union in southern Africa, one of the

By GHERHARD PIETERSE

world's richest storehouses of those minerals, posed a "serious threat" to their supply to the US and other free-world countries

The hearings are examining the world-wide distribution of minerals essential to the US industrial complex

They concluded that the availability and secure supply of strategic and critical minerals was "important to America's survival as an industrialised democratic society"

In his opening speech to the first session of the committee on energy and mineral resources Sen McClure said southern Africa — and South Africa in particular — was one of the world's richest storehouses of these minerals

"These regions contain

95% of the world's chrome, 86% of the world's platinum, 64% of the world's vanadium, 53% of the world's manganese and 52% of the total world supply of cobalt.

"Let us not kid ourselves, the presence of the Soviet Union and its surrogates such as the Cubans and East Germans, in and around central and southern Africa, is part of an overall objective they have pursued for over three decades. And that is to develop a viable oil and strategic minerals denial strategy, or domination, either through physical disruption, market manipulation or domination of producer or neighbouring states

"Their aim is to undermine Western ties with the oil and strategic minerals producers and thereby exac-

erbate differences in the Western alliance over policies towards these regimes and thus erode the economic health and political cohesion of the West," Sen McClure said.

He also warned against the "increasing use of Cuban and East German surrogates" by the Soviet Union to do its dirty work

One of the first to testify, Sen John W Warner, reminded the committee of a 1973 statement by former Soviet Premier Leonid Brezhnev "Our aim is to gain control of the two great treasure houses on which the West depends: the energy treasure house of the Persian Gulf and the mineral treasure house of central and southern Africa"

Sen Warner said the mili-

tary presence, in particular, of the Soviet Union in southern Africa was "a clear intent to gain access to southern Africa's mineral resources on which the US depends for 98% of our manganese, 100% of our chrome, 56% of our platinum, 58% of our vanadium and 51% of our cobalt"

A former deputy director of the CIA and presently US ambassador-at-large, Mr Vernon A Walters, repeated the warning that the Soviet Union was rapidly encroaching on areas that were once traditional Western strongholds and thus seriously jeopardised the continued orderly flow of strategic minerals

"The Soviet Union has done its best to gain a foothold in southern Africa. Advisers from the USSR and its allies play prominent roles in the two bookends of southern Africa, Angola and Mozambique, although Mozambique has recently exhibited signs that it might begin to play a more independent role in international affairs

"Through carefully designed programmes of economic and security assistance, we hope to give friendly nations of southern Africa the strength and self-confidence to resist any attempts by the USSR to expand its influence in the region," Mr Walters said.

An expert on the supply of strategic minerals, Dr Daniel I Fine, of the Massachusetts Institute of Technology, called South Africa the "Saudi Arabia of minerals" but warned that strife in South Africa could seriously disrupt future supplies.

He ended his testimony on an ominous note by suggesting that the US could reduce the "risk factor" by working towards a new social and political order in the country. A vice-president of Allegheny International Corporation, one of the world's largest consumers of strategic minerals, Mr F Andrews, voiced the fears of many witnesses when he outlined a scenario of a major general strike in South Africa.

"A major risk (in South Africa) is the probability of a major black African labour upheaval" he said. To counter this perceived threat, he proposed that the US increase the size of its government-sponsored stockpile of important strategic minerals and that it attempt to diversify its sources of supply — including the reopening of marginal mines within the US.



Cheap imports threaten SA industry

# Anglo calls for protection

210

ROY

13/7/83

By BRENDAN RYAN

Mining Editor

**SOUTH AFRICAN** industry's difficulties are likely to be greater and more prolonged than those experienced in the last recession, says Mr Gavin Relly, chairman of Anglo American Corporation.

He attributes this outlook to the delay in the recovery of South Africa's export markets and mounting competition from imports to SA.

"South Africa has chosen this time to rededicate itself to Gatt and free trade, which is in every way commendable except that no-one else is doing it.

"The freeing of our trading arrangements, therefore, must be balanced by a highly sensitive and rapidly reactive tariff system or many elements of South African industry may be harmed by cheap imports," he says in his annual review.

South Africa faces major problems in trying to allow free-market forces more play in an economy which is in many ways restricted and is also trying to re-establish a growth pattern and contain inflation.

A policy of relying only on moderate tariff protection must take into account that free-market forces cannot work effectively if labour, a major factor in production, "has its arms tied behind its back".

"It will be self-destructive to throw open South African industry to international competition, particularly from labour-intensive industries in South-East Asia, while the productivity of our

own labour force continues to be impaired by a wide range of formal and informal restrictions on the one hand and by the failure to provide adequate formal support and incentive on the other."

There may be a misunderstanding in South Africa that redistribution of income means taking from one group at the expense of another.

"In economic parlance it is quite correct to describe the marked increase in the black share of total personal incomes, which has nearly doubled to more than 40% in just over a decade, as redistribution of income.

"What is important to note however is that white incomes in absolute terms have also increased."

In South Africa, the priority is the creation of new wealth — not the transfer of wealth from one section of the population to another.

"As blacks become better educated, more skilled and obtain access to more productive work they produce more wealth, much of which accrues to the producers who therefore become richer."

"The whites could not have produced this incremental wealth since they were already fully occupied, so in no sense was it being taken away from them."

The South African economy is at a stage where there can be little real growth in white earnings without further material gains in black income.

It is essential that the labour force should receive the maximum benefits from the capitalist system if SA is to

compete with foreign industry.

Formal restrictions on the mobility of black labour harm productivity as do informal restrictions on the mobility of Indian and coloured workers where lack of housing makes it impossible for them to offer their skills in the best market.

"In the Transvaal, where the shortage of skills is most acute, the residential land set aside for Indians and coloureds is so inadequate that for all practical purposes it is impossible for them to migrate to the industrial areas even when they can afford to provide their own housing or when their potential employers would be willing to provide housing for them.

"Thus the Group Areas Act

becomes, in effect, a form of influx control further restricting labour mobility, individual advancement and economic growth."

The Government has made progress in certain important areas, but has found itself in a dilemma.

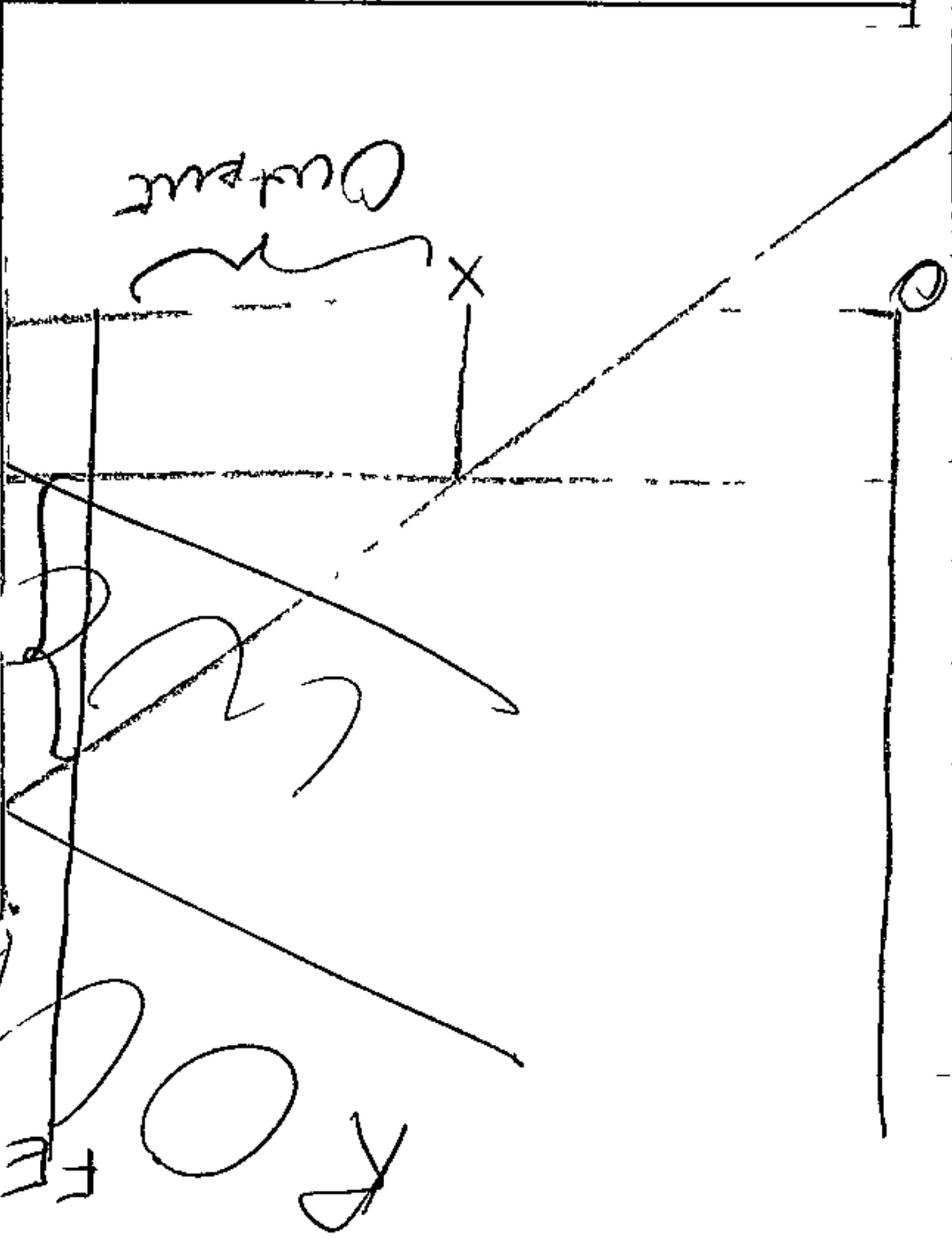
"It has taken some steps to liberalise the position of black people in South Africa, to allow them to compete and make their way in industrial society.

"But it shrinks from facing up to the other side of the coin of capitalism which entitles people to enjoy the fruits of their labour and improve their life-styles.

"In other words, increasing opportunity for personal industrial success must be accompanied by demonstrable social success within the totality of South African society, unencumbered by the restrictions of the Group Areas Act and the inhibiting psychology which flows from it," says Mr Relly.

Comments

For the...



# Oppenheimer on need for a black elite

AB 210 E. Post  
18/7/83

By CARLO MERCORIO

**GRAHAMSTOWN** — It was not enough to raise the general standard of living of blacks in South Africa as education was essential to train a black elite for leadership, Mr Harry Oppenheimer, former chairman of Anglo American, said here today

Mr Oppenheimer was speaking at a ceremony at which he was made a Freeman of the City of Grahamstown

The honour was conferred on Mr Oppenheimer in recognition of "his enormous contribution to the economic, educational and cultural life of South Africa" and his generous contributions to various charities

Mr Oppenheimer said it was a great honour to receive an award from a city such as Grahamstown and it was a day he would always remember

He said the two strands in the contribution of Grahamstown to life in South Africa were its importance as an educational centre and the contribution of the people of British descent

and the English language to this country

He said the connection between Grahamstown and his father's home town of Kimberley was the Rhodes link.

Cecil John Rhodes was commemorated by the university in the city of Grahamstown and by the Rhodes scholarships

Much had been done in recent years to improve the general standard of living of blacks in South Africa, but education was essential to train leaders, especially in the present economic climate

"Without education, to talk of democracy is to talk nonsense," he said

Mr Oppenheimer said he liked to think the granting of the honorary Freedom of the City was in some way connected with his interest in educational achievement

The ceremony was attended by the Mayor of Grahamstown, Dr Keith Hunt, and the Grahamstown City Council, the MP for Albany, Mr Errol Moorcroft, the mayors of Port Elizabeth, East London, Kimberley,

Fort Beaufort and Port Alfred, and representatives from the Defence Force and South African Police

Dr Hunt paid tribute to the enterprising management spirit and dedication to progress and development of Mr Oppenheimer, which had strengthened not only the economic sinews of Anglo American and De Beers, but the South African economy as a whole

Mr Oppenheimer, he said, always reflected tremendous optimism for the future of South Africa and had profound understanding of the aspirations of the peoples who made up the complex society of South Africa

Mr Oppenheimer's first duty as a freeman was to inspect a guard of honour supplied by Sixth South African Infantry Regiment and the First City Regiment, after which he addressed the people of Grahamstown outside the City Hall

The Grahamstown City Council decided on February to confer the Freedom of the City on Mr Oppenheimer





# Mr O gives Angola Smuggling list — claim

The Star's Foreign News Service

LISBON — Mr Harry Oppenheimer has supplied a list of 400 illicit diamond smugglers to Angola's President, Mr Jose Eduardo dos Santos, says the Lisbon weekly Expresso

Smuggling is rife in Angola because of the food shortage, the newspaper reports, quoting sources in Luanda. Diamonds are being exchanged for food.

Mr Oppenheimer, it said, met Mr dos Santos during a recent visit to Angola and told him that if his government genuinely wanted to stop diamond smuggling, it should act on the list of names.

The report has been denied by a De Beers spokesman in Johannesburg

"The newspaper story is simply not true," he said.

He could not comment on how the newspaper got the story.

Expresso's unidentified source claimed that South African, Israeli and West German secret services were involved in

the smuggler-busting operation, along with important officials of the Angolan Government, acting on a presidential memorandum

Angola recently uncovered a diamond smuggling network in Luanda

A former employee at the Angolan Embassy in Lisbon has been jailed for smuggling

Also serving sentences are two Angolan airline TAAG pilots, and Expresso says some have large bank accounts overseas. One of the pilots has a Portuguese bank account "with one million dollars."

Angolan investigators had received anonymous death threats and had asked the President for his personal support for their probe.

Last week a member of the European Parliament, Sir James Scott-Hopkins, said Angola's rebel guerilla movement Unita could endanger the lives of British security men working in the country's diamond mines

Sir James has just returned from a five-day visit to Unita with three other MEPs

He said Unita's leader,



Mr Oppenheimer...a claim he gave list of diamond smugglers to Angola

Dr Jonas Savimbi, had told him he had 3 000 well-armed troops preparing to attack the mines in a government-controlled area

Dr Savimbi, he said, was anxious that the Britons, brought in to end smuggling at the mines, should come to no harm in the attacks

Sir James said he planned to warn the British Foreign Office and De Beers, which owns a small share in the nationalised mines.

A De Beers spokesman said everything was "quiet at the moment"

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July 1983

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# Mines give R4-m for drought relief

*210*  
THE Chamber of Mines has set aside R4-million for drought relief for black communities in the rural areas.

*Sowetan 25/7/83*  
Already more than R774 000 of the R4-million has been allocated to eight drought relief projects in six areas. These include the urgent provision of 50 boreholes for KwaZulu at a cost of R174 000. The donation of R10 000 to a feeding scheme for children run by the Bophuthatswana Department of Health and R38 000 to provide food parcels in return for work on community projects in QwaQwa, with a further R10 000 to supplement food issues to malnourished children in the area.

The R4-million set aside for drought relief represents excess income accrued by a non-profitmaking fund operated by The Employment Bureau of Africa (Teba) — Sapa.

# SA mineral exports in May up 41%

210. (210) 210. (210)  
8/8/83

Mining Editor

**THE** value of South Africa's mineral exports rose 41% to R1 113-million in May from R789-million in May 1982, according to provisional figures from the Minerals Bureau.

However, the value of mineral sales in South Africa dropped to R177 453 735 from R239 103 119 in May last year.

The major boost to exports came from gold and diamonds. Although the value of platinum exports must have risen sharply, the Minerals Bureau does not release this information.

Gold exports jumped 56% to R857 495 892 from last May's R548 348 421.

Diamond exports more than doubled to 836 058 carats (previous May 406 870 carats), which earned R30 768 873 compared with R14 734 645 in May 1982.

Export earnings from silver rose to R6 099 461 from R4 768 605 in May last year.

Coal sales for the two months reflect the slump in international trade. Coal revenue dropped 20% to R72 443 758 from R90 897 170 last May. Coal exports fell to 1 914 820 tons from 2 122 768 tons.

The 20% revenue drop on a 10% drop in sales tonnages shows the effect of depressed coal markets.

After gold, coal brings in

the greatest export earnings for the mining industry.

South Africa's base-metal exports for May were mixed, reflecting the state of world markets.

Copper export revenue showed a gain, of 73%, to R16 966 005 from last May's R9 794 985. Copper prices have picked up steadily on the London Metal Exchange since the start of 1983, showing the recovery in the Western world.

Tin export revenue was also well up at R2 378 873 from R1 823 423 in May last year. Tin prices this year have been supported by the International Tin Council which is withholding stocks from the market. Its members are operating on a 40% reduction in production.

South African tin companies are small producers in relation to the major suppliers. They are not members of the ITC and benefit by selling as much tin as they can at the higher prices.

Antimony exports have moved up in the last few months, according to main producer Consolidated Murchison.

However, Cons Murch has stopped releasing sales volume and revenue statistics because of competition.

Antimony revenue figures for this May are not given by the Minerals Bureau, but 219 tons of antimony worth R360 820 were exported in May 1982.

Chrome, lead, manganese ore and iron-ore export earnings are all down for May this year.

Chrome exports dropped to 37 032 tons, worth R1 653 347 in May this year compared with 102 277 tons worth R5 848 211 in May 1982.

Lead exports dropped to 7 624 tons from 13 139 tons and the lower sales volume knocked revenue to R2 403 750 from R4 606 870.

The international lead market is still depressed by large stockpiles.

Iron-ore export revenue fell to R12 725 753 from R15 525 288 and manganese export earnings were sharply down at R5 604 180 from R16 440 284 last May.



# Oppenheimer appeals for tolerance, respect

Star 10/8/83 (210)

By Lucille McNamara,  
Municipal Reporter

South Africa has been called a great melting pot, stirred by the discovery of gold, where all should be allowed to feel an attachment to the country.

The former Anglo American chairman, Mr. Harry Oppenheimer, used the phrase in Johannesburg last night.

He was addressing a large gathering of guests at a civic function held in his honour after a special meeting of the Johannesburg Council at which he was made a Freeman of the city.

Mr. Oppenheimer pleaded for tolerance among all people.

"There are many who say that South Africa is a country of walled-in tribes, both black and white. Nonetheless it is possible now to differ strongly but to still treat one another across the boundaries with mutual respect.

"We must learn to be tolerant for we are really the only multiracial country in Africa — a great melting pot for many peoples attracted by the discovery of gold.

"It made South Africans of those people and whether we like it or not it is absolutely necessary that they should all be allowed to feel an attachment to this country."

Mr. Oppenheimer said Johannesburg had a vital role to play in shaping the future of the nation.

"Johannesburg is the



Mr. Harry Oppenheimer signs the scroll which makes him a Freeman of Johannesburg. He described the honour as a highlight of his career.

● Picture by Dale Yudelman.

liveliest of cities — one open to new ideas

"It is the most varied and most generous and a place where there is more feeling for the sick, the old and the poor and one with more practical determination to improve the quality of life of all the people."

Considering the changes which would take place over the next decade, he asked whether people were going to

meet the challenges with perseverance or would deepen the ignorance and poverty which gripped so much of the country's population.

Describing himself as an optimist, Mr. Oppenheimer said attitudes should be equal to the problems which faced the country and expressed the hope that he would play a part "in the adventure on which we are about to embark."

# Anglo to give Sigma a huge capital boost



210 Star 13/8/83

By Trevor Walker

Anglo American Corporation is set to announce a further significant capital expansion at Sigma Motor Corporation next week, after an intensive re-structuring programme at the Pretoria plant in the past six months, according to industry sources

It will be a clear indication that Anglo is convinced that new MD Mr Spence Sterling is turning the company around and that previous management decisions which led to confused structural development have been eliminated

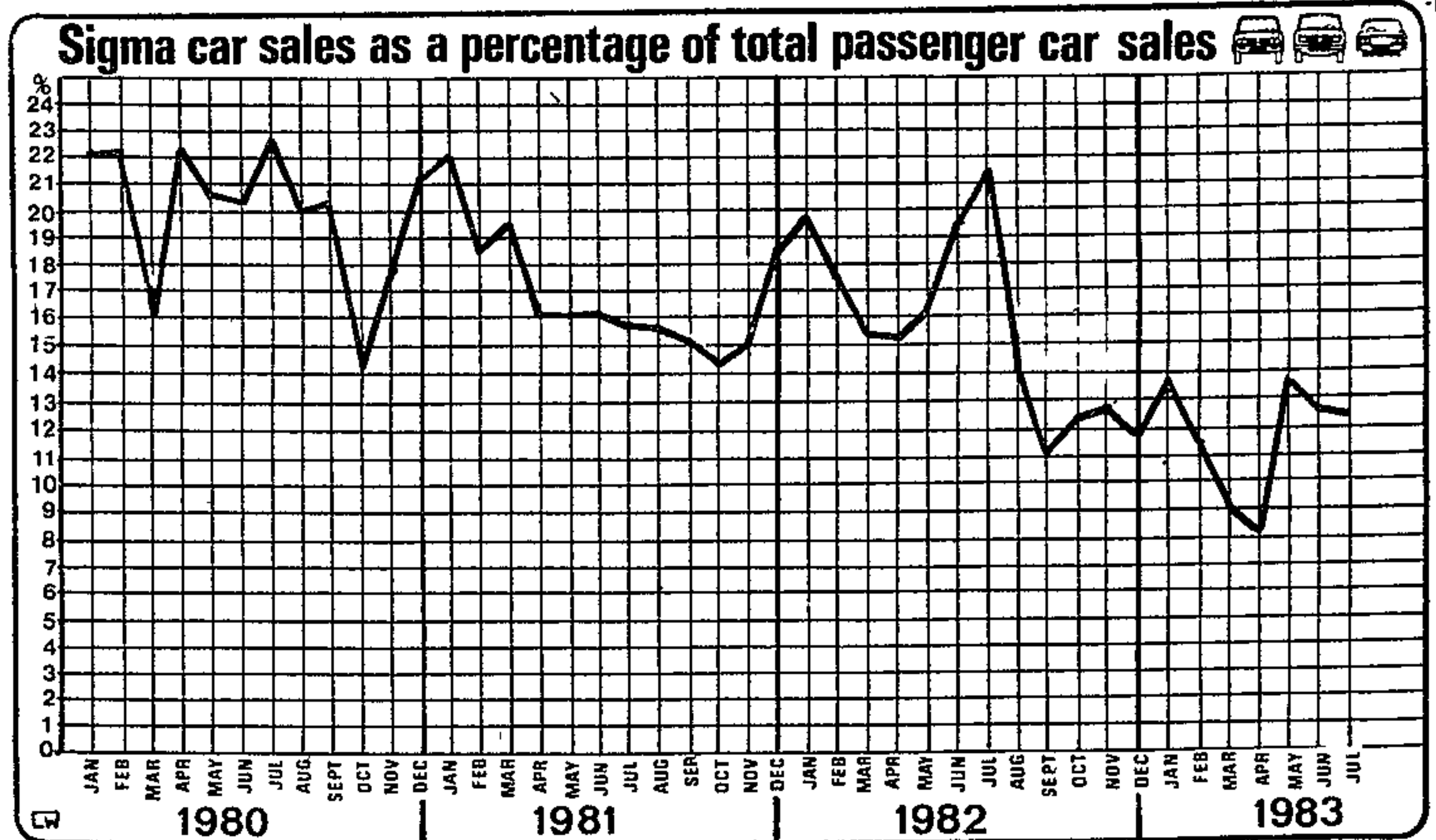
It will cap an outstanding six months performance by Mr Sterling who took over at the beginning of the year. There is little doubt Sigma is ready to climb out of the trough

Mr Sterling declined to comment on this when approached by The Star. But he said a number of deliberate once-off cost factors had been incurred this year. He was hopeful the company would move into a profit situation in the first quarter of next year.

The company made a R55 million loss last year. An equally massive R55 million expansion programme undertaken by the previous management had now finally been brought to a conclusion. Total capital outlay at the factory was now about R275 million.

Major re-tooling had been undertaken to ensure that production and product development could be maintained. Slowing down production on the Peugeot lines to ensure quality had paid off handsomely.

Mr Sterling said Sigma had a



massive new product programme for the next 12 months. He was convinced Sigma could increase its share of the passenger car market to 18 percent.

The total market was likely to increase to around 275 000 units this year and 300 000 next year. This, coupled with higher productivity, should lead to the improvement in market share and profits.

A number of senior management appointments were made this year. Only the post of director of manufacturing remained to be filled. Mr Geoff Graves, previously in charge of manufacturing at other motor plants in this country, had since his retirement been assisting with production.

A new finance director, Mr Joe Daly, has been appointed. He had previously held similar positions at Ford and Chrysler.

Mr Richard Murray, the new sales and marketing director, was also a professional motor industry man.

The Colt Galant was likely to be phased out in the next six months, but new versions of the Tredia and the Mazda 626 would be introduced.

The Mazda 323 was quite capable of holding a nine to 10 percent share of the market, and the reason for the dip in sales in July had been pinpointed and would be rectified.

Production had started on new Peugeot assembly lines, and last month 200 of the 504 model had been sold, without any advertising. Mr Sterling said there was a waiting list for the Peugeot Wagon.

The Mazda 626 would make a significant contribution to the product range. Dealers would be better able to compete with

Toyota and Datsun products, particularly the Cressida and Skyline.

Product life-cycles had now been defined.

The light commercial range, which had been a problem, had been restored. Sales had been increasing every month this year, and should continue to reflect the improved product in the remainder of the year.

Final documents for the sale of Sigma's interest in Ronnie Bass would be signed next week. After Ronnie Bass' move out of Johannesburg, City Central would handle the Sigma franchise.

Mr Sterling said Sigma was aiming to be a highly competitive, profit-oriented company. This meant the emphasis would be on revenue in relation to costs.



# We can't stop growth — black and white

210 ~~210~~ RW 31/8/83

THERE is no doubt that the issue of influx control, probably more than any other tool of national policy, is central to South African affairs in general and our economic development in particular.

It is also a powerful weapon in the hands of those who are only too ready to question the national commitment to the principles of free market capitalism

By the term "influx control" I mean all practices aimed at restricting the urbanisation of blacks, whether through "pass laws" or housing permits

But influx control has far wider connotations than this. Many people, naturally, associate it with the politics of apartheid and with concepts such as social engineering, which are an anathema to those of liberal disposition

It is therefore important to try to assess its real effects and to consider whether it has any merit. Most importantly, even if it has merit, can it be made to work in the long run?

We should not lose sight of the fact that this country has a long history of controls, in one form or another, over the movement of people.

In 1939, during the last parliamentary sessions before the Second World War, Dr Malan sought to introduce legislation to establish separate residential areas for different population groups

This was not effected until the 1960s, when Dr Verwoerd was attempting to perfect the apartheid system

At that time he brought influx control to its political zenith as the backbone of a policy which was intended, ultimately, to keep the black man out of the urban areas, which were deemed to be white by definition and part of the historical inheritance of the white man.

The history of influx control is obviously much more complex than this. I have set out to do no more than remind ourselves that political aims in this matter are inescapably bound up with socio-economic questions

As but one example, we should consider the effect of influx control laws on the police force

In South Africa, like anywhere else, the police are authority's instruments for maintaining a reasonably ordered society

To my mind, it is wrong that they should have the responsibility for putting laws into effect which are such that a large section of the public comes to regard the police as enforcers of political policies, not protectors of society

One does not have to study Machiavelli to have difficulty in answering the question, "Who are the jailers and who the jailed?" in South Africa

In common with many South Africans I believe that many fine people in an essentially fine police force are coarsened and diminished by their having to give effect to laws which offend a widespread and deep-seated

An edited version of a speech given yesterday by the Chairman of the Anglo American Corporation to the Free Market Foundation in Cape Town



By GAVIN RELLY

little doubt that the idea of evading the cost of infrastructure was originally a very important motive for the system

Serious attempts are now being made to bring the education and health systems in the rural areas on to a par with those in the urban areas

Of course, the very policy of building re-settlement camps, in so far as they represent an attempt to deflect the natural flow of people to another location, is tacit acceptance that urbanisation is going to take place somewhere or other

To divert it to distant places makes it not cheaper, but more expensive

The De Lange Commission discovered that the cost of educating a white child in the rural areas is double that of educating the same child in the urban areas

There is one more position that in fairness we must take into account. It is that retention of influx control is necessary, because the economic and political costs of increased concentration of people in the urban areas are too high.

This concern is not, it is said, racially based but hinges on problems of planning for necessary changes.

Its corollary is that the flow of black people to the towns that would result from their new-found freedom of movement would have detrimental effects on the quality of life of

The inextricable link between economic growth and urbanisation can be demonstrated in the history of individual countries or by comparing different countries at the same time

It is also clear that agriculture as well as industry benefits from this process of urbanisation

Those economies that are agriculturally most productive, like the United States, have the smallest proportion of the population working on the land

Those with a higher proportion of the land, like India or Soviet Russia, are agriculturally under-productive

One of the major obstacles to improving agricultural productivity in the homelands of South Africa is their over-population. This fact has been recognised ever since the Tomlinson Commission reported in 1955

Throughout the world, the fast-growing economies are those which have a substantial surplus rural population which can be rapidly absorbed into industry

This was the position in Japan until recently, and is at present that of countries such as South Korea, Taiwan and Brazil.

The five-million refugees from East Germany after the Second World War were crucial to the rapid growth of West Germany

As if there were not evidence enough, 40% of the work force in Switzerland, which now has the highest per capita productivity in the world, are foreign workers, while the

If we were serious in our urbanisation objective, whether for selfish economic goals or out of humanitarian considerations, it would be necessary to provide many more homes

To do this quickly would require the authorities to permit informal housing — that is, a fairly high standard of squatter camp, which could be up-graded over the years

Such a policy would in essence legitimise the present degree of what can be called camouflaged urbanisation

Already, many blacks work in the towns and cities of South Africa but live in black areas, so-called independent states such as Ciskei and national states like KwaZulu

Often, existing black townships — for example, Mamelodi — have been prevented from expanding. The houses built recently in Mamelodi for employees of Sigma Motor Corporation were the first new ones erected there since 1965

And so informal settlements on black land have inevitably sprung up. Durban is surrounded by some 500 000 squatters and similar communities exist around East London, Pretoria, Bloemfontein, Port Elizabeth and Pietermaritzburg

There are now more serious indications that this camouflaged urbanisation is giving way to urban growth on a planned and deliberate basis

For instance, it is contended that there is no more land for Soweto to expand. Therefore, the argument goes, future urban growth for blacks must be located at Bronkhorstspuit, at a new township called Ekancala

This policy is not totally without merit — although one wonders how much consideration has been given to Soweto's expanding upwards, as opposed to outwards?

But we should bear in mind that its implementation may well increase living costs for the individuals settled in the new town — who might still have to commute to the main centres — not to speak of the labour costs of their employers, particularly if the Welgemoed transport recommendations are followed and the operations of private taxis limited by law

This "new Soweto" will be located close to KwaNdebele

Those of its inhabitants who do not hold Section 10 rights of residence in urban areas would presumably always remain contract workers, whose right to function in the larger urban area is entirely dependent on a fixed-term contract for a particular employer

Such a state of affairs would be inequitable. A British or Portuguese



who the jailed?" in South Africa. In common with many South Africans I believe that many fine people in an essentially fine police force are coarsened and diminished by their having to give effect to laws which offend a widespread and deep-seated public recognition of the individual's right to move and live according to his particular circumstances.

Nevertheless, we can see at least three examples which might provide justifications in certain circumstances for considering influx control.

There is the security case, in terms of which one would seek to keep the unemployed out of the towns.

There is the environmental case, which has to do with keeping towns clean and healthy for those who live in them. And finally there is the case which argues that the unemployed are actually better off in the country than in the towns, with its corollary that influx control is a way of evading the cost of social infrastructure — though this is not a consideration which is officially advanced.

Held up to the light of day the fabric of these arguments is flawed.

The origins of the first are no doubt to be found in the experience of the French Revolution. It is an argument of conditioned reflex, not based on logic.

We tend to think that towns somehow lend themselves to riot and revolution, but I suspect that this is because towns by definition are where the bulk of the people are.

I very much doubt whether, in the long run, the creation of impoverished, excluded rural populations is less dangerous than urbanisation. Indeed, it is probably more so.

When last was a government overthrown by an urban rabble?

In any event, I presume that given modern defensive mechanisms and weaponry it is easier to control town dwellers than rural people.

I would argue, therefore, that keeping people out of towns for security purposes is not good reasoning.

The argument about keeping towns clean and healthy at first sight seems to have considerable validity.

But the situation in South Africa is ironic in that the controls we impose do much to create the very conditions that we seek to avoid.

The price we pay for having fewer blacks in town is, first, a higher proportion of unattached males, more prone to crime than they would be if their families were with them, and, secondly, conditions of overcrowding — breeding grounds for nefarious activity perpetuated by our conscious failure to build proper accommodation.

Are squatter camps in fact more dangerous and unhealthy than the existing overcrowded townships? The experience of the settlements of Crossroads and Winterveld suggests that they are not.

We should remember that much of the fear of epidemics which was a motivating force for the original segregation measures in the last century is now irrelevant.

The tendency, it seems, has been for epidemics — including outbreaks of cholera, for example — to take place in the rural areas, not in squatter camps.

As to the argument that the unemployed are actually better off in the country than in the towns, I have

racially based but argues on problems of planning for necessary changes.

Its corollary is that the flow of black people to the towns that would result from their new-found freedom of movement would have detrimental effects on the quality of life of

growth of West Germany.

As if there were not evidence enough, 40% of the work force in Switzerland, which now has the highest per capita productivity in the world, are foreign workers; while the phenomenal economic progress of

whose right to function in the larger urban area is entirely dependent on a fixed-term contract for a particular employer.

Such a state of affairs would be inequitable. A British or Portuguese citizen permanently resident in South Africa may live in any "white" area and be treated as a permanent part of South Africa's market economy.

Why should his black counterpart from KwaZulu or Bophuthatswana be regarded differently?

South Africa's black urban population will grow by some 17-million by the year 2000.

We should plan to accommodate this increase wherever jobs, land and infrastructure are best suited to the most cost-effective use of scarce resources.

We must be careful, of course, not to presuppose that the Western mould is one which all men would choose for themselves.

Our forward planning should take account of the individual's preferences — whether he wants to settle with his family in a town or continue to live as a migrant.

On no account, though, should we allow questions of citizenship to limit or frustrate the ability of black people to participate in the structures of economic opportunity and prosperity.

Those who choose to do so must be given secure tenure and the opportunity to own their homes, develop their communities and contribute to the creation of a modern and prosperous country.

The issue of political rights for urban blacks is, and will remain, a complex and difficult matter.

I readily acknowledge the progress that has been made in the attitude of the South African Government to urbanisation.

This is evident in the 99-year leasehold scheme for black houses, in the programme to sell those houses to their occupants; in the construction of new schools for black children in urban areas, in general improvement projects; and in the Black Local Authorities' acts.

The Government's partial acceptance of the Rikhotso judgement is another major step forward. It will have the effect of allowing more black workers to live legally in urban areas.

That response constitutes an acknowledgement that the number of blacks in urban areas is going to grow not only through natural increase, but also through "immigration".

For my part I am quite satisfied that economic imperatives will be the main determinant of South Africa's future.

Acceptance of that fact represents the best point of departure at this stage in our history.

Movement to the towns is going to take place, whether we like it or not, and however draconian the measures we take to stop it. The experience of the past-30 years shows that quite clearly.

Whatever our past mistakes there is now widespread understanding that we can no longer afford to be held back by policies that serve only the narrowest of sectional interests.

We cannot allow, either, the free enterprise system to be honoured more in the breach than the observance, in so vital a matter as the freedom of movement of people in South Africa — of whatever colour they happen to be.

## There is widespread understanding that we can no longer afford to be held back by policies that serve only the narrowest of sectional interests

those already there.

As to the first part, I do not intend to underestimate the problems that large-scale urbanisation could bring with it.

I hope, however, that in this forum at least I can count on support for my view that planners must respond to the needs of the people, not the other way around — and, parenthetically, that South Africans have too great a propensity to try to plan their way out of difficulties, it might be said without conspicuous success so far.

Further, I beg leave to doubt whether the argument is quite as free of racial overtones as some of its protagonists might like to think. How far is the urban black problem an urban white one?

Anyway, there are signs, most recently in the outcome of the Human Sciences Research Council investigation into opinions among residents of Randburg, that white attitudes are changing, especially in the large-metropolitan centres where most immigration, one must assume, would occur.

The second part of the argument is much favoured by those already urbanised. That is because it implies an increase in urban wages.

The black American economist Walter Williams, in his examination of the idea of statutory minimum wages, has shown how unskilled and skilled labour competes.

Many industries have alternative processes available, some of which demand more skilled labour and capital while others depend more on unskilled labour.

Restricting the supply of unskilled people enhances the demand for skilled labour, and therefore its price.

We therefore have to reckon that organised labour, which increasingly will include black unions, could have a vested interest in supporting influx control.

We should also recognise that workers who would increase their income at the expense of national economic growth are sacrificing their future well-being.

Examples of this are not hard to find. Immediately after the Second World War a British worker earned about five times as much as a Japanese worker; after 40 years of weak unions and growth in Japan, and unduly strong unions and no growth in Britain, the Japanese worker earns half as much again as the British.

The crucial point is this. The generation of incremental wealth by the black man, if it is to continue, absolutely and necessarily depends upon urbanisation.

the United States in the 19th century was fed by an influx of 40-million immigrants from Europe.

The thrust of these examples is obvious by far the largest and cheapest increase in productivity is that which takes place when an individual moves from subsistence under-employment to industrial employment, even in the humblest of capacities.

It is a more difficult, more expensive and slower process to increase the productivity of the existing labour force, which has to be done by what is known as "capital deepening" — that is, investing more money for each worker.

Granted the ratiocination of those who favour influx control is frequently dubious, the crucial question, of course, is what the effect of abolition would be?

In considering the likely extent of the migration from country to city, one can draw a close parallel with the situation after prohibition on alcohol sales to blacks was abolished in 1961.

It did not lead to an increase in drinking, because prohibition had been completely ineffective.

Similarly, removal of restrictions on movement into the towns probably would not lead to an increase in overcrowding, since influx control measures are widely ignored or evaded and existing houses are filled almost to their maximum capacity.

The majority of adult black men are already within metropolitan areas, or in the vicinity.

In 1980, only about 13% of the homelands population comprised males in the economically most important age group of 20 to 54.

Probably the people who would come to the towns in the absence of influx control would mostly consist of families of existing migrant workers.

Their presence would, hopefully, stabilise the male-dominated black urban population.

Many of the women and teenagers should be able to find work, even if initially at a very humble level, and in that way increase the national product.

Urban conditions create all kinds of opportunities for employment which rural conditions do not.

To the extent that the influx of blacks into urban areas is controlled, it is mainly through the deliberate maintenance of the overcrowding I have just referred to.

Hence the ambition of the pass system would have very little effect — beyond emptying jails and improving relations between the public and the police — unless something was done about housing.



119/83 (210) RSM

# Top Anglo man to head HOME

By LIN MENGE

A SENIOR official of the Anglo American Corporation has been appointed executive director of Home Ownership Marketing Enterprises (HOME), which will promote the training of estate agents and the selling of houses among blacks, coloureds and Indians

He is Mr Wessel Pienaar, assistant estates manager of Anglo American's Gold Mining Division. Mr Pienaar has been seconded by Anglo to HOME for a few years because HOME, a non-profit-making utility company, will

close down when its task is complete — making it difficult to fill the vital job of executive director with a top man

Mr Boet van Straten, chairman of the Estate Agents Board, who is setting up HOME with the co-operation of business and Government representatives told HOMEFRONT yesterday that HOME would get going as soon as Mr Pienaar took up his new position on October 1

HOME had received a number of applications from would-be estate agents via the West Rand Administra-



tion Board Blacks who were interested in being trained should give their names to Wrab until HOME opened offices of its own, Mr Van Straten said. Nafcoc, among others, had offered to assist with training

"We are confident we can start with the training of our first 25 or 30 applicants by the end of October. It will be

about two months before they can go out and start selling," Mr Van Straten said

Members of the Association of Law Societies, who are represented on HOME, have succeeded in cutting down the bulky documentation involved in home-buying on leasehold to a few pages, and HOME hoped to have this approved by the Government soon, he said

A high-powered branch of HOME was being set up in Port Elizabeth, Mr Van Straten said, and another would follow in the Northern Cape-Free State area

## A property guide for people of Soweto

FIRST the Big Sale, then the Re-Sale. That is when people are going to need a guide to what their houses are worth — or they will be cheated

To help home-owners, buyers and sellers in Soweto, HOMEFRONT will publish a weekly Property Guide on Fridays, starting tomorrow

To start with, this will be a small guide to the total price which people are paying Wrab for their houses under 99-

year leasehold during the Big Sale. We will also give the number of weekly sales

When those houses are resold to other Sowetans, we will enlarge the service to include the prices paid

By keeping track of price movements, Soweto residents will develop some idea of what houses are worth, depending on their size and which area they are in

Otherwise they will have no way of knowing whether an offer of a matchbox house for R25 000 is good, bad — or mad!

This information is also important for employers who may be asked to help their workers buy houses

So watch out for HOMEFRONT'S Property Guide, starting tomorrow. Keep the cutting because the information could save you from being lied to and cheated

~~SA~~ (210)  
RDM 1/19/83

# UK police check SA connection in London blasts

London Bureau

LONDON — Scotland Yard detectives have confirmed they are investigating a possible South African connection in two bomb attacks in central London in the early hours of yesterday morning.

No one was injured in the blasts and as yet no one has admitted responsibility for any of the bombings.

The London-based Anti-Apartheid Movement and the African National Congress immediately denied responsibility.

Both targets have a link with the Anglo American Corporation and anti-terrorist squad detectives are investigating the possibility that the blasts could have been directed at the company's London headquarters, because of its investments in South Africa.

A second blast exploded on a balcony outside the sitting room of the Chelsea home of an American businessman which is next door to the home of the diamond tycoon, Sir Philip Oppenheimer, 71, cousin of Mr Harry Oppenheimer, and head of the Central Selling Organisation — De Beers' diamond cartel.

A third bomb, which is not

believed to be connected to the Anglo explosions, went off outside the Israeli-owned Leumi Bank off Oxford Street, and is believed to be the work of an anti-Israeli terrorist group.

The first Anglo blast went off at 11pm on Sunday outside the offices of Charter Consolidated in Holborn Viaduct.

The second explosion went off at 2.45am on Monday, next door to the home of Sir Philip, who is on holiday.

Police are investigating a link between the Chelsea bomb and the two city bombs and have not ruled out the possibility of anti-Semitism linking the three attacks.

They also believe that the two gas canister bombs — made up of a number of small gas canisters used in camping equipment — could be connected to a bomb placed in a carrier bag on July 15 in a garden only metres from the scene of the Anglo bomb in Holborn Viaduct.

Police defused the bomb, believing it to be linked to an Armenian terrorist trial.

Now they believe it could have been intended as an anti-South African protest.



# Power hike will hit mines, fuel inflation

*Mercury*  
2/10  
7/9/83

## Mercury Reporter

THE expected jump in electricity costs before the end of the year would have a grave impact on South Africa's mining industry and set the country's inflationary spiral soaring

This became evident yesterday as the Chamber of Mines and organised commerce and industry reacted to an official statement that, because of the drought, costs probably would jump by more than 14,5 percent

The prediction was made by Mr I D van der Walt, general manager of the Electricity Supply Commission, at the opening of the emergency scheme to reverse the flow of the Vaal River

A Chamber of Mines spokesman said a tariff increase of this magnitude would be a severe blow to gold and coal mines, which were already gravely beset by high working costs

Between 1972 and 1982 working costs had escalated 18 percent a year, way ahead of the rate of inflation, and electricity tariffs were a fairly big slice of working costs

Hikes in electricity, rail and fuel costs have the greatest impact on inflation and there are hopes that the Government will step in rather than suffer a major setback in its anti-inflationary drive

Last year the Government took the unprecedented step of asking Escom to trim its increase

back to 14,5 percent.

The energy spokesman for the Federated Chamber of Industries, Dr R A P Fockema, said 'Obviously Escom's costs have to be met. Whether they do this by directly increasing the tariff or postponing matters by raising a capital loan we can only trust they will adopt the least inflationary solution

## Detrimental

'If they opt for a tariff increase we would like an assurance that it will be in the form of an emergency levy, which will fall away once the drought is over'

Mr Roland Freakes, executive director of the Natal Chamber of Industries, said 'The cost increases we are now experiencing in respect of

water and electricity are proving very detrimental

'The general economic recession, plus the drought, is already blunting the demand for products, pushing the cost of each unit up

'Now on top of this industry is being asked to bear the increasing costs of inputs water and electricity, and the whole thing adds up to further inflation

'We can only hope that an increase of the magnitude hinted at by Mr van der Walt is not brought into effect,' he said

## Biggest buyer

Mr Raymond Parsons, chief executive of Asso-com, said organised commerce viewed the predicted increase very seriously. The standing committee for economic affairs would consider the implications today

Durban City Council is the biggest buyer of bulk electricity in the country, taking 40 percent of all Escom's output in Natal

Deputy City Treasurer Mike O'Meara said the city would never be able to absorb a big increase. It would have to be passed on to the consumers

Durban supplies electricity to areas in the south as far as Kingsburgh, inland as far as Alverston and north to Tongaat. In October last year the council applied for a bulk discount from Escom, but the matter is still being considered

Meanwhile, an Escom spokesman pointed out that electricity tariffs would not go up this year. 'It is our policy to announce any increases between October and December

## Drought

'In October last year we announced the average 15.1 percent that came into effect on January 1 this year,' he said

He added that the increase could be higher or lower than the last one. 'We don't know how much the drought has cost us yet, and only now can we start getting things together again with the Grootdraai scheme in operation

'We have already spent between R80 million and R100 million this year, which includes the cost of Grootdraai

'The biggest cost is the extra coal we had to buy to run our older generators, but now Grootdraai is working we can return to a normal pattern of generation rather than use the expensive older stations,' he said

He compared coal prices by pointing out that to supply the Salt River station outside Cape Town cost R41 to R45 a ton, while the same coal cost only R10 a ton in the Eastern Transvaal

## Sending back

Regarding allegations that the Transvaal was taking Natal's water, the spokesman said 'We are taking it, but we are sending it back in power

'If we did not have a national grid with the two stations in the province closed, you would be without power

'We only take 10 percent of the Tugela's water anyway,' he said

# Anglo chairman defends large corporations

14/9/83 C. Times

210

JOHANNESBURG — Anglo American Corporation Ltd's chairman, Mr Gavin Relly defended large corporations like his own against criticism that they have too strong a grip on South Africa, saying that firms had to be big to compete internationally.

In a speech to the South African-West German Chamber of Trade and Industry, Mr Relly argued against excessive regulation of business.

### Investigation

Last week the Trade and Industry Minister, Dr Dawie de Villiers, said he had ordered the Competitions Board to make an urgent investigation into the country's conglomerates and their effect on competition. Dr De Villiers mentioned the possibility of new legal restrictions.

After referring to the findings of share analyst Mr Robin McGregor, who has calculated that the Anglo-American Corp controls over half



Mr Gavin Relly

the Johannesburg Stock Exchange's share capitalization, Mr Relly said.

"We cannot afford, in a frontier economic society, all those nice rules and regulations which so tortuously determine, for instance, American business behaviour.

"The main thrust of government policy

should be to encourage in every way, private initiative to expand our industrial and commercial base.

A martian looking at the world's economies would see many contradictions both in capitalist and in socialist systems and would see the importance of size, Mr Relly said.

### Economic growth

He said economic growth depended on the initiative of black, coloured and Indian citizens and on protection of South Africa's industrial base from what he called impossible foreign competition.

Asked after his speech about the need for protection, Mr Relly said protective barriers against competition from countries like Japan should not be removed hastily.

"The problem at the moment is that we have very small industrial production units here and they are simply not competitive overseas," he said — Reuter.



Dr Ivor van Heerden has joined Special Offshore Surveys (Pty) Ltd as marine geologist

## Golds easier

JOHANNESBURG — Golds dropped across the board on the stock exchange yesterday after the sharp drop in the bullion price which was fixed at \$406,75 an ounce yesterday afternoon compared with \$415,75 on Monday afternoon.

## Quick report

### Stockmarket active

Golds dropped across the board on the stock exchange yesterday after the sharp drop in the bullion price.

### London

The stockmarket closed lower in slack trading and The FT index closed at 695.8 down 12.1 its first drop below 700 since July 19.

### Dollar stronger

The dollar ended stronger, propelled higher by the likely impact on interest rates of the United States Treasury's quarter-end funding needs and expected pace of money supply growth.

### Wall Street

NEW YORK — Stock opened broadly lower and then stabilized through late trading yesterday in an extension of the market's slide Monday.

Motor, oil, retail, chemical and forest products issued paced declines in trading volume that slowed considerably from Monday.

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# Anglo created 26% of the JSE says Relly

232 (210)  
RWM 14/9/83

By SIMON WILLSON  
Industrial Editor

THE ANGLO American Corporation was responsible for creating entrepreneur businesses which now accounted for 26% of the value of the Johannesburg Stock Exchange, the corporation's chairman, Mr Gavin Relly, said yesterday

Speaking at a meeting of the South Africa-German Chamber of Trade and Industry in Johannesburg, Mr Relly said recent well-publicised computations of the proportion of the JSE under Anglo's control included too much "double counting" to be accurate

"Let us ask instead of what proportion of the stock exchange's value today could it be said that Anglo Ameri-

can was responsible for creating as entrepreneurs and risk-takers?

"It is 26% This figure accounts for things we have done, not things we have taken over

"It represents mines we have started and industries we have put together, and it is a figure to be extremely proud of"

Risk and private enterprise were inseparable and South Africa was fortunate that its tradition was of entrepreneurs who were not afraid of taking risks

"As a result of their success we have companies which have the size and resources to stand the inevitable strains and stresses concomitant with an emerging economic society"

Very great risks in mining had brought very great rewards, and people tended to forget that there had been very great losses too

"I have argued before and do so again that we cannot afford, in a frontier economic society, all those nice rules and regulations which so tortuously determine, for instance, American business behaviour"

Mr Relly aligned himself with the school of thought calling for protection of South African domestic industries from overseas competitors

He said the main thrust of Government policy should be

to encourage, in every way, private initiative to expand South Africa's industrial and commercial base

"Encouragement of the expansion of the industrial base includes the prudent regulation and protection of the industrial base from impossible foreign competition"

He expressed concern at the inflationary consequences of modern economic ethics

"When we recall that the economic ethic of Victorian times was 'Save and Prosper' — and there is no doubt that it helped to make Britain industrially powerful — I think we must all have a sense of concern that the equivalent modern ethic is something like 'Fly Now and Pay Later'

"The tendency today may be to try to have our cake and eat it — to leave the money in the bank and spend it That sounds like inflation"

Mr Relly warned of the possible consequences of continued high interest rates

"A prolonged period of high real interest rates will woo investors away from entrepreneurial risk-taking They may lose the habit and prefer to leave the money in the bank"

There might be a case for arguing that modern wealthy societies embraced a security psychology and ploughed their savings surpluses into future security rather than immediate risk

# Chamber anti-stoppage

**THE Chamber of Mines has refused to put up notices calling on mineworkers to observe a 30-minute work stoppage in honour of the 65 miners who died at the Hlobane coal mine.**

The work stoppage has been called by the National Union of Mineworkers (Num) as a mark of respect to the miners who died in the methane gas disaster.

The union has urged

**By ZWELAKHE  
SISULU**

the country's 470 000 miners to observe the stoppage between 9 am and 9 30 am today.

In a letter to the general secretary of the Num, Mr Cyril Ramaphosa, the general manager of the Chamber of Mines, Mr Peter Bosman said the English version of the notices differed from

the Zulu, Xhosa and Sotho versions.

The notice in English called on workers to observe a moment of silence, whereas the notices in the other languages called for a work stoppage, said Mr Bosman.

Meanwhile the Council of Unions of South Africa (Cusa) has come out in support of Num's demands for safe working conditions for miners.



(210) (157) RDM 1/10/83

# Anglo boss in talks over 'unsmiling' employee

By SUE FAULKNER

THE chairman of Anglo American Corporation, Mr Gavin Relly, yesterday met a delegation of workers who were protesting about the suspension of one of their fellows

Workers protested on the steps of 44 Main Street, Anglo's head office, and sang freedom songs around a huge yellow banner painted with the slogan "An injury to one is an injury to all"

According to one woman, who did not want to be identified, the workers began their protest after Mr Walter Mnguni, a photocopier operator with 28 years service, was asked to leave on Monday because "he didn't smile enough"

Anglo's chief public relations officer, Mr Ivor Sander, said Mr Mnguni was 51. He

had no idea of personal circumstances such as where Mr Mnguni, lived, he said

A woman who took part in the protest said the corporation's Employees' Representative Council went to management on Tuesday but failed in their efforts to have the man re-instated

As workers protested noisily yesterday, the delegation was called to meet Anglo's chairman, Mr Gavin Relly

Just before 3pm the three man delegation returned to the workers on the steps.

Mr Mnguni's employment had been terminated because of poor inter-relations with other members of staff, Mr Siphon Mouthi, head of the delegation, told workers. This statement was greeted with cries of "nonsense"

He added that Mr Mnguni would receive full pay until

an investigation was completed. In the meantime, he had been suspended

The workers then returned to work

In a statement Anglo said Mr Mnguni had been placed on early retirement after a formal disciplinary hearing by his department

This followed "a history of unsatisfactory interpersonal problems"

According to the statement, Mr Mnguni was given formal notice in July and warned about his behaviour

"A recent incident resulted in the decision to remove him from his post and place him on early retirement," the statement added

Anglo's statement concluded "While further consideration is given to his future, he is suspended on full pay"

210 *S. Express*  
9/10/83

# Top Anglo men on opposite sides in the big debate

☒ TWO men in the top echelons of the multi-million Anglo American Corporation this week landed on opposite sides of the debate about the political consequences of a 'yes' vote in the coming referendum.

A speech by Anglo chairman Mr Gavin Relly is being widely interpreted by the Nationalist Press as indicating his support for voting 'yes'.

Dr Zac de Beer, a director of the huge corporation, has given a firm 'no'.

Political cross-currents within the corporation are further complicated by the strong pro-Nationalist stance of Dr Shlomo Peer, the NP chairman in Houghton who resigned his position as chairman of Anglo American Life to work fulltime for the NP.

Mr Relly, who last year succeeded Mr Harry Oppenheimer as chairman of Anglo, told a Lions Club gathering in Johannesburg this week that a 'yes' vote would be seen by South Africa's friends overseas as "a small, positive step towards open-mindedness".

A 'no' vote, he went on, would undoubtedly be interpreted as further evidence of "bloody-mindedness" and used as a weapon against South Africa.

Although South Africa was pilloried overseas, there was much that could be done to sustain the support of foreign investors, he added.

By JEAN LE MAY  
Political Correspondent

Beeld, the pro-Nationalist daily, published his comments yesterday under the heading: "Relly on the advantages of a 'yes'".

Meanwhile Dr de Beer — who is on the federal executive of the PFP — took a different tack and has obliquely criticised Mr Relly's attitude.

He said in Port Elizabeth that the only argument in favour of a 'yes' vote was that foreign businessmen would view a rejection of the constitution as a rejection of reform.

Foreign businessmen and investors would soon realise that "nothing has changed" and apartheid was "more firmly entrenched than ever".

The top Anglo men have been closely watched since the start of the campaign for clues to their attitudes, presumably because they are seen to wield such enormous influence in business circles and the English community.

Former chairman Mr Oppenheimer, who has supported the PFP since its inception, has refused to say outright which way he intends voting, except that his attitude was "well known".

He was thought to be maintaining a studiedly neutral position when hosting a luncheon in Johannesburg recently at which PFP leader Dr Fredrik van Zyl Slabbert appealed to businessmen to reject the constitution.

(Report by Jean Le May, 171 Main Street, Johannesburg)



**GAVIN  
RELLY,**  
Chairman of  
**Anglo  
American**

**Yes**

**A** <sup>5. inline</sup>LL of us have perceived the inherent vulnerability of rich, white, Johannesburg existing side by side with poor, impoverished Soweto.

While that is a reality which many are attempting with goodwill and wisdom to modify, it is also a reality which, unless modified, will cause trouble

South Africa's role in Southern Africa is to be seen in that sort of context. It is rich and powerful and we produce 77 percent of the total GNP of the sub-continent, at least three quarters of the output of coal, iron, wheat, maize, electric power and rail transport and 90 percent of the region's energy consumption is generated by South Africa and her three customs union partners, etc, etc.

These qualities can cause jealousy and envy. The evident success of the South African mining and industrial machine is, in itself, something of an offence in a continent which struggles generally with the problems of making industry and commerce work.

Our efforts may even evoke admiration in some of our neighbours, but it is quite clear that, in the long run, we will not dwell in amity with those neighbours if we attempt to keep all the goodies for ourselves and do not seek to make green also the pastures of those who live outside our borders

Where do we find ourselves in southern Africa? — Already a region now impoverished by drought and, to some extent, by very effective efforts to pursue the socialist fate of non productivity.

In my own mind South Africa's ability to get on with its neighbours and pursue with them a common goal of regional development is vital to its survival as a stable, sophisticated, industrial system. Indeed, it is the prerequisite.

The powerful nations to whom we look overseas for friendship also have their own obligations and their own family groupings and we do not have to look beyond Britain to see that despite our long association and friendship, she has to trim her policy to the demands of the Commonwealth, the European Economic Community, Nato etc

To my mind, therefore, it is not enough for us simply to share a similar perspective with America and indeed others, in the West — about Soviet designs in Africa, as important as this perspective may be

It is conventional in certain parts of our community for people to become infuriated at any suggestion that foreigners are entitled to have a view about our internal affairs. Many would like to believe we could live in this isolation and that is evidenced in the thinking of our right wing

The whites could, no doubt, for a time survive for a while in a laager surrounded by an ever increasing morass of poverty. But this is not the vision the majority of South Africans choose, and in rejecting it they must opt for relationships with the outside world which entitles the outside world to have views about our attitudes and behaviour

We appear to enjoy a modest aura of goodwill created by concepts of constructive engagement as Senator Nancy Kassenbaum has pointed out that constructive engagement is a two-way track.

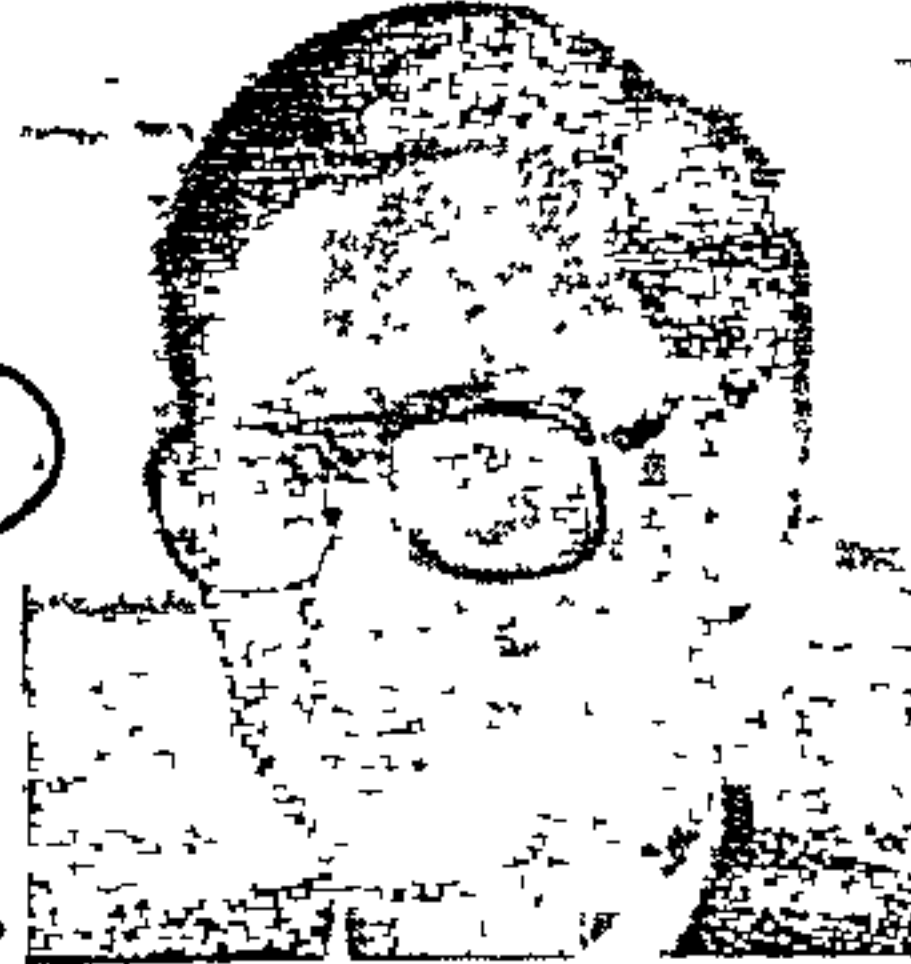
Part of this two-way track is our willingness to play a constructive developmental role in Southern Africa, part of it, also, is to embark on domestic policies which reflect an open-mindedness towards the future rather than our traditional closed-minded grasping of the past

Whether our domestic perceptions will result in the present reform proposals being accepted in South Africa we do not yet know. But it seems fairly clear that while acceptance will be acknowledged overseas as a minor positive movement along the road to open-mindedness, the negative will undoubtedly be interpreted by our friends as further evidence of bloody mindedness and grasped by our enemies as another stick to beat us with

We must get on with our business as a leading and particularly concerned member of the South African group of nations and to do this in such a way that we are seen to be dedicated to the region and its interests as a region — not only our own considerations.

## Anglo seconds property man to **HOME**

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ROM  
12/10/83



**WESSEL PIENAAR**  
Hopes to speed up sales

By **LIN MENGE**

THE brief Mr Wessel Pienaar had with Anglo American was property and problem-solving fitting preparation for his new task of introducing a free market in property and an agency industry in the black townships.

Formerly Anglo's divisional mining titles and estates manager, he has been seconded as executive director to Home Ownership Marketing Enterprises (HOME), the Section 21 (non-profit-making) company recently set up by the Government and the private sector to train non-white estate agents and to handle the selling of houses.

HOME will go into business early next year, opening sales offices in Soweto and in Port Elizabeth's black townships, says Mr Pienaar. It is expected the company will remain in existence for about three years, "by which time the agents will have to comply, like their white counterparts, with all the requirements of the Estate Agents Board and the Estate Agents Act.

The company's premises will open on November 1 on the seventh floor of St Mary's Building in Eloff Street, Johannesburg, where the Institute of Estate Agents will conduct training sessions.

"We hope to train groups of 25 to 30 at a time," Mr Pienaar says. "After intensive training of three to four months, the agents will be appointed to our

sales offices in the townships. On-the-job training there will be supplemented by less intensive training for the balance of the three years."

Agents will receive both salary and commission and will, initially, handle sales under the State's mass sale discount scheme.

Mr Pienaar, 44, is a Pretoria University BA economics graduate. He worked for the Townships Board and the estates department of the Pretoria City Council before joining Anglo where he gained experience in dealing with administration boards and designed a home ownership scheme for Ergo employees.

HOME has a starter loan from the Urban Foundation, but hopes for donations from big employers.

"It is in the employers' interest to give their workforces a more secure base," Mr Pienaar says. "A satisfied employee living in his own house can only work better, and be worth more to the employer, than the man who has to float around, totally insecure and not knowing where he belongs."

Among numerous other organisations involved in setting up HOME are the SA Property Owners' Association, the Small Business Development Corporation, the Association of Law Societies, Assocom, Nafcoc, the AHI and Government departments and administration boards.



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# 'No' to curb on 'minis'

Labour Correspondent

THE Chamber of Mines, which rarely intervenes publicly on social issues, has urged the Government to allow black minibus taxis to continue to operate

The chamber says many black mine workers "make extensive use" of the service provided by minibus taxis and would be seriously inconvenienced if the Government imposed clamps on the minibuses

This is spelt out in an issue of "Mining Sun", a chamber publication for black workers on the mines

It is likely to strengthen the hand of those who see clamping down on minibuses as a bar to black participation in free enterprise and who seek to thwart the move

A Government inquiry into passenger transport recommends that minibus taxis, which carry up to eight people and provide extensive transport in the black community, be phased out over four years

Instead, it wants only four-passenger vehicles to qualify as taxis

The law would allow vehicles carrying between five and 25 people, but only on the same condition as buses — following a set route with fares and time-tables subject to official approval

This has been condemned by the SA Black Taxi Association and other bodies that argue that the minibuses make up for the lack of transport in black areas

They also argue that the minibuses offer a service which is more flexible than that of bus companies, which would benefit from a clamp on minibuses

According to Mining Sun, the minibus service meets the needs of mine workers who work shifts "and require transport at irregular hours", without which mine workers would find transport difficult during their leisure time

If the plan to curb the minibuses is introduced, the chamber fears that they would either cease to operate because of additional legislative requirements or operate only by charging fares that would put them "beyond the means of the employees concerned"

It therefore urges that the law continue to allow minibuses to operate freely



New book on giant Anglo-American Corporation poses a billion dollar question



# Anglo

# Protector or enemy of apartheid?

IS Anglo American Corporation a bitter opponent of apartheid or has it grown into a vast multi-national corporation on the fringes of apartheid, making it a fierce protector of the system?

This question is posed in a book on Anglo American which is due to be released this year or early in 1984

There are some who think Anglo came out of the closet with chairman Gavin Relly's endorsement of the new constitution. Although former chairman Harry Oppenheimer's rejection of the constitution will have provided the conflict that so typifies the view of the Progressive Federal Party line

The book, which has yet to be titled, took seven years of research into the Anglo-American grant and not only covers the remarkable history of the corporation but the many contradictions within its frame.

The author is Witwatersrand University sociologist Dr Duncan Innes. His research took him to places like Latin America and Zambia before final publication

Dr Innes, a quiet, self-effacing lecturer and former president of Nusas, became interested in the human injustices of apartheid and its underlying economic structures while a student

He was particularly intrigued by Anglo American which, while supporting structures like the PFP, also benefitted from the migrant labour system

He says it was only while studying at the University of Sussex that he became aware of the immense power of Anglo American which had interests in more than 30 countries throughout the world



BY CHARLENE SMITH

"I became aware of it in all sorts of weird ways. I picked up the paper and read about the North Sea oil operations and discovered Anglo was involved through its company, Charter Consolidated.

"I went to Cornwall and Anglo owned tin mines there through Charter. I went to Latin America and found Anglo had huge investments in Brazil and Peru"

But, even more intriguingly, he discovered only two other books had been published on Anglo American and both had been approved by the corporation

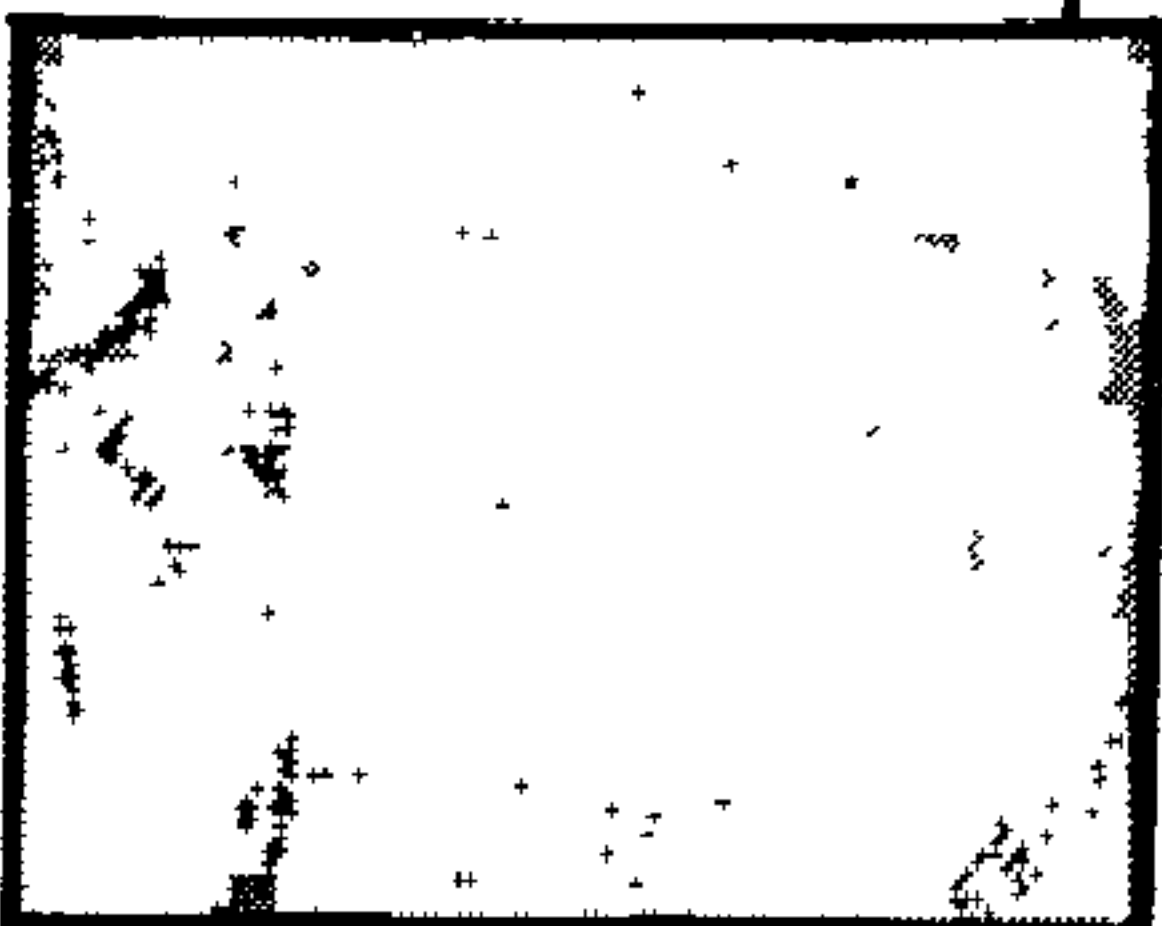
Dr Innes sketches in his book how Anglo American and apartheid (even before the catchphrase was coined) became intertwined

"If you go back to the formation of De Beers, under the chairmanship of Cecil Rhodes, you see that he was Prime Minister of the Cape when the migrant labour system was established.

"If you look at prison labour, it was established in Kimberley in the 1880s when the government passed legislation affecting migrant labourers, who, if they fell foul of those laws, could be sentenced to periods of imprisonment in a special De Beers jail, with its own warders. These prisoners could be made to work on the mines.

"Later, when Anglo American was formed and Ernest Oppenheimer was in Parliament, he did

□ Rhodes, founder of De Beers and Prime Minister of the Cape



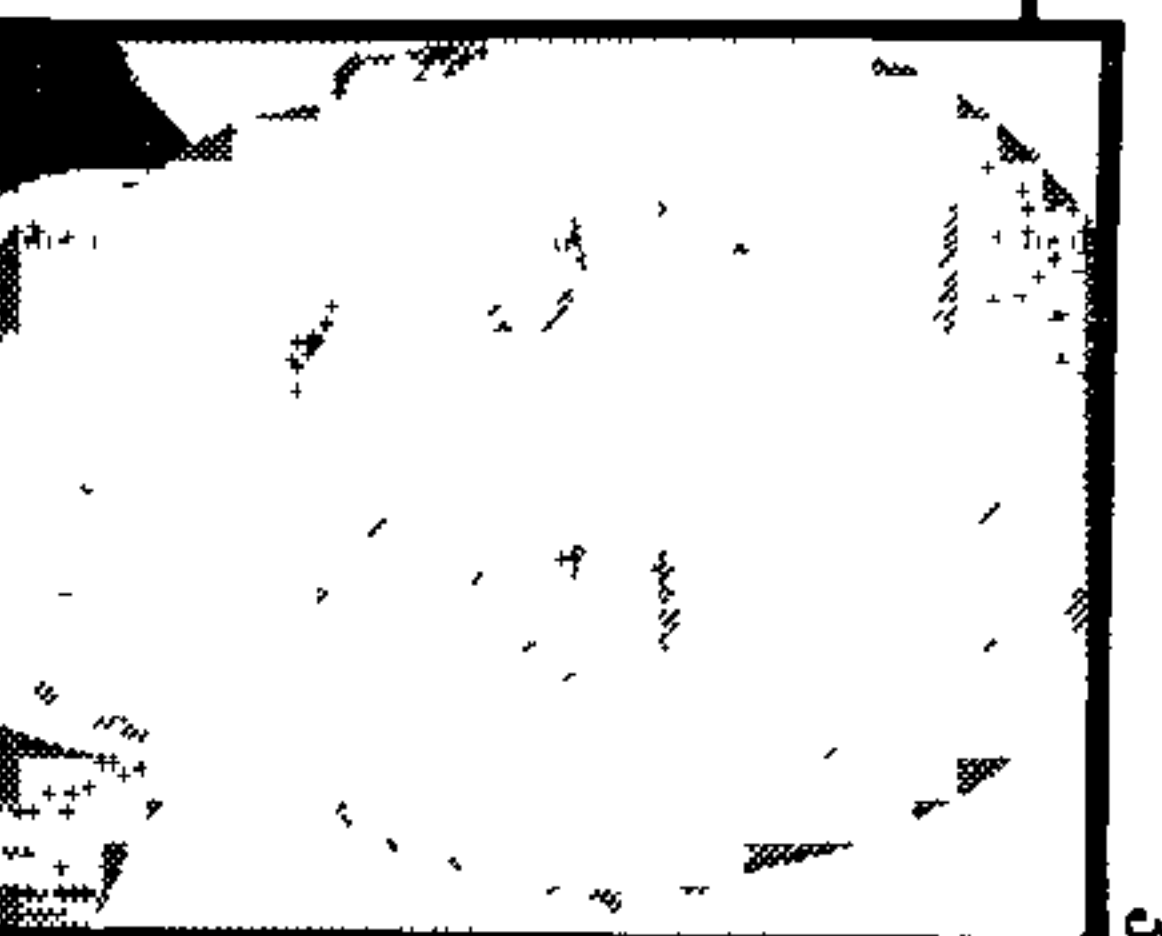
□ Ernest Oppenheimer, first head of Anglo and MP



□ Harry Oppenheimer, past chairman of Anglo American Corporation



□ Gavin Relly, current chairman of Anglo and a Yes voter



not oppose the migrant labour system until the construction of the post World War 2 gold mines, particularly in Free State. Then he argued for a small section of the labour force (those with skills) to settle permanently on the mines."

Dr Innes says "This was mainly to combat the high labour turnover on mines not to remove the inhuman aspects of migrant labour or the separation of families"

Another aspect: "Real wages for black miners did not increase between 1910 and 1969. Then in the 1970s real wages increased by about 400 percent and Anglo played quite an important role in persuading other mining groups not to resist these increases.

"But one of the reasons for the increases was that in the early Seventies there was massive mine unrest.

"In 1969 gold was R35 an ounce by 1980 it was R800 an ounce and subsequently settled at between R400 and R500 an ounce. So, in a time where profits increased by about 1 000 percent, wages went up 400 percent."

Dr Innes obtained his PhD at Warwick University in England, for his dissertation on Anglo American.

To show how much Anglo is a part of the daily lives of South Africans he gives the following sketch.

"In the morning you wake up and have cereal which could have been made by Premier which is part of Anglo.

"Your retirement you may drink out of a plastic cup made by AECI, which is part of Anglo. The sugar you stir may be from Hullels which is, you guessed, part of Anglo.

"You dress in clothes you may have bought from Greentemans which is part of JCI, which is part of Anglo. The morning newspaper is also



Mr Oppenheimer and Mr Relly continue to side with the Government in that they have never advocated political rights for rural workers in a unitary state in South Africa — DR DUNCAN INNES, Author of a yet unnamed book on the giant Anglo American Corporation

Probably partly owned by Anglo "You then drive to work in a car possibly bought from Sigmia, part of Anglo, and drive along a road, which may have been laid by LTA, also part of Anglo.

"The office building you work in may be owned by Anglo American Properties or Anglo Life Assurance. Anglo also probably has major shares in the evening newspaper you read.

"You then go to sleep and think you're free," Dr Innes says with a smile

Dr Innes estimates Anglo's assets to be worth at least R10-billion. He found information on about 650 companies in the group in more than 30 countries. He estimates that the real number of companies is at least double that. Although he says Anglo and De Beers are usually ranked among the top 80 or 90 companies in the world, if their assets were combined it would probably feature in the top three to eight lists.

The book would be fascinating just with Dr Innes' details of the vast and remarkable operations of this corporation but it is his provocative arguments about Anglo's role in apartheid that will be the most controversial aspect.

"Anglo clearly would not have achieved its wealth and power without apartheid, particularly cheap labour, the compound system, the denial of trade union rights (until recently) and political rights for blacks," says Dr Innes

However, he believes Mr Oppenheimer is a man of considerable foresight. "He knows apartheid has to change and is in a position to exert some pressure.

But, Dr Innes observes: "Mr Oppenheimer feels Anglo is at a level where they can make money out of a more enlightened system

"Anglo's latest mining ventures and industrial undertakings tend to be highly capital intensive, relying less on cheap black labour.

"But they are keen to benefit from productivity improvements that a more stable, better trained and educated labour force could provide

"Mr Oppenheimer and Mr Relly speak of urban blacks and not mine labour, they would probably want to extend qualifications for urban rights and pay higher wages, that is why they are allowing unions

"They are saying that is the way the country has to go, but continue to side with the Government in that they have never advocated political rights for rural workers in a unitary state in South Africa

"They want to reform the existing system to allow for an urban-based labour aristocracy, which is not far removed from Government thinking."







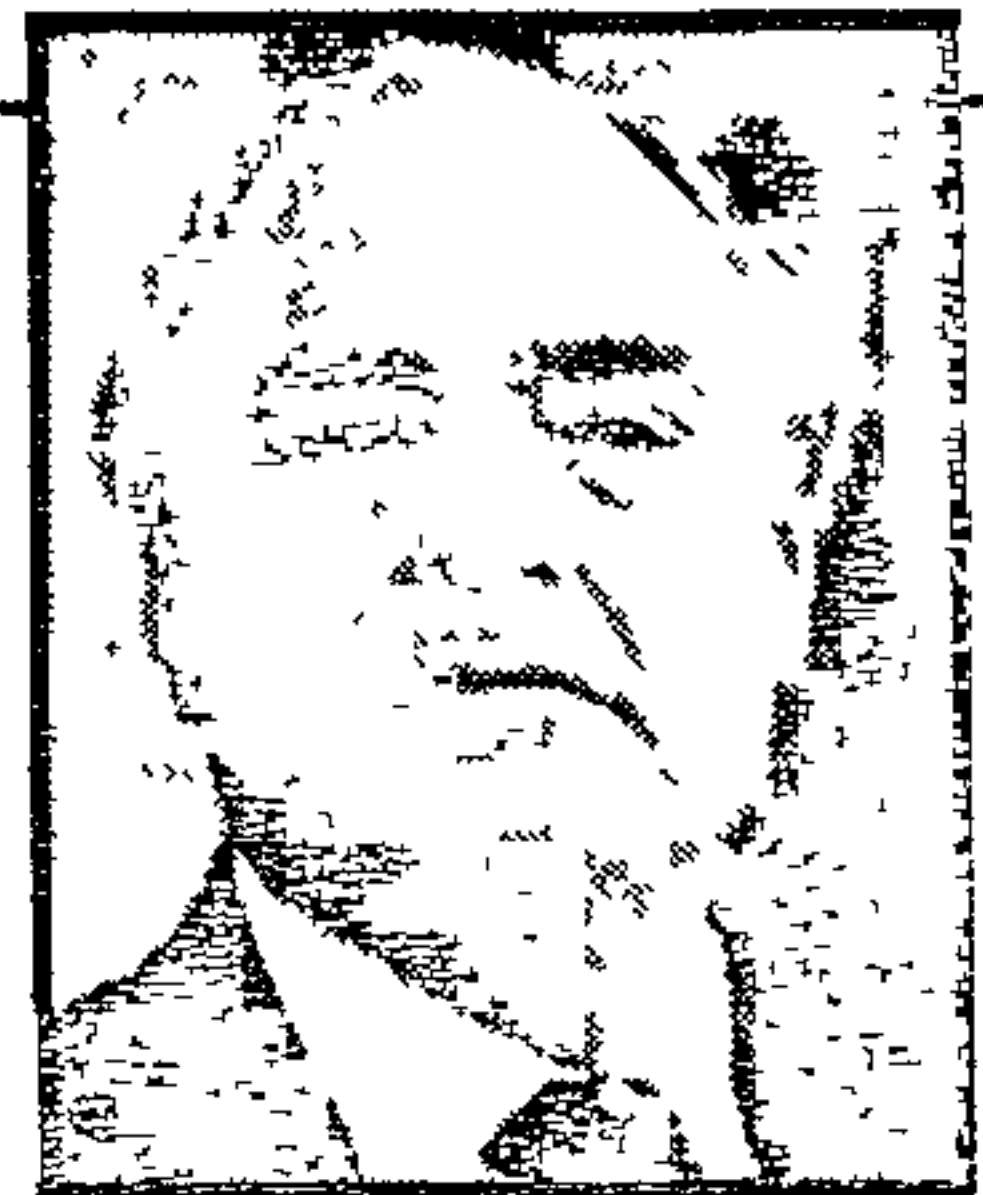
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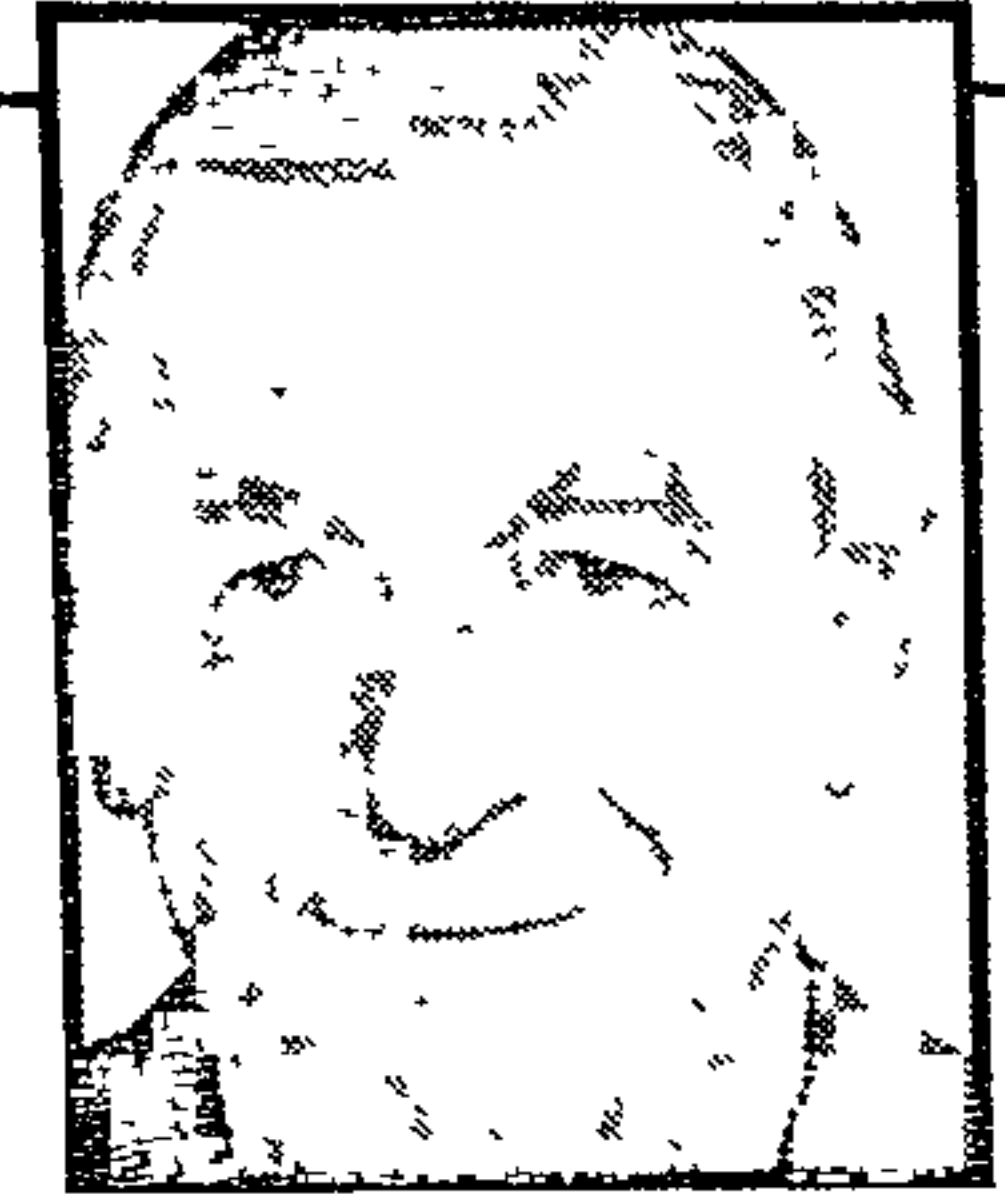
□ Rhodes, founder of De Beers and Prime Minister of the Cape



□ Ernest Oppenheimer, first head of Anglo and MP



□ Harry Oppenheimer, past chairman of Anglo American Corporation



□ Gavin Relly, current chairman of Anglo and a Yes voter

# Army of apartheid?

migrant labour system until the post World War 2 gold boom in Free State. Then he moved all section of the labour force to settle permanently on the

This was mainly to combat turnover on mines not to address aspects of migrant labour of families

"Real wages for black miners between 1910 and 1969. Then wages increased by about 400% played quite an important role other mining groups not to ease

reasons for the increases was. Seventies there was massive

R35 an ounce by 1980 it was and subsequently settled at between R500 an ounce. So, in a time increased by about 1 000 percent, 400 percent"

did his PhD at Warwick England, for his dissertation on

which Anglo is a part of the with Africans he gives the

you wake up and have cereal been made by Premier which

ent you may drink out of a be by AECL, which is part of you stir may be from Hudson guessed, part of Anglo clothes you may have bought ans which is part of JCI, which The morning newspaper is also



Mr Oppenheimer and Mr Relly continue to side with the Government in that they have never advocated political rights for rural workers in a unitary state in South Africa — DR DUNCAN INNES, Author of a yet unnamed book on the giant Anglo American Corporation

probably partly owned by Anglo "You then drive to work in a car possibly bought from Sigma, part of Anglo, and drive along a road, which may have been laid by LTA, also part of Anglo "The office building you work in may be owned by Anglo American Properties or Anglo Life Assurance. Anglo also probably has major shares in the evening newspaper you read "You then go to sleep and think you're free," Dr Innes says with a smile Dr Innes estimates Anglo's assets to be worth at least R10-billion. He found information on about 650 companies in the group in more than 30 countries. He estimates that the real number of companies is at least double that. Although he says Anglo and De Beers are usually ranked among the top 80 or 90 companies in the world, if their assets were combined it would probably feature in the top three to eight listings

The book would be fascinating just with Dr Innes' details of the vast and remarkable operations of this corporation but it is his provocative arguments about Anglo's role in apartheid that will be the most controversial aspect "Anglo clearly would not have achieved its wealth and power without apartheid, particularly cheap labour, the compound system, the denial of trade union rights (until recently) and political rights for blacks," says Dr Innes However, he believes Mr Oppenheimer is a man of considerable foresight "He knows apartheid has to change and is in a position to exert some pressure" But, Dr Innes observes "Mr Oppenheimer feels Anglo is at a level where they can make money out of a more enlightened system "Anglo's latest mining ventures and industrial undertakings tend to be highly capital intensive, relying less on cheap black labour "But they are keen to benefit from productivity improvements that a more stable, better trained and educated labour force could provide "Mr Oppenheimer and Mr Relly speak of urban blacks and not mine labour, they would probably want to extend qualifications for urban rights and pay higher wages, that is why they are allowing unions "They are saying that is the way the country has to go, but continue to side with the Government in that they have never advocated political rights for rural workers in a unitary state in South Africa "They want to reform the existing system to allow for an urban-based labour aristocracy, which is not far removed from Government thinking"



# Top Anglo executive 'on verge of leaving'

By Peter Farley

Anglo American Corporation and Mr Chris Griffith, one of the group's senior directors, appear to be on the verge of parting company

The move is reportedly part of the winds of change blowing through the Anglo empire since Mr Gavin Relly took over as chairman from Mr Harry Oppenheimer earlier this year

The first signs in this direction emerged when Mr Graham Boustred took over from Mr Relly as chairman of Amic, the group's industrial arm

The major factor behind the split is said to be the continuing dismal performance at motor subsidiary Sigma — which is half owned by Amic and half by Anglo. The company lost R55 million in 1982 and losses this year are expected to be about the same.

Mr Griffith is currently chairman of

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Sigma The Anglo camp is silent on the subject, but Mr Boustred told The Star that "no changes are planned at Amic at this point in time".

In addition to the ongoing problems at Sigma, there have also apparently been some complications at Amic's paper producer subsidiary, Mondi. These are thought to revolve around Mondi's expansion in northern Natal.

Mr Griffith is also chairman of Mondi.

It is understood, however, that a formal announcement would have been made a few weeks ago, but was delayed due Mr Griffith's illness.

Complications, which arose after being knocked down by a car while jogging in Paris recently, confined Mr Griffith to hospital for the past two weeks with pneumonia. He is currently recuperating at home and is not expected to return to work for several weeks.

# Union pressures chamber over dismissal of workers

Members of the Hotel, Liquor and Catering Allied Workers' Union (Hotelica) held another demonstration outside the Chamber of Mines building in Hollard Street, Johannesburg, this week

It was part of a continuing protest over the dismissal of 35 workers from the chamber-owned Golden Reef Restaurant

According to a union spokesman, the workers downed tools when they did not get salary increases at the end of last month

They had been expecting a pay rise, which they believed was traditionally awarded in October, for the new year

Mr Hamilton Makedama, Hotelica president, attempted to intervene

on behalf of the workers but was refused permission to negotiate with management. Management said the union had not yet been formally recognised and workers had not approached management to express their grievances before going on strike

However a spokesman for the chamber said negotiations had been started with the union shortly before the strike and workers had been told salaries would not be reviewed until February next year

After receiving their pay packets without increases the following day they stopped work shortly before lunchtime, he said. They were warned that if they did not return

to work for the 5.30 pm shift, they would effectively have dismissed themselves. The men failed to return to work and were fired

According to the union, three of those dismissed were then re-employed with wage increases of R160 a month. This was dismissed by the spokesman as nonsense

"These three men were on leave. When they returned, their salaries were adjusted in line with wages laid down by the Industrial Council," he added

Hotelica plans to hold demonstrations outside a number of Anglo American-owned buildings and institutions in an attempt to pressure the Chamber of Mines into reinstating the workers



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Harry Oppenheimer and Ronald Reagan ... as the West moves into a new era

conclusions through peaceful discussion and negotiation and not by the exercise of force

That implies that our Defence Force in all its branches must see itself and be regarded not just as an instrument of government but as a true people's army, an army of all the people. The young men who are so cheerfully undergoing hardship and risking their lives to preserve our security and freedom to decide our future as seems best to us, deserve the gratitude of all the South African peoples

Certainly, there can never have been a period in our history when SA faced greater dangers, problems, doubts and uncertainties than we have today. While we all know that change is inevitable, most, if not all of us are very far from being clear about what our ultimate objectives should be or how, in the immediate future, we should seek to move forward

What we do know is that we are looking for evolutionary, not revolutionary, transformation of our society. The immediate path ahead has been made much rougher by worldwide economic recession which is hitting us severely, by a large and unexpected fall in the price of gold, and by the after-effects of a terrible drought which now appears to have been broken

The task of the Reserve Bank and Treasury is not an enviable one and I think we have good reason to be grateful for the skilled and courageous way in which they are now tackling it. What are we and what are they to think about the price of gold — that unpredictable factor on which our economic stability so vitally depends?

To judge the future course of the gold market lies every bit as much, if not more,

in the province of the psychologist as of the economist. That is to say that it can be little better than guesswork. My guess, for what it is worth, is that while the present level is unduly depressed we cannot expect for a good long while, any rise to the giddy levels which once inspired our hopes and stoked the inflationary fires in our economy

Whether that is right or not, it is certainly crystal clear that a country which is as dependent as we are on the price of gold — something entirely outside our own control — cannot possibly risk the continuance of a high rate of inflation

Inflation has of course been reduced considerably. But even so, I have no doubt that the monetary authorities are absolutely right in regarding its further reduction as a first priority of monetary policy. It is certainly not an easy course to follow and the effects are inevitably very uncomfortable. This is particularly so in SA where the old policy of relying on direct controls rather than on market forces for the regulation of the economy has produced distortions and built up expectations and vested interests. These, however undesirable in themselves, appeared justified by previous government policy and cannot be quickly or painlessly dismantled

My guess about the gold price is based on a wider guess about the economic situation as a whole. The worldwide recession from which the US, followed by the other major industrialised countries, is now slowly emerging, does not seem to be just a phase in a continuing economic process, but rather a fundamental turning point marking the end of a long period in which continually rising prices were seen as natural, inevitable and, indeed, perhaps desirable

This outlook had its origin as far back as the great depression of the Thirties, characterised as it was by massive unemployment which involved desperate hardship. Difficult times extended in varying degree all through the Thirties up to the outbreak of World War 2 and from then on it came to be accepted that unemployment was the ultimate economic evil which must be prevented at any cost

So the Keynesian system of demand management became the unquestionable economic orthodoxy. And as so often happens with orthodoxies, came in the long run to be applied in new circumstances which were surely not in the mind of Keynes himself. With the conservative administrations of President Ronald Reagan in America, Margaret Thatcher in Great Britain, and of Chancellor Helmut Kohl in Germany, I be-



*"We are looking for evolutionary, not revolutionary, transformation of our society."*



lieve we have moved into a new era in which the leftwing government of Francois Mitterrand in France is only a temporary aberration

Unemployment is of course still rightly perceived as a great, and in the long run intolerable evil, but not necessarily as being in all circumstances the one overriding economic evil. Emphasis has moved to the danger of inflation and a considerable measure of unemployment is no longer regarded as intolerable if it is felt to be necessary to bring inflation to an end

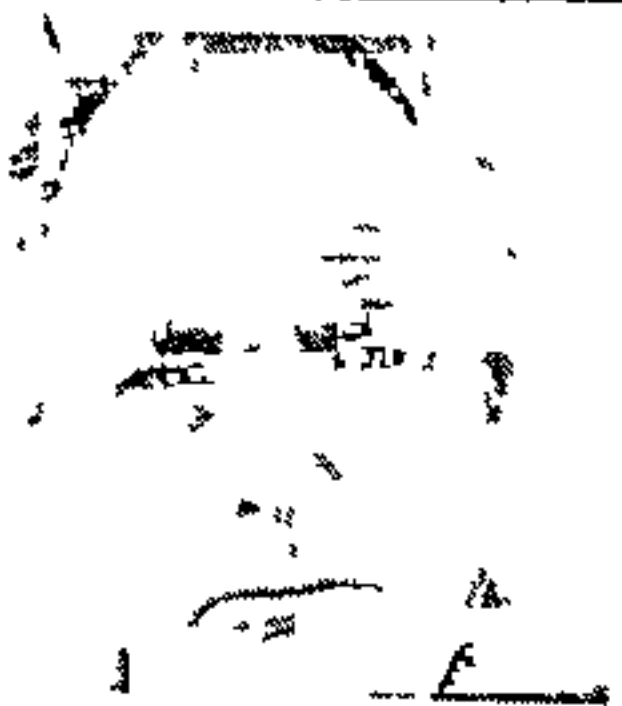
Is the long inflationary era really coming to an end? I think it probably is. Surely it is something new that we should be looking anxiously at deficit spending by the American and other governments because we think that this must lead to high interest rates which will stifle economic growth in the private sector? Until recently, surely we used to think of government deficits not so much in terms of high interest rates but rather in terms of excessive credit creation and rising inflation leading to more and more direct government control of the economy. Matters look quite different today

**Interest rates**

An inflationary psychology and fears that the efforts to curb inflation may break down are not dead, particularly in the US. And that of course is why real interest rates in America remain so high since they reflect not just the present situation but expectations and fears about the future.

But if inflation in the major countries is contained, as I believe it will be, expectations will change too and in the long run real interest rates must surely fall. And while, in the circumstances, the recovery from the recession may be slower than we might have hoped, it is likely to be more solid and more long-lasting. Rather similar considerations would, it seems to me, be likely to determine the future course of the price of gold.

If inflationary expectations weaken, we are not likely to go back to the hectic gold markets of a few years ago. But a solid demand for gold not only for jewellery and other industrial uses, but as a store of value and for reserve purposes, has in the past existed even in the absence of any immediate inflationary pressures. I believe this is still true today. Moreover, the fall in real interest rates which would surely occur in such circumstances must make the holding of gold less expensive and therefore more attractive.



*"We cannot possibly risk the continuance of a high rate of inflation."*

Perhaps then we may reasonably think of the future of our gold mining industry not as one of boom or bust but in terms of the more solid, less spectacular growth which may with reasonable luck come to characterise the economy as a whole.

We have very special, compelling reasons to hope and pray that we may now be emerging from the recession and entering



**Britain's Thatcher ... part of the world's conservative trend**

into a period of solid long-term growth. In the absence of a healthy economy the period of social and political change on which we are now embarking, and from which there is no turning back, would be likely to run into difficulties so severe as to completely disrupt the national life.

The result of the referendum of Novem-

ber 2 was a decisive expression of the will of the electorate. It is plain that our political evolution over a good many years to come must take place within the framework of the constitutional plan which the Prime Minister put before the country.

That of course is not to say that different opinions may not still be held about the wisdom of the course on which we have embarked. But there is to my mind at least one feature about the referendum which is of immense importance and surely wholly for the good.

For the first time in SA for at least 50 years, if ever, we have seen the emergence of a floating vote as a major factor in a key political decision. There has never before been a true floating vote in SA and that is because, even as far as the white electorate is concerned, SA has never been a united country. The emergence of one means that voters now feel able to consider issues put before them on a national, and not a party political basis.

Since a floating vote in its nature is capable of floating either way, it implies that in future governments will have to be much more sensitive than in the past to public opinion as a whole as distinct to opinion as expressed in the congresses or caucuses of political parties.

**National unity**

This should certainly tend towards the gradual establishment of a broad national unity in times of danger which could transcend, without of course eliminating, the deep party political differences. The ultimate success of the process of constitutional change in which we are engaged will be measured by our ability to develop and broaden this sense of national unity in times of danger to embrace not only the whites but other communities and races as well.

We desperately need time as well as goodwill to resolve the intractable problems of building a just society in this deeply divided and heterogeneous land. But it is precisely time which our enemies are attempting to deny us. And not only our enemies but also many well-meaning but misguided people who have come to believe that we cannot be trusted to handle our affairs with the necessary wisdom and compassion.

The sacrifices our young men are making on our borders are buying us this time which we so vitally need. We owe it to them to make good use of it.



*"For the first time in SA we have seen the emergence of a floating vote."*



HARRY OPPENHEIMER

# The prospects for peace

South Africans, even though they share patriotism and goodwill, may and do differ widely about how the future of their country should be shaped. We know ourselves to be in a stage of rapid change from which a very different country will emerge from the one to which we are accustomed. But the form which the new SA will take must be decided by South Africans working in SA and not by the so-called "freedom fighters."

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De Beers' chairman Harry Oppenheimer gave a wide-ranging speech to a luncheon of the Southern Cross Fund this week. He spoke of military, economic and monetary matters in the new climate of reform. This is a slightly shortened version of his talk.

indoctrinated by foreign ideologists and armed by foreign powers, these people are seeking, by a policy of terror, to remould SA nearer to their hearts' desire. SA's soldiers are not, as I see things, fighting to preserve the *status quo*, but to preserve the right and ability of the South African peoples as a whole to decide their own future without outside interference. And to give them the time to reach their

Financial Mail November 25 1983

# 'Apartheid has been dealt four mortal blows'

By Eugene Saldanha

Over the last 16 years there have been major improvements in the earnings of blacks in industry and a significant redistribution in the proportion of earnings between blacks and whites, Mr Harry Oppenheimer said today

Since 1968 average earnings of blacks in the manufacturing industry had risen by 67 percent, and in the mining industry — because of the low wages of blacks in the past — real earnings had risen by 278 percent, Mr Oppenheimer told a graduation ceremony at the University of Cape Town

The former chief of the giant Anglo American Corporation cautioned, however, that conditions in industry and the mines were still far from perfect and said it would be "ridiculous" to deny that racial discrimination in industry was still widespread. Racial prejudice remained strong and "all-pervasive", Mr Oppenheimer said

In 1968 — the year Mr Oppenheimer was appointed Chancellor of UCT — the erosion of the policy of apartheid as expounded by Dr Verwoerd had begun, and in the long run this policy was bound to disintegrate because of the impos-

sibility of reconciling it with the needs of an expanding economy

"But this process was accelerated by four mortal blows. First was the withdrawal of Portugal from Africa in 1974, second was the change of world opinion brought about by the end of the Vietnam war which ended in defeat for the United States, third was the Soweto riots of 1976 and fourth the end of white rule in Zimbabwe in 1980," said Mr Oppenheimer

He said the Government deserved a measure of credit for the positive moves towards change that had taken place in South Africa

"But if some things have changed for the better, much has not changed and some things have changed for the worse

"This university is still not able to decide without outside interference who should be admitted as students despite the recommendations of the De Lange Report

"And while change is indeed recognised as inevitable it has to be accommodated within the framework of ancient racial prejudices and in such a way as not to constitute a threat to the monopoly of political power enjoyed by the National Party," said Mr Oppenheimer



# 'For the first time in the mining industry, representatives of black employees participated in the annual wage determination process.'

## Reviews by the Chairmen of the OFS Gold Mining Companies administered by Anglo American Corporation.

The following are extracts from the annual reviews for 1983 of  
 Mr E P Gush, chairman of Free State Geduld,  
 Mr D A Etherege, chairman of President Brand,  
 Mr G Langton, chairman of President Steyn,  
 and Mr N F Oppenheimer, chairman of Western Holdings.

**Costs and economic factors**  
 One of the economic problems facing South Africa is the imbalance between the rate of inflation in this country and that of our major trading partners. As measured by the Production Price Index, inflation in South Africa, although dropping, is still running at more than 10 per cent per annum. By contrast, inflation in the United States, measured by the same index, is currently less than one per cent, in West Germany it is just over one per cent and in Japan, minus 2.6 per cent. This disequilibrium is causing South Africa's exports to be increasingly uncompetitive and, unless counter-factors prevail, will inevitably lead to a depreciation of the rand against other currencies. This in turn will give the inflationary spiral further impetus. If the double digit rate of cost increases is not contained it will seriously jeopardize sustained long-term economic growth in this country.

Fortunately the endeavours of the monetary and fiscal authorities are bearing fruit and inflation is continuing to drop from a peak of 18.6 per cent in early 1980. This is reflected in the gold mining industry's lower increase in cost a ton milled for the year to September 1983 which, at 10.6 per cent, is the lowest increase recorded for some years. Management continues to place a major emphasis on cost control, but with a steady rise in the basic costs of labour, stores and services, the cost a kilogram of gold produced is still rising at an uncomfortably high rate.

The drought experienced over most of the Republic for the past two years has left the major storage dams at historically low levels. Since most power stations rely on these dams for their cooling water, there has been a real possibility of curtailments in electricity generation. Fortunately, good rains have fallen since October over most of the important catchment areas. Further good falls are needed, however, to ensure adequate water supplies beyond 1984, falling which the serious possibility of cuts in power output will again have to be faced. For their part, the mines have made significant savings in both water and electricity consumption as part of the national effort to conserve these commodities.

**Joint Metallurgical Scheme**  
 Total profit earned by the scheme was 19 per cent higher than the previous year, at R55.7 million. This is the highest profit ever earned and can be attributed to higher prices on both gold and uranium as well as to

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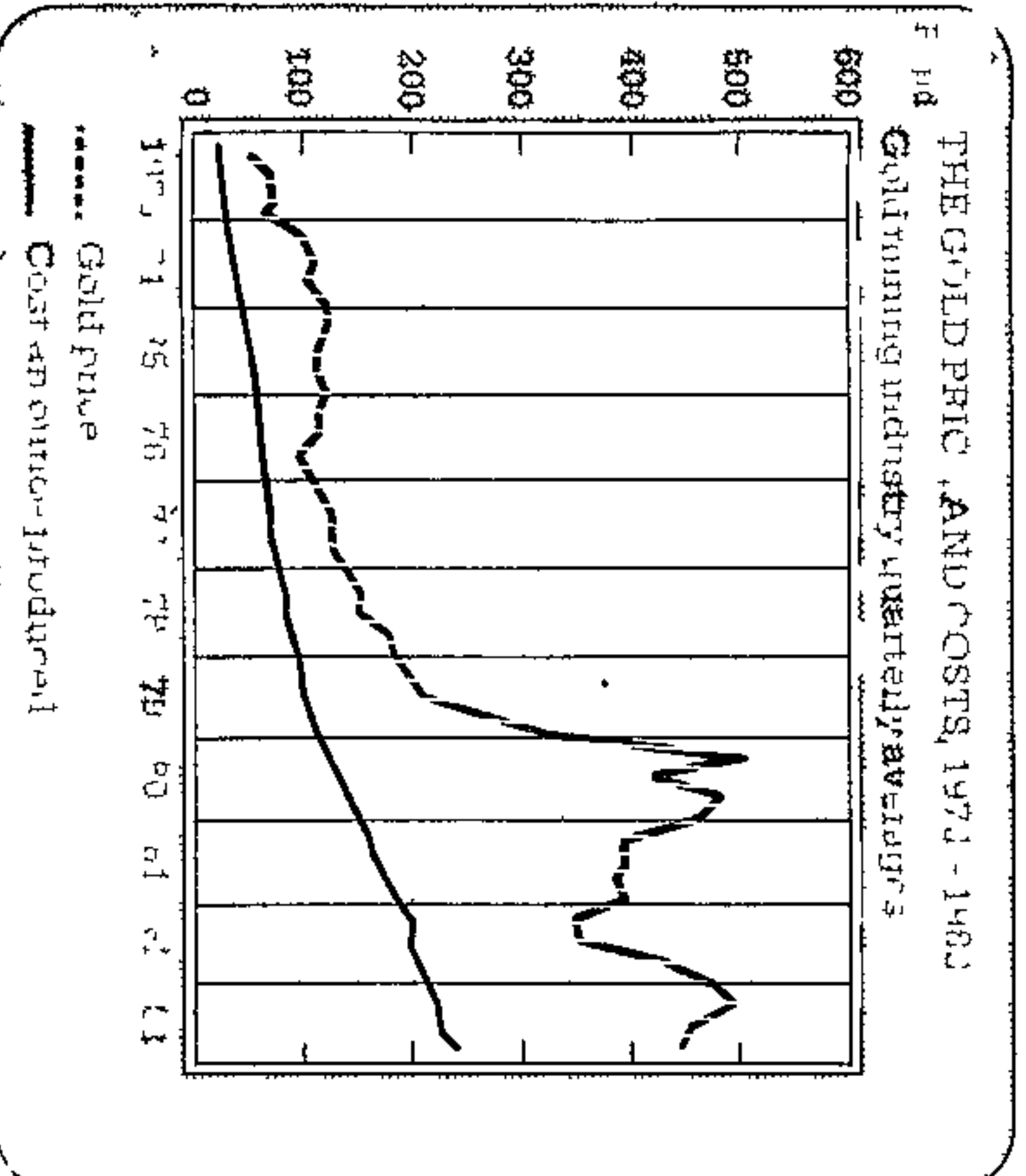
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### SUMMARY OF OPERATIONS

	Free State Geduld		President Brand		President Steyn		Western Holdings	
	1982	1983	1982	1983	1982	1983	1982	1983
Gold	1983	1982	1983	1982	1983	1982	1983	1982
Tons milled 000	3 843	3 065	3 505	3 429	3 980	3 877	5 995	8 134
Yield grams/ton	7 00	8 41	6 87	7 42	6 55	6 40	4 48	4 91
Production (kg)	26 949	25 776	24 081	25 456	26 080	24 827	40 324	39 917
Cost Rand/ton milled	67 06	62 38	50 92	45 62	51 65	45 76	41 49	39 77
Cost Rand/kg produced	9 578	7 418	7 411	6 145	7 882	7 146	9 256	8 105
Revenue Rand/kg	15 377	12 618	15 443	12 603	15 331	12 692	15 319	12 654
Working Profit R000	157 348	132 288	194 473	165 178	195 432	138 487	246 172	182 662
Capital Expenditure	68 790	111 197	64 724	45 717	38 652	44 781	94 631	107 370
Dividends cents per share	455	310	510	435	535	380	680	480
JMS	5 634	4 957	23 822	17 421	19 736	19 841	5 494	4 452
Attributable profit R000								

**Gold**  
 The price of gold averaged \$433 an ounce at the London fixings during the year ended September 30 1983, compared with \$374 during the previous year, representing an increase of 16 per cent.  
 The price of gold at the start of the financial year was \$400 an ounce but, with US interest rates falling in the face of a deepening recession worldwide, and confirmation that the US Federal Reserve Board had eased its monetary policies, investor interest revived. In addition, the seasonal up-turn in industrial demand, particularly at what appeared to be attractive prices, brought gold up again to over \$500 by the end of January 1983. In the latter half of February, however, the immediate prospect of an oil price war with its implications for a decline in inflation rates at a time of a stronger dollar, poor physical demand at the higher price levels and a negative chartist outlook depressed the price in a thin market sufficiently to trigger successive waves of stop-loss liquidation orders. By the end of the month the price had fallen below \$400. For the rest of the year the price fluctuated quietly in a \$400 to \$450 range. There was little apparent investor activity and any position taking was focused on very short-term considerations.

Since the end of the financial year the dollar has retreated significantly against other major currencies. It had been generally anticipated that any such weakness in the dollar would be mirrored in a boost to the gold price. When this did not occur, amid signs of an unseasonal weakness in the price of oil, disappointed investors sold gold and chart points were again triggered, pushing gold down through the psychologically important \$400 level.  
 The continued weakness of gold is unlikely to be reversed until the metal is once more seen as a sound investment in an environment of lower real interest rates.



and rising inflation in the US. It would seem that the growth of the US economy is being achieved without any anticipated change in either of these two important factors. While gold's performance in terms of US dollars has been disappointing, the picture is brighter in terms of most other currencies, including the rand.  
 In the year ahead, provided economic growth is maintained in the US and extends to the rest of the world, industrial demand for gold should strengthen, especially as manufacturers' inventories are known to be low. Moreover, the international debt situation is still far from resolved and could become critical again at any time. The gold price therefore may not move out of the range of \$370 - \$430 for any sustained period until there is a change in investment climate and possibly even until the outcome of the US presidential election is known. I have little doubt, however, that a resumption of its long-term upward trend will follow.  
 Last year it was reported that your company had undertaken limited forward sales of gold. All the forward contracts were closed out during the year and, as anticipated, had no material impact on the company's financial results. This forward sales programme has come to an end and no further forward sales are planned at present.

**Uranium**  
 Prices for uranium on the spot market have tended to move upwards throughout the past year and now stand some 40 per cent higher than the lowest reached in August 1982. While this trend has eased the downward pressure on prices for material sold under long-term contracts, overall supplies are still expected to exceed consumption demand for some years to come. I do not, therefore, foresee any material improvement for another few years, either in contractual prices or in new demand.

**Labour and industrial relations**  
 The mining industry is committed to abolishing racial discrimination in employment and to centralised bargaining on all matters that concern the industry as a whole. There were notable achievements in both these areas during the year. Perhaps the most significant was the recognition by the Chamber of Mines of two black trade unions, namely the Federated Mining Union and the National Union of Mineworkers. Although representing only a small proportion of the total workforce, these unions are now actively engaged in discussions with the Chamber on a variety of issues.

The last legal obstacle to overcome before there is equal opportunity in the industry. The government white paper following the Wiehahn Commission report recommended that the parties involved agree on guarantees in regard to the job security of white employees before replacing the definition of 'scheduled person' with the non-differentiating definition of 'competent person' in the Act. Negotiations to this end began some two years ago and as yet there has been no significant advance on this issue. It would now seem appropriate, therefore, to remove this discrimination by legislation since the 'reasonable period of time', as specified in the white paper, must be running out.  
 Some of the gold mines administered by Anglo American Corporation indentured their first black apprentices during the year. Although they number only 18, this represents an important advance. The lack of technical exposure amongst blacks makes it difficult to find suitable candidates for this programme. In conjunction with some other companies in the Orange Free State, your mine is investigating the feasibility of building a technical high school in the area so that in future, black school-leavers will be better qualified for technical occupations. This would be a major contribution to black education.  
 There has been a recent, disturbing, development in regard to the housing of our senior black employees and their families. We have been notified by the Administration Board of the Southern OFS Area that it is no longer permissible to house senior blacks without permanent residence rights in the company's houses in the township of Thabong. Some years ago it had been agreed with this Board that certain of our key black workers could live in houses built by us in the township, irrespective of their residential status. A costly housing programme was implemented and if the ruling given by the Board is endorsed by the Department of Co-operation and Development our efforts to induce stability amongst our senior black employees will be frustrated. The demoralising effect on these employees will be enormous and, furthermore, could result in a confrontation with the new black unions. We believe the Board has acted incorrectly in this matter, and sincerely hope that the authorities in Pretoria, where the final decision must be made, will adhere to the original agreement.



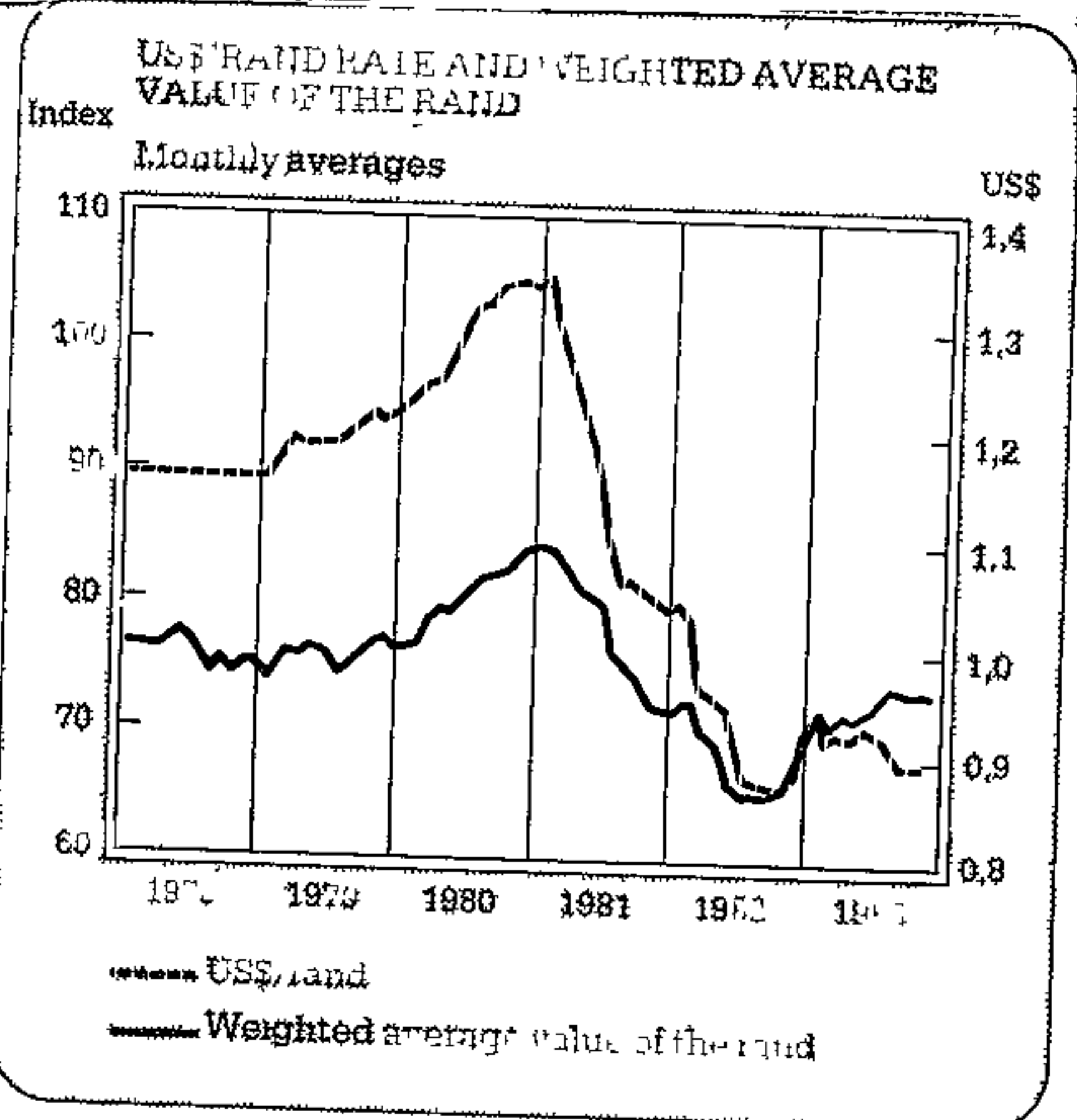
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In the latter part of last year the uranium production policy was changed in the light of the outlook for the market in the short and medium term. The feed sources were re-scheduled and operating parameters revised to optimise production at the lowest cost a kilogram. This resulted in a 29 per cent decrease in uranium output, accompanied by a 15 per cent reduction in total working costs, but cost a kilogram increased by 20 per cent. At 3 560 kilograms, gold production was four per cent lower as a result of a drop in grade. Acid production remained stable at 348 136 tons.

Profit on uranium rose 50 per cent, to R26,6 million, mainly because total sales exceeded current production and the balance was made up by selling from lower-value stock. The higher gold price accounted for the increase in profit on gold from R29,5 million to R33,6 million. The loss on acid sales, however, increased from R600 000 to R4,4 million, primarily as a result of increased working costs. A test plant has recently been erected to study the possibility of fine grinding of pyrite to enhance gold recovery by direct cyanidation, without the production of acid.



the first time in the mining industry, representatives of black employees participated in the annual wage determination process. The minimum increase in black miners' wages agreed between the union and the Chamber of Mines amounted to 14,4 per cent of the minimum surface wage and 14 per cent of the minimum underground wage. White miners and officials received an effective increase of nine per cent of their basic salaries.

A major step forward in industrial relations was the agreement with the Underground Officials' Association to the scrapping of Job Reservation Determination No 27. This legislation, which reserved occupations within the ambit of the UOA for whites, has been withdrawn by the Minister of Manpower and Labour in positions in sampling, survey and ventilation selected on a non-racial basis.

On the other hand, very little progress has been made in the negotiations between the Chamber of Mines and the white unions to remove the racially defined definition of 'scheduled person' from the Works Act. This effectively prevents promotion beyond a relatively low level in the industry.

The annual reports, including the chairmen's reviews, may be obtained from Consolidated Share Registrars Limited, First Floor, Edura, 40 Commissioner Street, Johannesburg 2001.

**Annual General Meetings**

The annual general meetings of the members will be held at 44 Main Street, Johannesburg, on Thursday, January 26 1984 at the following times:

- Free State Geduld Mines Limited 10h00
- Western Holdings Limited 10h15
- Welkom Gold Mining Company Limited 10h30
- President Brand Gold Mining Company Limited 10h45
- President Steyn Gold Mining Company Limited 11h00





IMPLETON

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# Scrap law barring blacks, says Anglo

21/12/83

By STEVEN FRIEDMAN  
Labour Correspondent

ALL four chairmen of Anglo American's Free State gold mines have called on the Government to ignore the demands of white mine unions and to scrap the law which prevents blacks doing skilled mine work.

Were the Government to act on this by amending the Mines and Works Act, it would prompt a confrontation with the Rightwing Mineworkers' Union, which has vowed to strike if blacks are granted the right to hold "blasting certificates" — the passport to performing skilled mine work.

Blacks are not allowed to become "scheduled persons" in terms of the Act, which means they may not hold blasting certificates.

The call was made in Anglo's Free State gold mine reports yesterday by the four chairmen, Mr Dennis Etheredge, Mr Nicholas Oppenheimer, Mr Gerald Langton and Mr Peter Gush.

It comes after the mines have spent two years negotiating with white mine unions, in particular the MWU, on an end to the racial bars in the Act, which prevent blacks doing skilled work.

The call reflects mounting frustration within Anglo American at the lack of progress in these talks.

The talks were initiated after the Govern-

ment, in reaction to the sixth Wiehahn report, accepted that the bar on blacks becoming "scheduled persons" should end, but left this to the mines and mine unions to negotiate.

However, in a White Paper responding to the Wiehahn report, the Government also said it would intervene if mine employers and white unions could not settle the issue within a "reasonable period of time".

The four chairmen say talks on the scrapping of the racial bar in the Act had made "very little progress".

"Negotiations began some two years ago and as yet there has been no significant advance on this issue," they say.

The "reasonable period of time" set by the Government must, therefore, "be running out", they added.

"It would now seem appropriate, therefore, to remove this discrimination by legislation."

The bar on blacks becoming "scheduled persons" effectively prevented their promotion beyond a "relatively low level" on the mines and "is the last legal obstacle to overcome before there is equal opportunity in the industry," the four chairmen said.

Mr Oppenheimer also noted that some Anglo gold mines had begun indenturing their first apprentices this year.

Only 18 blacks had been indentured, but this, he said, "represents an important advance".

# MINING - GENERAL

1984



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# Govt appoints new mining organisation

Pretoria Bureau

THE Government has approved the creation of an organisation under the South African Trust to handle residual function of the corporation for economic development and the mining corporation in the homelands

Dr Piet Koornhof, the Minister of Co-operation and Development, said in a statement yesterday that certain functions could not be transferred to the development corporations and other institutions immediately

He said the residual functions of the new organisation were

- Agricultural activities on farms purchased by the trust but not yet transferred to national states;
- Exploration functions of the mining corporation,
- The passenger transport

function in so far as it was still handled by the corporation for economic development

The organisation to be created will operate on a minimum basis and as a transition measure

In terms of the Government resolution use will be made to the largest possible extent of agency and other arrangements, said the minister

Regarding the transport function, he said a negotiation process with the governments of independent and self-governing homelands was to be initiated with a view to finding the best solution for every situation

"Attention will be given to retention of pension rights of personnel and an assurance in respect of their protection is being incorporated in the negotiation process"

# Anglo takes share of London broker

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E. Post 12/1/04

Special Correspondent

LONDON — Anglo American's international arm, Minorco, will have indirect interests in major London and New York broking firms, now that Charter Consolidated has bought a significant stake in London brokers Rowe and Pitman.

In a series of stunning announcements this week, Charter said it planned to take a 29.9% interest in Rowe and Pitman, one of the 10 largest brokers on the London stock exchange.

At the same time Akroyd and Smithers, one of the two leading jobbers or market makers on the London stockmarket, said that it would form an international dealing company with Rowe and Pitman.

Minorco owns 36% of

Charter's shares and has a 22% stake in Phibro-Salomon, the huge American commodities and securities firm.

A Charter spokesman insisted however that the purchase of Rowe and Pitman did not imply that there would be a link with Phibro-Salomon.

Charter is paying £16.2 million (R29 million) for the stake in Rowe and Pitman. This puts a price tag on the stockbrokers which act for the Queen and for Anglo American at £54 million (R97 million).

Rowe and Pitman which employs 400 people worldwide, including South Africa, is one of the top firms dealing in British equities. Over 35% of its business is generated from

international stock dealings. After Vickers de Costa it is the second largest overseas broker in London.

The firm has been dubbed the "Richthofens of the dawn raid", and a few years ago worked with Davis Borkum Hare in helping Anglo American acquire shares in Consolidated Gold Fields.

The international dealing subsidiary of Rowe and Pitman and Akroyd will be capitalised at £17 million (R30.4 million).

In November, Mercury Securities, the parent company of London merchant bank SG Warburg, bought a 29.9% stake in Akroyd for £41 million (R73 million).

The international dealing company will have powerful connections. SG Warburg and Akroyd have already formed a joint company in New York to develop their trading and distribution activities in international fixed income securities, especially in the Eurobond market.

The joint venture will

combine Akroyd's office in New York with Rowe and Pitman's offices in San Francisco, Boston, Hong Kong and Johannesburg.

For Charter, bugged by a dismal profit record in recent years, the interest will provide earnings from the booming financial services business.

Charter deals actively in the mining share markets.

The company also has a 27% holding in Johnson Matthey, leading London precious metals dealers. Johnson Matthey is one of London's five bullion houses and is also the agent of Rustenburg Platinum.

Even though Charter insists that its new London broking interests will remain separate from Phibro-Salomon, it cannot be denied that Anglo American through Minorco now has an important foothold in the international dealing business. Phibro-Salomon is a significant broking firm with dealing links and an intelligence network all over the globe.



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**Firm rejects**  
*D. Dispatch 20/1/64*  
**SWA blacklist**

WINDHOEK — Not a single multinational company operating in SWA/Namibia was acting in conflict with the interests of the people of the territory, the executive director of CDM, Mr Doug Hoffe, said here yesterday

He was responding in a statement published yesterday to a "blacklist" of transnational companies, being compiled by the United Nations Council for Namibia

The UN agency alleged that 45 such corporations based in

Europe, North America and South Africa were exploiting SWA's resources and bolstering South Africa's "illegal presence" in the territory

Anglo-American of which CDM is an affiliate, was one of the companies listed

"Each of the companies appearing on the list has conditions of employment which are to the advantage of the country," Mr Hoffe said

"Namibia will be much the poorer if any one of these companies should leave" — SAPA

26/1/84

# Outlawed union continues strike

By Jo-Anne Collinge

The strike at Union Carbide's Ucar mine in the Brits area of Bophuthatswana continued yesterday as worker representatives, management and homeland government officials held talks.

The National Union of Mineworkers (NUM) says that the strike, which started on Monday and is said to involve almost 400 workers, is related to the Mangope Government's declaring the union's activities illegal in the homeland.

While Union Carbide's industrial relations manager Mr C Robertson acknowledges that the move by the Bophuthatswana Government disrupted recognition talks with the union, he insists a pay dispute is at the heart of the strike, although no figures had been mentioned.

Bophuthatswana is about to enact its new Industrial Conciliation Act which provides for the establishment of homeland unions.

NUM has been advised that its activities in Bophuthatswana are "contrary to the law". Mr Robertson could not say whether the firm would face penalties if it were to recognise an outlawed NUM.

The role of the Bophuthatswana Department of Manpower in the present talks was "conciliatory and mediating", Mr Robertson said "We understand that they are concerned that their citizens should not lose their jobs."

Mr Cyril Ramaphosa, general secretary of NUM, saw the outlawing of established unions as an attempt to install "government unions" in the homeland. He was dubious about the sincerity of firms which claimed they were unwillingly bound by State restrictions. "We think they actually prefer to deal with unions which are kept under Government surveillance."



SA union's  
strikers in  
Bop return

Mail Reporter

ABOUT 400 striking workers at the Ucar vanadium mine in Bophuthatswana decided to return to their jobs yesterday after meeting with the officials of the National Union of Mineworkers (NUM)

The strike took place against the background of an effective ban on trade unions from South Africa operating in Bophuthatswana

Mr Cyril Ramaphosa, the general secretary of the NUM, said the workers had repeated their demand for trade union recognition, the recognition of their shop stewards committee in the interim and for a wage increase

Spokesmen for the mine, owned by Union Carbide, were unavailable for comment

# An explosive issue

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In the first decade of this century, the government of the Transvaal, in its wisdom, decided that only white miners could hold blasting certificates. Key tasks at the rockface had traditionally been performed by whites but by then various factors combined to entrench the practice. There had been the experience of Chinese indentured labour, and white miners' uncertainty over their future, for example.

So, as one of the first legislative acts of the Union government, the "scheduled person" definition came into being — with a few minor exceptions only whites were deemed competent for skilled mining tasks. Today, this discriminatory legislation remains in force, though there are signs that government itself wants a change. The time is right for this to happen.

The majority of regulations favouring whites on the mines have been scrapped. Last year, for example, Job Reservation Determination 27 — which prevented blacks from becoming surveyors, samplers and ventilation officials — was expunged from the statute book. This was hailed by almost everyone except the white Mine Workers Union (MWU) as a major advance — and rightly so. Few practices in the SA workplace have been as incompatible with free enterprise and, ultimately, as economically unsound, as the use of legislation to erect barriers against black advancement.

Protection of one form or another has been a built-in characteristic of SA's labour scene almost since the start of industrialisation a century ago. And the mines, because of their unique position in the economy, have given concrete expression to this fact.

It is not hard to see why. Apart from the mines' contribution to GDP, the white min-

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**The mining industry, with its legal provisions protecting white miners, is a major battleground in the fight for black worker advancement.**

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ers have always been an important and volatile political pressure group. The mines have been the battleground for entrenched white power.

Provisions in the Mines and Works Act rule out the very possibility of blacks attaining the status of "scheduled persons". They therefore cannot obtain certificates of competency to do skilled work at a time when, historically, skills are in extremely short supply.

Until this is changed, the era of reform ushered in by the Wiehahn Commission of Inquiry into labour legislation will not have been fully translated into reality. And SA's labour dispensation will be stigmatised as still containing relics from the 19th century.

## Transvaal precedent

It is worth examining the history of the issue. In 1907 an ordinance was passed reserving skilled jobs on the Transvaal mines for whites. In 1911 the concept was written into law. The "scheduled person" principle was retained in the 1926 and 1956 revisions of the Mines and Works Act which still applies today.

The Act is clear, if bizarre. A "scheduled person" can only be a white, a Cape coloured or Malay, a Mauritian Creole, or a Saint Helenan (or descendants born in SA). There are not many of the latter categories around today.

No less than 11 certificates of competency are reserved for "scheduled persons". These range from the level of mine manager down to locomotive driver. However, as rockbreaking is the primary operation in mining, the key certificate, when it comes to the advancement of black miners, is the famous blasting certificate. The highest level blacks can reach in terms of the law is just below this — the job of team leader.

The Wiehahn Commission's report on the mining industry was felt to be the most sensitive of all. Released late in 1981, though signed in 1980, it recommended that the "scheduled person" definition be replaced by a non-discriminatory one — that of a "competent person". However, mindful of the potential for trouble among white miners that such a move could spark, the report specified that certain preconditions had to be fulfilled before the change could come about. In essence, white miners' job security had to be protected.

Government accepted this. But Pretoria guarded its back by making it clear that it would not interfere in the process of phasing out job reservation. The Chamber of Mines and the trade unions in the mining industry were instructed to thrash the matter out between themselves within a "reasonable time". This caution undoubtedly reflected government's desire to avoid a head-on collision with the white miners, who are stalwarts of the rightwing.

In the two years which have passed since the publication of the White Paper on the mining industry there has been some negotiation on the preconditions. Yet nothing significant has been achieved.

There appear to be two main problems inhibiting change.



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- Finding methods of protecting white miners, as recommended by Wiehahn, and
- Finding a suitable industrial relations and collective bargaining system for the revamped mining industry

On the face of it, the establishment of an industrial council in the mining sector, which Wiehahn recommended, could go a long way towards providing the answer. There has never been such a council. However, it seems that in negotiations on the issue, both the established unions and the employers have had difficulty in reaching consensus on the precise manner in which an industrial council, or a council-like body, should be constituted

#### Slow process

But it is denied that there is an impasse on the issue "It is just a very slow process to meet the pre-conditions to make it possible to cancel the 'scheduled person' definition," a Chamber source told the FM

Considering the highly conservative nature of the established mining industry unions, this is not surprising. Their job, after all, is to protect their members. MWU general secretary Arrie Paulus, though refusing to comment at length before the MWU congress later this month, points a finger directly at the employers "The key question is what have they done up until now," he says

But, on the employer side, it is also clear that not all the mining houses are of one mind about what should be done. It is well known that some are more willing to accept change than others. Anglo American Corporation's decision to break ranks with the other mining houses, when it made a

statement late last year on the urgency of the issue, underscores this. Commenting on the lack of progress the four chairmen of the corporation's Free State gold mines said "It would now seem appropriate to remove this discrimination by legislation since the 'reasonable period of time,' as specified in the White Paper, must be running out"

Despite this forthright declaration, FM inquiries have revealed that government is still unwilling to step into the fray. According to Director General of Mineral and Energy Affairs, Sarel du Plessis, in response to a question last week "The government believes that as long as negotiations between employers and employees in the mining industry are possible — and it believes this still to be the case — the government will not unduly interfere"

Up to a point, this position is understandable. Labour relations in the industry have frequently been stormy. White miners have been most jealous of their position, and have on occasion taken drastic action to protect themselves. The trauma of the 1922 Rand Revolt still reverberates

But there are equally good reasons why government should not be so timid. Although the white miners' vote has been seen as crucial to the National Party's power base, the referendum showed that the NP can muster counter-balancing support in other sectors of society, when it comes to reform

Furthermore, black trade unions are now a fact of life in the mining industry. The National Union of Mineworkers (NUM), with a membership of 55 000, still represents a mere fraction of the estimated

500 000 blacks in the industry. But when it is considered that it achieved this membership in little over two years, it is an impressive figure. Other black unions on the mines have been less successful — though no doubt, in the coming years, they too will grow.

Finally, any political capital government used to gain by protecting whites from *swaart gevaar* has been superseded by economic reality. All SA industries are short of skilled workers and, like it or not, blacks will have to fill those posts

The Wiehahn commission noted that as far back as 1964 there was a shortage of skilled workers on the mines. In fact, as everybody is willing to concede off the record, black miners for many years have been carrying out some of the work of "scheduled persons"

Thus the Wiehahn commission stated that "contraventions allowing non-scheduled persons to undertake 'scheduled work' were already resorted to in 1964" An annexure to the commission contains a list of activities for which the Chief Inspector of Mines can grant partial exemptions to non-scheduled miners. These include preparation of explosive charges, safety examinations of areas in which blasting has taken place, marking and drilling of blast holes, and the driving of locomotives

#### Agreement on exemptions

These exemptions could not have come about without the agreement of the white trade unions. Even the ultra-conservative MWU has apparently gone along

The exemptions serve the Chamber of Mines well enough. As NUM general secretary Cyril Ramaphosa points out, black miners doing exempted work are paid less than whites doing the same thing. NUM attempts to have this anomaly changed have proved fruitless

The fact that blacks are doing some scheduled work by exemption (or partial exemption) is, however, still a long way from a *de jure* alteration of the "scheduled person" definition

If indications from the NUM are anything to go by, the issue has the potential to magnify into a problem of major proportions. Ramaphosa says his union is alerting large numbers of black miners to the situation. He warns that they could become angry once they realise the degree to which they are discriminated against. Meanwhile the established unions and the employers could stall indefinitely on changing the definition

All this is clearly unsatisfactory — and could lead to damaging confrontations on the mines. Pretoria must therefore cease washing its hands of the matter. Since it was government which created the concept of a "scheduled person" in the first place, it must act quickly and with courage. There is no reason why it should not. When job reservation in secondary industry was scrapped the sky did not fall in



Laying a charge ... still a white man's 'right'

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20th

2/2/84

# Anglo executives to visit Argyle mine

By MARSHALL WILSON

MELBOURNE. — Several Anglo American executives are expected on a short tour of the Argyle diamond mine, Western Australia, within the next few days.

Among them will be Mr Nicholas Oppenheimer, the son of the De Beers chairman, Mr Harry Oppenheimer.

The visit coincides with this week's announcement by CRA, the principal shareholder in the

project, that the Argyle, the world's largest diamond mine, has made a spectacular start to operations.

A CRA spokesman says up to A\$70m of diamonds were recovered in the first full year of alluvial production.

Production for the year was 6.2-million carats from the treatment of 1 068-million tons of alluvial ore.

CRA has a 56.8% interest in the venture. Ashton Mining holds 38% and the Western Australian Govern-

ment 5%.

The 6.2-million carat haul announced earlier this week is way ahead of the expected alluvial production level of 5-million carats.

The diamonds produced so far have not all been sold.

But the Ashton Mining annual report for 1983 says the partners have valued the alluvial gems at between \$10 and \$12 a carat.

Argyle's main AK1 kimberlite pipe is the highest grade diamond deposit in the world.

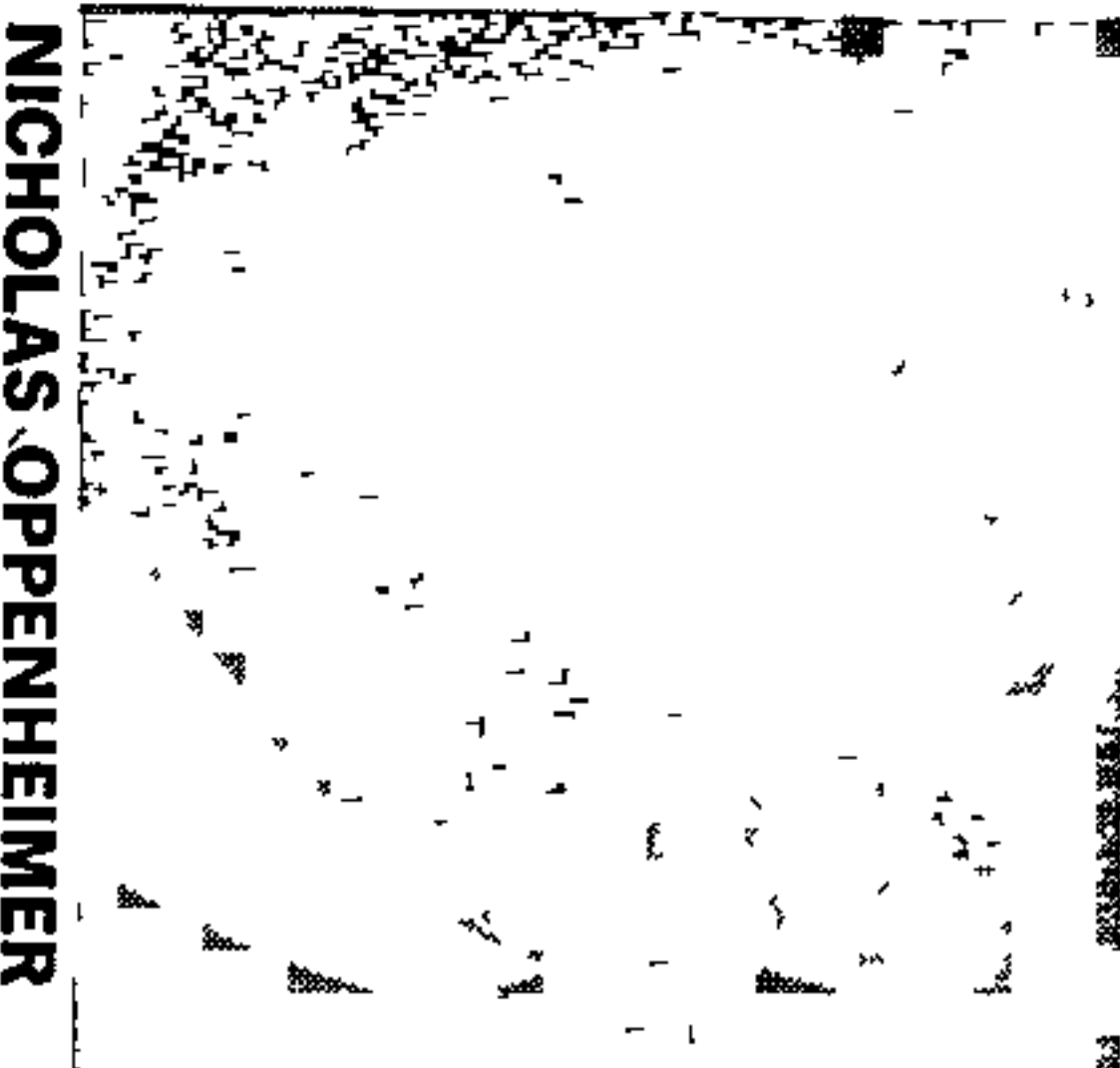
Mining grades are expected to average seven carats a ton in the first 20 years of production

Mining of the kimberlite pipe is expected to begin late next year at an estimated cost of \$450m.

An annual production rate of 25-million carats is forecast

De Beers handles the buying side of the operation, through Argyle Diamond Sales, which was formed by CRA and Ashton.

The Western Australian Government sells its share to a Belgian dealer



NICHOLAS OPPENHEIMER



# Gencor profits higher — raises dividend

Own Correspondent

JOHANNESBURG — Increased contributions from all sectors except coal and minerals helped to lift General Mining Union Corporation, Gencor's earnings by 14 percent for 1983, and the final dividend has been raised to 135c from 120c.

The profit improvement is somewhat higher than the market expected, and the dividend increase is even more of a surprise, although it will serve to ease the path of the coming rights issue.

An analysis of Gencor's divisional contributions for the year to December shows that commerce and industry 37,1 percent of attributable income was again the main contributor, followed by gold and uranium 29,2 percent, with the financial division in third place, 16,8 percent.

In the minor placings were platinum 7,2 percent and coal 7,2 percent, with minerals contributing 2,5 percent.

## Asset value

Assets under Gencor's control at December 31 amounted to R7,255 billion, compared with R5,871 billion at the end of 1982, and the net asset value at the year-end amounted to R41,04 a share (R40,24).

Gencor's turnover rose to R4,659 billion last year from R3,959 billion in 1982, operating

income rose to R528,0m from R366,0m, investment income increased to R186,5m from R169,1m and the surplus on realization of investments fell to R3,7m from R13,6m.

Interest soared to R180,5m from R129,3m, exploration costs rose to R16,5m from R14,9m and amounts written off investments and assets rose to R34,3m from R25,9m.

The higher interest payment is a reflection both of higher rates and of substantially increased borrowings, which saw the loan capital balance rise to R1,262 billion at December 31 from R748,4m a year before.

## Dividends

The tax charge almost doubled to R84,7m from R47,1m and after deducting minorities and preference dividends of R93,8m (R64,1m) attributable profit amounted to R305,4m compared with R267,4m for 1982.

Earnings rose to 382c a share from 335c and the final of 135c (120c) takes the total for the year to 190c (175c).

Reviewing the year to December, Gencor's chairman, Mr Ted Pavitt, highlighted the drop in the rand/dollar exchange rate, which had led to an improvement in the rand-denominated gold price.

"This is another reminder of the fact that a significant improvement

in the rand exchange rate can have a serious effect on exports, especially of raw materials."

On the industrial side Mr Pavitt singled out the turnaround by Darling & Hodgson and the improved results from Sappi, and in the financial sector, township development "had a very successful year".

## Economic upturn,

For 1984, Mr Pavitt said the prognosis for the year was "more of the same", with little prospect for an economic upturn, and drought conditions persisting.

However, Gencor was looking for a repeat of 1983's earnings this year, said Mr Pavitt.

He said the improved result for 1983 was achieved in spite of several negative factors prevailing in the South

To page 13

# Gencor

c.t. 6/3/84  
From page 12

- The worst drought for many years
- High interest rates
- High inflation rate
- Continued weakness in the economy, which indicated a decrease of 3,2 percent in gross domestic product this year after a fall of 1,2 percent in 1983

## Positive factors

Mr Pavitt said positive factors for Gencor were the acquisition of a controlling interest in Tedex, filling a gap in the group's distribution of interests, last year's agreement with Iscor, which led to the acquisition of a substantial stake in Samancor, and the Beatrix gold mine, which will be brought to full production this year.

Asked to comment on exchange losses incurred by Tedex, Mr Basil Landau, Gencor's executive director, commerce and industry, said the gross losses amounted to R9m, and after tax the loss was about R4m.

He stressed, however, that the losses were in respect of long-term loans, and might never be realized, but they had been fully provided for in Gencor's accounts.

Oppenheimer meets  
Mozambique's Machel

Own Correspondent  
CAPE TOWN.—The retired chairman of Anglo American, Mr Harry Oppenheimer, had private talks in London with President Samora Machel of Mozambique during the President's recent visit to Britain. Mr Oppenheimer said at the golden jubilee conference of the South African Institute of International Affairs, of which he is chairman: "We had a most interesting and agreeable talk and President Machel expressed a keen interest in new foreign investment in Mozambique, including South African investment." Mr Oppenheimer declined to disclose further details of the

meeting. But it is believed that the status of South African property and assets which were nationalised when the Frelimo Government took power in Mozambique was discussed. There is speculation that a formula is being sought whereby nationalised property would either be restored to the original owners or paid for by the Mozambique Government by way of long-term agreements. There also is speculation that in the case of property which might remain nationalised, agreements might be feasible whereby the original owners would be able to secure long-term leases on their property for a nominal amount.

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## Platinum, vanadium vital to Western economy

# SA's importance as supplier of strategic minerals is growing

South Africa is endowed with a large variety of strategic minerals, including chrome, manganese, platinum group metals, vanadium, gold, coal, diamonds, copper, asbestos, nickel, uranium, iron, phosphate rock, antimony, zinc, tin, silver, fluor spar, vermiculite and lead.

While all these minerals may be of strategic importance to many countries, chrome, manganese, the platinum group metals and vanadium are crucial to the Western economy. They are the foundation stones of industrial production and are used intensively in many weaponry industries.

Chrome is essential in the manufacture of alloy steels and heat and corrosion-resistant materials.

Most super alloys used in nuclear reactors, rocket and jet engines and pollution control are dependent on chrome

### SUBSTITUTES

There are no economical substitutes for chrome.

Manganese is essential for steel production, in which it is converted to ferromanganese

It is also used in the production of pig iron, dry cell batteries and in other chemical processes.

There are no satisfactory substitutes in its major applications

Platinum group metals are used by the automotive, electrical, chemical,

medical and jewellery industries

This group is particularly needed by high technology industries

There are some potential substitutes such as gold, silver and tungsten, but they are relatively less effective for most uses

Vanadium is used as an

**Dr Gad Ariovich, senior economist at the Chamber of Mines, discusses the strategic importance of South Africa as a producer and exporter of the four most crucial minerals for Western industrial production.**

alloying agent for iron and steel, as a catalyst for the production of sulphuric acid and for the production of titanium alloys

Steels containing combinations of other alloying metals can be substituted for steel containing vanadium

The strategic importance of these four South African minerals for the West is underlined if one takes into consideration that the other major producers of these minerals are centrally planned economies, controlled (or at least influenced) by the Soviet Union

For instance, South Africa and centrally planned economies produce 70 percent of the world's chrome, 72 percent of the world's manganese, 95 percent of the world's platinum group metals and 78 percent of the world's vanadium

Mineral reserves can be easily exhausted by intensive exploitation

In fact, Europe, the oldest civilisation on earth, can be used to illustrate this point there many minerals have been exploited to such an extent that they can no longer be mined economically.

The United States is also at the stage where more and more minerals can only be mined sub-

economically, and the domestic demand has to be satisfied by imports

The Eastern bloc, on the other hand, lagging behind the West in economic development, has preserved its mineral resources to a much higher extent and is consequently less dependent on external sources

In the context of the West-East conflict and the increasing dependence of many Western countries on external sources of minerals, is the strategic importance of South Africa's minerals diminishing or appreciating?

Decreasing South African shares in world mineral markets can be interpreted as diminishing strategic importance, while increasing shares can show increasing importance

In the following section we examine changes in the international role of the four most important South African minerals from 1972 to 1982.

The first graph (top right) shows a comparison between South Africa's share in Western mineral production in 1972, against its 1982 share

From the point of view of strategic importance, South African shares in mineral exports should be more important than its shares in mineral production

Shares in mineral exports show South Africa's role as a supplier of minerals to the West

The second graph (centre right) presents a comparison of South Africa's share in Western world exports of these minerals

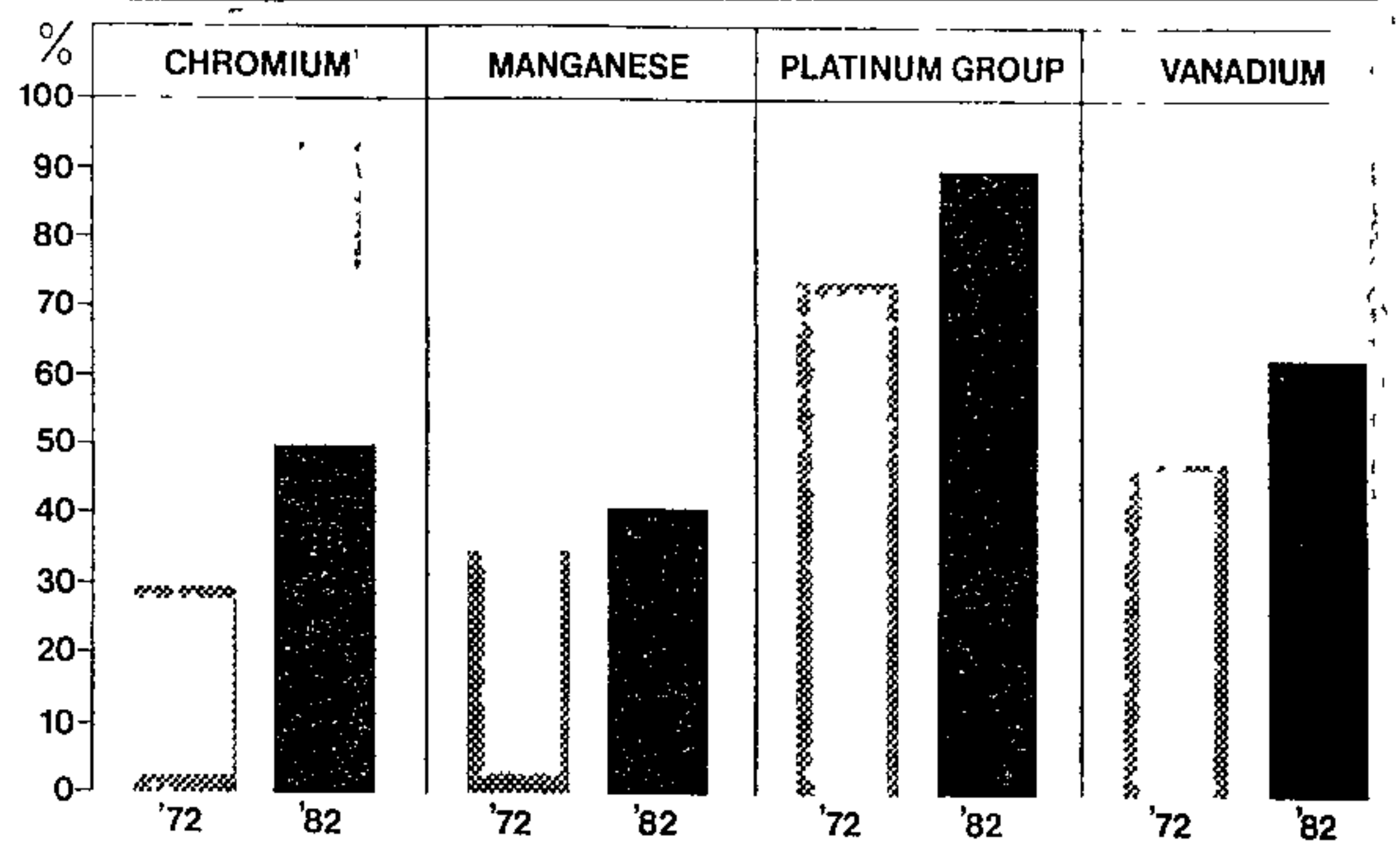
According to this graph, South Africa's role in Western mineral exports has increased for all four minerals.

The graph also reflects how the South African mining industry has upgraded its mineral outputs by further processing, for instance converting chrome ore into ferrochrome and manganese ore into ferromanganese

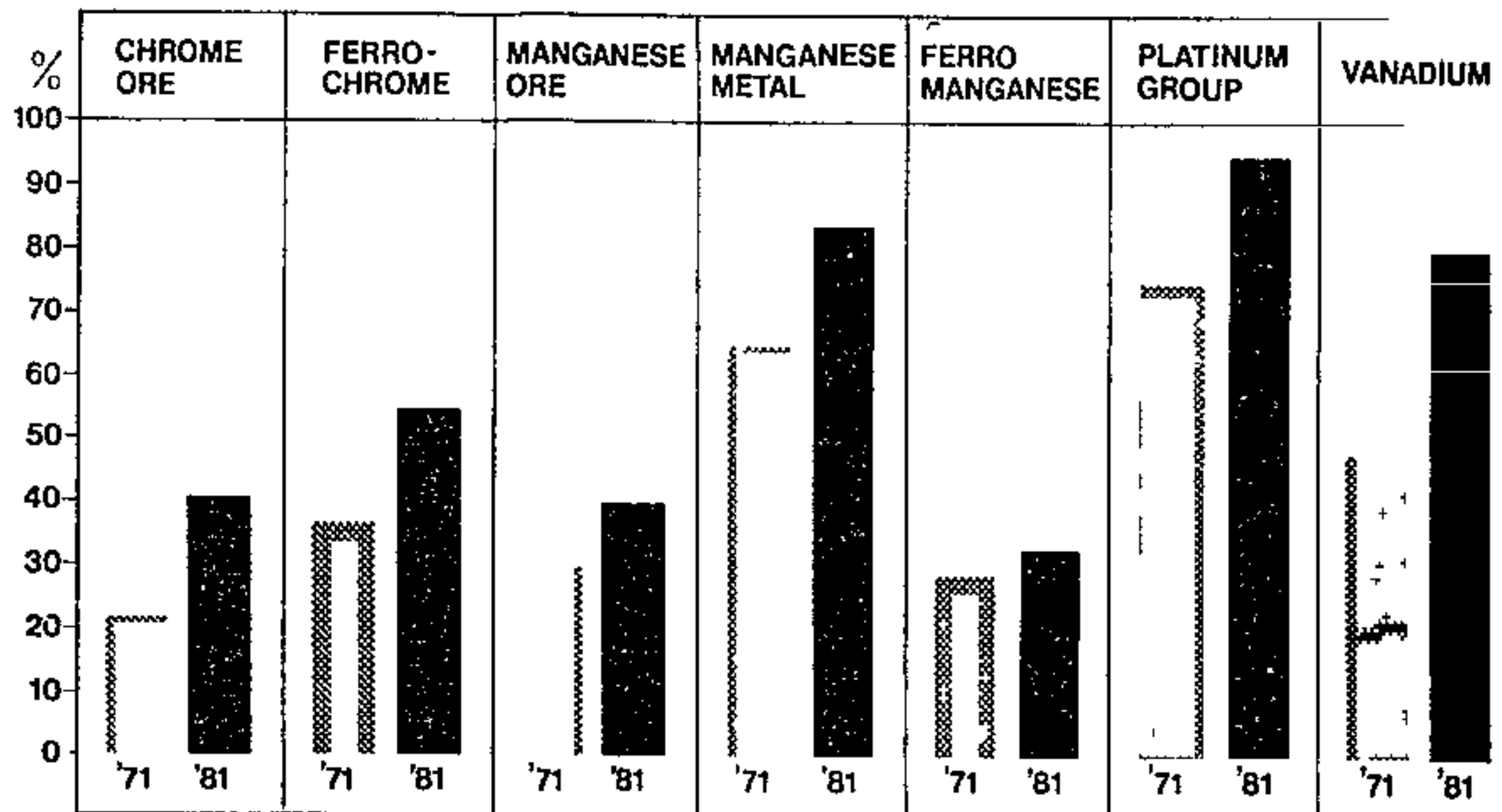
According to the top and centre graphs, it appears the role of South Africa as a supplier to the Western world is relatively greater than its role as a producer

The magnitude of reserves can indicate future developments in the role of South Africa both as supplier and producer of the four minerals

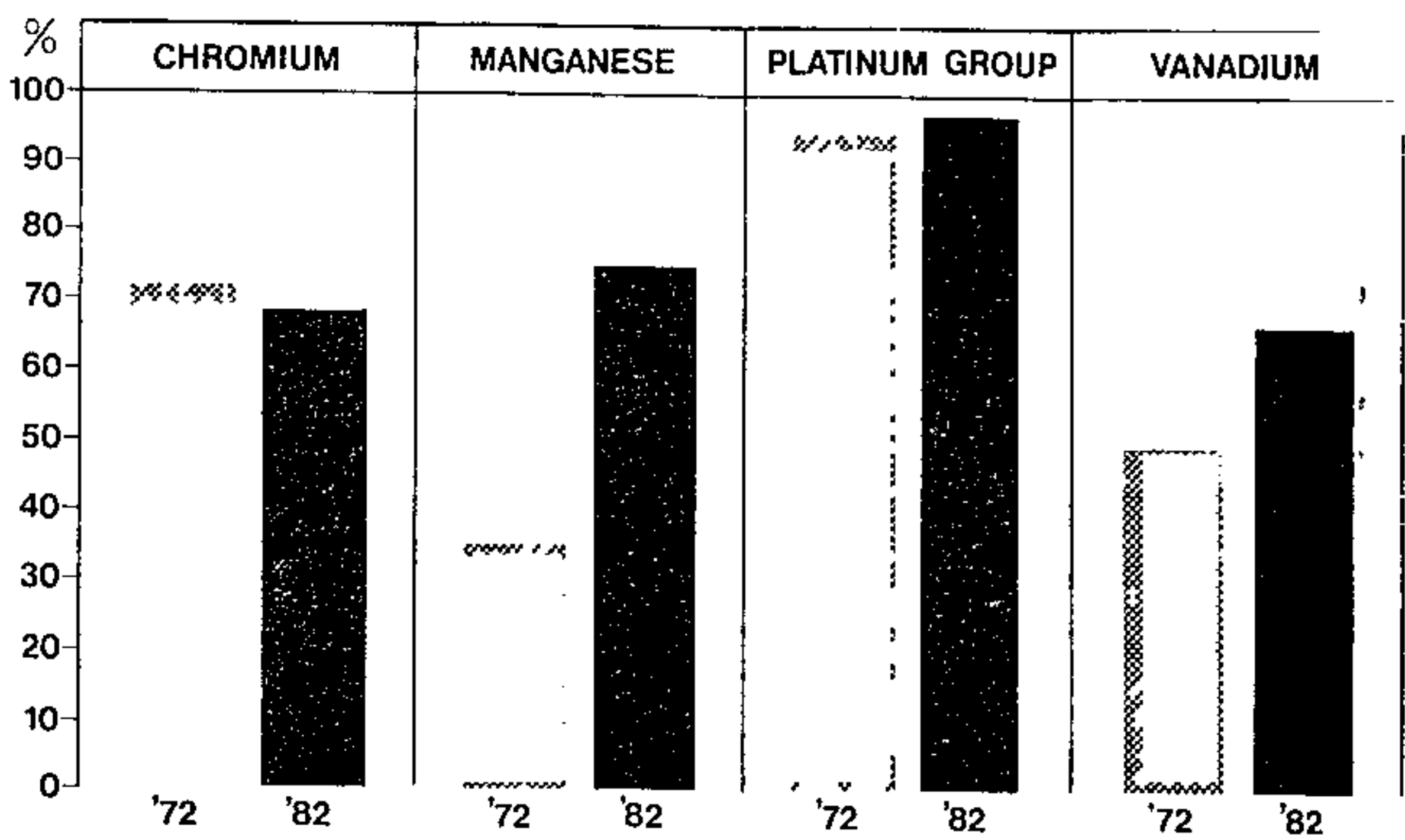
The third graph (bottom right) shows a comparison of South Africa's



All up South Africa's share of the West's mineral production



All up South Africa's share of the West's mineral supply



One down South Africa's share of the West's mineral reserves

share in Western world reserves

According to this graph, one can confidently suggest that the South African reserves are still far from exhausted.

In fact, the local shares of manganese, platinum group metals and vanadium in the Western world reserves have significantly increased

Consequently, it can be

inferred that in the next decade the international role of South Africa's minerals will be maintained and may even be enhanced.

If it is accepted that relative shares in production, exports and reserves of minerals reflect the strategic importance of a country's minerals, it can be concluded that during the last decade

the international role of South African minerals has become more important for the West

Furthermore, the fact that the Republic's share in reserves at the present is estimated to be larger than a decade ago suggests that the strategic importance of South Africa's minerals to the West will continue — and may even grow

# Miners get 102-bed hospital

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14/3/84

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Mining Editor

RAND MINES yesterday officially opened an R8m hospital near Witbank for its growing black labour force on coal mines in the area

It has 102 beds, is well equipped and can be expanded. It can handle general medical, surgical, maternity and infectious disease cases. There are out-patient and dentistry facilities

The hospital will serve miners and their families from Rietspruit, Duvha, Middelburg, Khutala, Douglas, Wolvekrans and Vandyk's Drift sections of Douglas Colliery

Rand Mines employs more than 7 000 black workers in the Witbank area.

The Khutala colliery is still being developed but at full output the mines to be served by the hospital will employ a total of some 12 300 workers

About 2 700 families will be housed on these Rand Mines' collieries and the hospital will cater for the needs of about 1 260 of these families

The hospital has two operating theatres and an X-ray department.

Its 60 staff includes three full-time doctors and a 20 nurses who are housed in bungalow quarters.

Construction of the hospital was started in March 1982 and completed in September 1983.

Rand Mines' chairman, Mr Bill Lawrence, said it was the duty of private enterprise to provide the most comprehensive medical facilities possible for employees.

"The provision of medical facilities for our far-flung population is a task which the State is tackling with enthusiasm and dedication but, regrettably, with financial resources which do not always measure up to demands."



# Two Wit Nigel for one Af Lease

RAM 26/3/84

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By **BRENDAN RYAN**  
Mining Editor

**AMBITIOUS** plans to rejuvenate the marginal gold mine, Witwatersrand Nigel, have been set in motion with a private offer being made by Mr Peter George of two Wit Nigel shares for every Afrikaner Lease share he can get.

Market sources say Mr George aims to acquire a total of 2-million Af Lease shares, which would give him 30% of the company's issued capital.

Mr George declined to comment on the offer at the weekend.

The offer for Af Lease shares forms part of Mr George's recovery plans for Wit Nigel, control of which he acquired last year in a proxy fight with the former managers, African Exploration (Afex).

Financial proposals released at the time of the battle said Mr George intended concluding negotiations for the acquisition of a large minority interest in a quoted gold mining share.

Since winning control Mr George has had Wit Nigel's share capital increased to 16-million shares by the creation of 7.2-million new shares.

These shares are held under the control of the company's directors and Mr George apparently intends issuing 4-million of them to buy the 2-million Af Lease shares he wants.

Mr George won control of Wit Nigel by gathering proxies to represent about 46% of shareholders.

By issuing the new shares in this way Mr George will effectively be diluting the stake held in Wit Nigel by the existing shareholders.

There seems to be no shortage of willing participants in the Wit Nigel/Af Lease deal and market sources believe Mr George may already have acceptances giving him a million Af Lease shares.

Wit Nigel closed at 360c on the JSE on Friday and Af Lease at 565c, suggesting that Af Lease shareholders accepting the offer would make a paper profit of 155c a share.

What they will gain in real terms is as uncertain as what Wit Nigel shareholders will gain from holding 30% of Af Lease. Both shares are highly speculative.

A number of JSE analysts have advised that neither share should be bought at present levels and any investor showing healthy gains at current price levels should take them and sell out.

Mr George apparently believes that the uranium market is about to boom and Af Lease shares are destined to reach R20.

Wit Nigel needs approximately R25m to complete an expansion programme which would put it on its feet. Market sources believe Mr George hopes to borrow this money using the Af Lease shares as collateral or to sell the shares at the higher levels and get the money that way.

The one problem is that Af Lease shares are already grossly overpriced and the bombed-out uranium market holds no hope of a sudden recovery.

The international uranium market is expected to be heavily oversupplied until the 1990s.

Uranium spot prices had been expected to rise slowly but steadily to \$30-\$35/lb by about 1987 but that was before the recent, unexpected slump in the market which knocked prices from more than \$20/lb back to \$17.50/lb.

The market low was about \$17/lb in November 1982. Illustrating the gloomy state of the uranium market was the announcement that

Harmony gold mine is to close one of its three uranium plants this month.

Af Lease's uranium operations have been mothballed and its contract commitments are being met by Vaal Reefs.

Vaal Reefs has an agreement to mine uranium and gold at Af Lease in terms of which it is to pay a royalty.

A separate small project to mine only gold is being carried out at Af Lease and building up to capacity of 15 000 tons/month milled.

A recent report by JSE brokers E W Balderson estimated earnings from the small gold project could be 4c an Af Lease share at a gold price of R400 and 8c a share at R500.

The profitability of the uranium/gold project depends on the uranium market because gold profits are only a bonus to the mine and will not sustain operations alone for long, the brokers said.

The brokers also said a rapidly rising gold price would be detrimental to Af Lease because the R/\$ exchange rate would firm with the rising gold price.

This in turn would reduce the rand revenue from uranium sales the mine would receive.

Af Lease has long been one of Mr George's favourite shares and this appears to be the only reason for his move as it cannot be explained on fundamentals.

It seems unlikely that he might use his stake in Af Lease to take on Anglo American Corporation or engineer some kind of deal with Anglo.

The Anglo group controls 44.6% of Af Lease and Vaal Reefs has the mining lease sewn up for the productive life of the mine.

This situation is vastly different from Wit Nigel where the Afex managers directly owned only 2% of the shares and in the proxy fight could gather only a total of 10.6% of the shares to its side.

(210) *Answered Q 61761*  
Mineral production  
27/3/84

428 Mr P R C ROGERS asked the Minister of Co-operation and Development

What was the value of the mineral production in each mineral category in each of the national states in 1983?

The MINISTER OF CO-OPERATION AND DEVELOPMENT

The value of mineral production in each of the national states for 1983 is as follows:

Gazankulu . . . . .	R3 200 000
Kangwane . . . . .	R26 000 000
Kwazulu . . . . .	R85 500 000
Lebowa . . . . .	R57 800 000
Kwandebele . . . . .	Nil
Qwaqwa . . . . .	Nil

The Mineral Bureau cannot furnish figures in respect of each mineral category.



# Mines split on timber fears

RDM 9/14/84 (20) ~~22~~

**By BRENDAN RYAN**  
THE GOLD mining industry is assessing the supply of essential mining timber amid forecasts of possible future shortages.

Some mining industry executives are concerned about the control of mining timber supplies now that Anglo American Corporation, through subsidiary Mondi, has built up a 49% stake in HLH Timber Holdings, which controls the bulk of South Africa's mining timber supply.

Executives from other mining houses believe that in the event of a supply crisis, Anglo's gold mines would get priority claim to HLH's mining timber.

This possible scenario has resulted in Gencor's pulp and paper subsidiary, Sappi, diversifying into the mining timber field.

Sappi last year bought 12 000ha of hardwood plantation ground around Piet Retief, of which about 60% is already planted to hardwoods.

Timber industry estimates on how much of South Africa's mining timber is controlled by HLH range between 70% and 75%. HLH itself says it controls only 60% of the supply.

The head of HLH's timber division, Mr Robert Cox, disputes predictions of future

shortages of mining timber. He adds that Anglo's mines account for only 50% of HLH's timber business.

"Our supply situation is tight at present but none of our customers has lost a blast through lack of mining timber and I do not expect this tight situation to last longer than a year," he says.

Apart from Gencor and Anglo, the only other mining house with an in-house supply of mining timber is Rand Mines, through TC Land subsidiary Lotzaba Forests. Lotzaba cannot meet Rand Mines' requirements and has to buy in some 40% of its output.

A spokesman for Gold Fields of South Africa said the group had started to plan for a forecast timber shortage. GFSA had entered long-term supply contracts spread over all the mining timber suppliers and over the various regions where mining timber was grown.

Factors which could lead to a future shortage of mining timber are the shortfall in the rate of planting of all kinds of timber to meet future demands and the effects of the drought.

Demand from Mondi's Richards Bay mill, which will start operations this year, is also seen as a possible cause of shortage as the plant could compete with

the mining industry for timber supplies.

The effects of the drought on the forests are difficult to assess because they vary from region to region, and even from plantation to plantation.

Mr Cox estimates HLH forests have lost about two years' growth because of the drought, which has caused the present tight supply.

However, a large grower of mining timber near Tzaneen estimates it has lost a year's growth and will run short of mining timber in about three years.

The year's new planting has been lost in some areas. This means there will be a shortage of this timber in eight years, when it is due to be felled for use as mining timber.

A crucial factor is railage rates, which have increased by an average of 23% annually from 1980-1983 and have reached the point where railage amounts to 33,3% of the delivered cost of timber to the mines.

The mines have, until recently, absorbed railage cost increases but will be asking for adjustments in the timber price to balance railage increases.

The result is that growers are looking more closely at supplying the pulp market, where Mondi and Sappi's Ngodwana mill are looking for extra sup-

plies. The pulp industry pays less but the quality of timber it takes is lower.

Growers pay railage Rate 14 to supply soft wood for pulp. This is about 15% cheaper than Rate 12, which they have to pay for railing mining timber.

The difference is that pulp timber can be loaded wet, which means that 36 tons of timber can be loaded into a truck.

Mining timber must be supplied dry. The same truck volume of dry timber weighs less than wet timber and the higher railage rate is applied as a result.

Such a switch would reduce the amount of mining timber available, which could lead to supply problems.

Mr Cox, however, believes this fear is unfounded. He says the advent of Mondi's Richards Bay plant means that otherwise wasted wood from mining timber forests could now find a market.

Sections of the felled trees are the wrong size to be used as mining timber but could be sold to Mondi for pulp wood.

"South Africa already has the timber to supply the Mondi mill. For example, each year 500 000 tons of timber is exported as chips to Japan through Richards Bay. Some of that could conceivably be sold in future to Mondi."

Business Day

# Strategist warns about reliance on key SA minerals

By Neil Lurssen,  
The Star Bureau

WASHINGTON — An American expert on strategic minerals has contested arguments that even if South Africa were to be ruled by a marxist or radical regime, the flow of minerals to the US would not be cut off

Dr James Miller of Washington said the argument that the new regime would need mineral sales to bring in foreign currency — sometimes advanced by those who want to cut ties between the US and South Africa — falls short of the mark.

Writing in Sea Power, official journal of the Navy League of the US, Dr Miller said. "Those who believe that a marxist-run South Africa would have to sell its chromium, manganese, and platinum-group metals to the West are apparently unaware that these commodities account for, on average, less than 10 percent of the total annual export sales of South Africa's minerals industry."

He cited SA Minerals Bureau figures which showed that exports of chrome ore and ferrochrome represented only one percent of the Republic's mineral exports.

"A political decision easily could be made, therefore, to cut some exports without significantly hurting foreign exchange earnings," Dr Miller argued

He said the continuing economic decline in Zimbabwe indicated what might happen in other African countries if a new marxist government, perhaps in consultation with Moscow, sought to control mineral exports to the West

"The Zimbabwe experience, unfortunately, also demonstrates how efficiently (or inefficiently) a marxist-run government might be expected to operate its mines and meet its export commitments over the long term"

He said the strife among black factions in Zimbabwe had been worsened by the flight of experienced white mine technicians and by the Government taking over effective control of the still largely Western-owned private mining industry.

## DANGEROUSLY RELIANT

Dr Miller said the US was dangerously reliant on foreign sources for at least 23 of the 36 important minerals considered "to be essential to the nation's overall industrial, technological and economic base".

"Dangerously reliant" meant that at least 50 percent of the total US demand for a particular mineral must be met through imports.

● Minerals from Southern Africa are particularly important to the US defence industry, but a halt in supplies would affect the entire American industrial system.



Mercury 19/4/84

# 16 mineworkers injured in dog squad farm raid

210

JOHANNESBURG—Sixteen mineworkers were hospitalised after they were bitten by police dogs during a raid by police on a Randfontein farm on Sunday, a spokesman for the mine said yesterday

A West Rand police spokesman confirmed the incident and said police had launched an official investigation.

He said 'at least 10' dogs and handlers from the Dog Squad had taken part in the raid.

Police had tried unsuccessfully to deal with repeated complaints from farmers in the area who claimed that mineworkers were trespassing on their farms, the spokesman said.

A spokesman for Western Areas Gold Mines confirmed that the 16 injured men were employees and had been arrested in the raid.

The mineworkers are being treated at the Sir Albert Robinson Mine Hospital in Randfontein for dog bites, he said.

According to local residents, many people, including mineworkers, assemble outside the mine compound on Sunday mornings and buy beer from a nearby shebeen (Bapa).



# Cooling it down at deep level

**D**EEP-LEVEL mining in South Africa is increasingly becoming more difficult as mines burrow deeper into the earth's surface.

Improved methods of cooling mine shafts are urgently needed if we are to get at gold buried several kilometres deep beneath the Highveld.

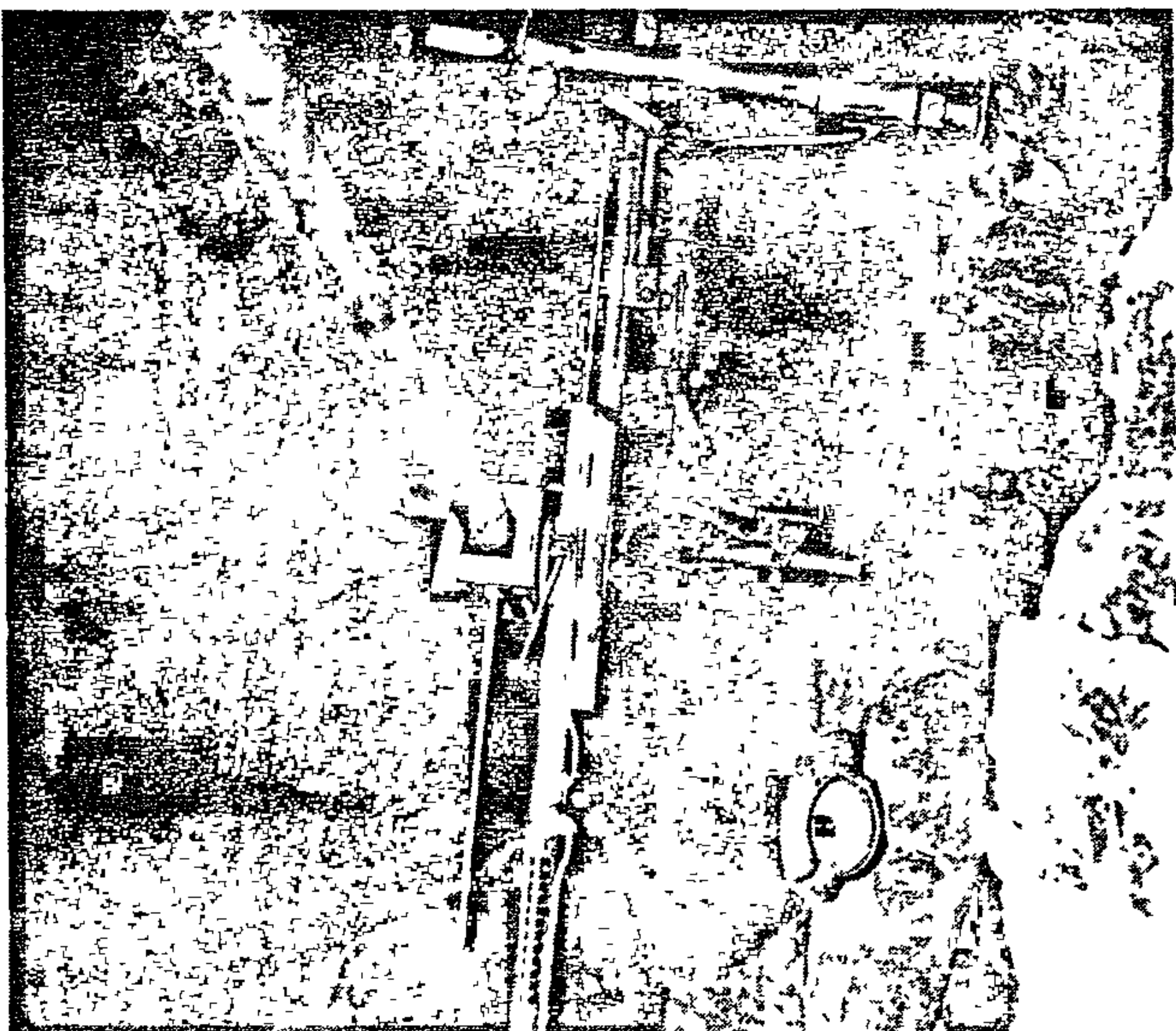
At present about 10 percent of the total cost of mining goes into cooling the working environment. With mines already envisaged going down 5 km and virgin-rock temperatures of 80 deg C expected, coolings costs could rise to 30 percent of total outlay — some R1 500 million at current cost levels.

The physical dangers of the mining environment were first brought home in 1924 when South Africa's gold mining industry, by then working at a depth of 1 700 metres, suffered its first heat-stroke death.

By the end of 1931 92 men had died. The death rate rose sharply from eight in 1927 to 26 in 1930. However, success by scientists and engineers have reduced the death rate by easing underground climatic conditions. Though much mining is carried out at depths of 3 000 metres or more, there are today about 10 heatstroke cases a year, of which about three are fatal.

For the past 10 years the mining industry has been investigating ways to overcome the environmental problems of reducing underground air temperatures and acclimatising miners so that they might work without the risk of heatstroke.

Early attempts in 1927 failed as researchers did not realise that some men were less heat-tolerant than others. And by the 1950 and early '60s, there was still an average of nine fatalities a year. Early acclimatisation methods, whereby new recruits spent 14



Temperature has always been a problem down mines... and as miners have to go deeper so the problems — and the costs — increase.

days working on the hot stopes, were replaced in 1965 by a surface acclimatisation chamber, which controls temperature, humidity and air movement thus simulating underground tunnels.

Success was marked and within three years the annual number of heatstroke fatalities had dropped to five.

But today the problem persists and mines have to develop still better methods of cooling the underground and acclimatising its

"melts" it turns into a gas and so is nearly weightless, it has twice as much cooling power and lasts longer than ordinary ice.

Macro environment cooling is even more important. Until recently water was pumped down the mines, but as it fell it heated under compression. Today all mines chill this service water.

Now mines are taking it a step further and plan on sending ice down the service shafts as this has five times as much cooling power as the same mass of water.

The Research Organisation for the Chamber of Mines of SA, is experimenting with blowing ice, formed in small flakes or cylindrical plugs, through 100 mm diameter tubing into a "dam" 2 km below the surface. There the ice is used to cool service water as well as water used for bulk air cooling.

The major problem now is the manufacture of refrigeration plants large enough to make 5 000 tons of ice a day. Commercially available ice-making machines at present make 70 tons a day.

Other experiments aim at tackling the heat at its source by reducing the amount of radiation from rock walls.

Backfilling, using waste rock to fill in space between the floor and roof behind miners as they advance up the reef, is one means of reducing the area of hot rock face and the volume of hot air in circulation.

Another experiment involves spraying recently exposed rock faces with plastic, several types of which are being tested.

Environmental engineers forecast that within the foreseeable future they will have succeeded to such a degree in controlling deep-level mining's physical environment that acclimatisation will be "rendered unnecessary for all".

— Adapted from an article by John Collins in *Optima*.

## MEDICAL BRIEFS

### Arthritis detection

Research has given hope that it may be possible to detect rheumatoid arthritis at an early stage and so improve its treatment.

Scientists at Exeter University's Postgraduate Medical School investigated the genetic differences in possible rheumatoid sufferers.

They found that 80 percent of patients with the ailment had a special gene HLA DR4. The team is now searching for the cause or agent which triggers off the "arthritis" gene, in the hope of finding a treatment.

So far they have found the disease may not be hereditary, and they are now looking at the possible connection between the large intake of antibodies by sufferers and the long-term degeneration which takes place in painful joints.

### Building human muscle

Researchers at Liverpool University have developed a new technique for rebuilding human muscle, bringing hope to victims of muscle disease.

The technique, housed in a portable pocket-sized machine, reproduces nerve signals by which the body normally builds muscle, and is more effective than usual methods of regeneration.

The machine stimulates muscle by electric impulse producing contraction to build up the affected area.

### Saving the horses

Two horses that might once have been shot after dislocating their fetlocks and tearing their ligaments are back at work after experimental surgery.

The UK Veterinary Record reports that carbon and other synthetic fibres were used as a basis to help the ligaments and tendons grow.

Carbon fibres were previously used in rugby players, but this is the first in which a complete capsule of ligaments, possessing full natural flexibility and strength, has been encouraged to grow.



Argus 22/5/84 (210)

# PFP warns against race discrimination in mining industry

**Parliamentary Staff**  
UNLESS racial discrimination was rooted out in the mining industry, there was a "distinct possibility of a head-on confrontation" between mine workers' unions and the Chamber of Mines, the Official Opposition has warned.

Speaking during the debate on the manpower vote, Dr Alex Boraine (PFP Pinelands) said although the Wiehahn Commission had recommended that this discrimination be phased out, there had been "no real progress whatsoever".

The issue of job reservation sparked fierce clashes, especially between the Conservative Party and the National Party, during the debate

## Estranged

Conservative Party speakers accused the Government of estranging white workers and said the abolition of discrimination in labour would lead to integration in schools and residential areas.

This was denied vehemently by National Party speakers. The Official Opposition, on the other hand, said this would be the logical consequence of economic integration.

At the start of the debate, Dr Boraine said the Government took pride in its movement away from job reservation, but the Mines and Works Act, which affected hundreds of thousands of workers, continued to enshrine basic race discrimination.

## Certificates

No fewer than 11 certificates of competency were reserved for "scheduled persons" and these ranged from the level of mine manager down to locomotive driver

The Wiehahn Commission had recommended that the Chamber of Mines and the relevant unions should be given a reasonable amount of time to phase out this discrimination but there had been little progress

"Is the time not overdue for the Minister to take action and to introduce legislation so that job reservation and race discrimination in the mining industry can be removed?" Dr Boraine asked.

## Restore peace

Mr Frank le Roux (CP Brakpan) said labour policies introduced by the former Minister, Mr Fanie Botha, had resulted in the estrangement of the white worker.

It would be the task of Mr Pietie du Plessis to restore the peace with white workers who lacked job security, he said

Mr S P Barnard (CP Langlaagte) rejected Nationalist arguments that merit had to be the only criterion in the labour field.

Whites would become subordinate if the labour field was thrown open, he said.

## Interdependent

Dr Boraine said white and black workers were interdependent. Neither group could say to the other "we don't need you"

"The National Party wants to suggest that once it is 5pm you can smuggle in race discrimination," he said

White workers were being insulted by the suggestions that they had to be surrounded by protective devices

Replying, Mr du Plessis said there had to be tranquility in the labour field for whites, coloured people, Indians and blacks.

"I will not leave any of these groups of workers in the lurch," he said

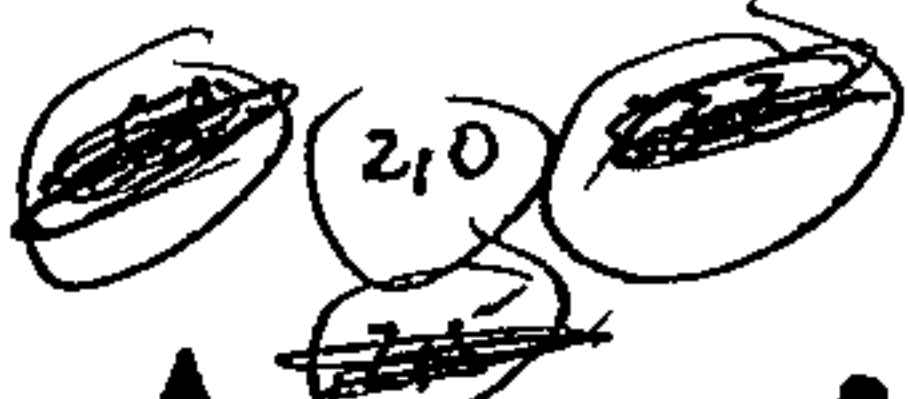
"We must be careful because when people get the feeling that they are being discriminated against or their jobs are on the line for racial reasons, we are playing with fire"

The Government acknowledged the inter-de-

pendence of groups in the labour field, but this did not mean that divisions between people were being swept away

Turning to Dr Boraine's plea to abolish race discrimination in the industry, Mr du Plessis said this matter was under the jurisdiction of the Minister of Mineral and Energy Affairs

*Anglo Miners*  
*24/5/84*



# Anglo American Corp gets further stake in GFSA

Own Correspondent

JOHANNESBURG. — Anglo American Corporation (AAC) has acquired a further 5,6 per cent stake in Gold Fields of South Africa (GFSA) in a deal worth more than R125m

Anglo has accomplished this through a share swap of 8,5m Barlow Rand shares for 4,6m GFSA shares with the Old Mutual. The shares were registered with their new owners on Friday last week.

The deal was revealed yesterday in a circular to GFSA shareholders concerning the group's acquisition of the controlling stake in Clydesdale Collieries

The document showed that Anglo American Corporation's stake in GFSA had risen to 8,9 per cent at May 22 from the 3,3 per cent reported in the last AAC annual report.

### Implications

It also showed that the Old Mutual no longer had a stake of more than five per cent in GFSA. It held six per cent at June 30 last year

The implications of the deal are significant

in terms of the shareholdings being built up by the Anglo greater group in GFSA and the Old Mutual in Barlow Rand

Old Mutual held 29,5 per cent of Barlow Rand before the deal which has given it an additional 5,2 per cent stake to take its total holding to 34,7 per cent.

Anglo American Corporation (AAC) now holds a direct 8,9 per cent stake in GFSA, while 49 per cent held associate Anglo American Gold Investment Co (Amgold) has another 10,9 per cent which takes the direct group stake in GFSA to 19,8 per cent.

### Speculation

However, the Anglo group has a significant indirect holding in GFSA through its international arm, Minerals and Resources Corporation (Minorco) which in turn has a large stake in GFSA's controlling company, Consolidated Gold Fields.

There has been repeated speculation over the past few years that Anglo is keen to acquire control of GFSA, which manages arguably the finest stable of South Africa's gold mines.

The speculation has concentrated on the activities of Minorco and the possibility that it might launch a take-over bid for Consolidated Gold Fields

AAC holds a 41 per cent stake in Minorco while De Beers Consolidated Mines holds a further 22 per cent to give a combined AAC/De Beers controlling interest in Minorco of 63 per cent.

Minorco in turn holds 29 per cent of Consolidated Gold Fields which is the largest shareholder in GFSA with 48 per cent.

### Regulations

If Minorco wants to take its stake in Cons Gold to more than 30 per cent then, in terms of London Stock Market regulations, it will have to make a take-over offer to all Cons Gold shareholders

Apart from AAC, Amgold and Cons Gold there are no other holders of a more than five per cent stake in GFSA.

An AAC spokesman yesterday denied the acquisition of an additional 5,6 per cent stake in GFSA was part of an overall plan to gain control of the company.



ROM 26/5/84 (210)

# ANC claim rejected as mine man held for blast

A WHITE man has been arrested in connection with an explosion which caused extensive damage to offices at the Western Holdings gold mine at Welkom on Monday night — for which the banned African National Congress had earlier claimed responsibility, police confirmed in Pretoria today

A police spokesman said the 31-year-old man, an ex-shift boss at the mine who was reportedly fired, was expected to appear in the Welkom Magistrate's Court on Monday on sabotage charges.

Police were also investigating a possible link between the man and three earlier blasts at the mine, the spokesman said

News of the arrest came only hours after the ANC had claimed responsibility for the blast in a radio broadcast from Addis Ababa.

The organisation claimed to have dealt a "strategic blow against the army" by hitting the offices of the "apartheid mine"

A spokesman for the public relations division of the police in Pretoria said

"According to news reports in several newspapers this morning... the ANC has claimed responsibility for the explosion at Western Holdings mine in Welkom

"This claim is repudiated as ridiculous by the SAP, since investigations have shown that the ANC was not responsible for this blast

"Claims of this nature confirm that the ANC hierarchy does not have proper contact with its men in the field and it gives the lie to their claim of having a solid infra-structure within South Africa

"It also indicates that the ANC, because of their lack of success, will grab hold of every possible straw in an effort to gain some semblance of credibility and, due to recent setbacks, are endeavouring to regain imagined prestige" — Sapa.



Warren Clewlow ... wouldn't mind some more

# Barlows — the giant that still wants to grow

By David Carte

**WARREN Clewlow**, operations chief at Barlows, doesn't think much of Barlows 10% earnings rise in the first half.

"Should have been better" is his attitude

But as we spoke at the cocktail party after the Johannesburg Stock Exchange president's address at least five brokers congratulated him on the achievement.

What impressed was that had it not been for higher tax, the earnings increase by SA's biggest industrial group would have been 19%.

## Destocking

Bearing in mind that outside agriculture, most of the recession so far has consisted in destocking and not consumer contraction, Barlows, being in the primary productive sector, has been more exposed than most to economic circumstance. This makes the achievement even more impressive.

Sure, much of the improvement came from reduced

losses at Middelburg Steel (a R4.2-million tax-free lift) and a profit surge at Pretoria Portland Cement, which benefited from an active building industry and production problems at Anglo-Alpha Plascor and the unhisted earthmoving, motor and appliance interests also did better

But much credit is due to Barlows acquisition strategy Tiger Oats, Metal Box and Blakie Johnstone also made important contributions. Considering the prices paid in recent years for acquisitions, this is no mean achievement

Barlows acquired each of its interests on favourable terms and followed up with imaginative restructuring so that they fit into the group command structure. In the process, it gained some exceptional management

It has handled Tiger superbly, maintaining morale, which might have cracked, and impetus in bread and peanut butter areas, such as milling, baking and oil extraction.

In addition, it has brought cash out of the fishing companies and the 30% Metro

Cash holding and degenerated the whole operation at a time when this process yields 21% tax free

While other big groups have demonstrably paid too much for acquisitions in recent years, Barlows has had the guts to walk away from excessive prices. It did this in the case of DRG, which went to Kohler at an inflated price, and Metal Box, which came back at a lower price

## Flair

The group deserves praise for the way it runs its businesses, but even more for the way in which it acquired them. It has had this flair for years and has not lost it.

Looking ahead, Warren Clewlow does not like the economic weather and he frankly admits he wouldn't mind another major acquisition to give the group a boost in tough times

As chairman Michael Ro-sholt warns "It is expected that trading conditions for the second half will become more difficult. He does not even forecast maintained earnings for the

year, only a maintained dividend

Barlows is so big that further significant acquisitions in South Africa have become a problem and increasingly the company will have to perform in line with the economy — unless it increases the investment beach-head it has established overseas

"I'm conservative," says Mr Clewlow, who made the happy \$60-million US sugar acquisition 18 months ago, "and would need to know we have the expertise before making big offshore acquisitions"

Barlows does have expertise — in sugar, food, packaging, coal mining, mineral beneficiation — all sorts of areas. It is grown up now, no longer an infant industry that needs protection to grow.

With gold's future uncertain, SA needs to diversify its exports and Barlows, which in sales would rank in the top 60 companies in the US, is one of few SA companies big enough to go into the export markets and slug it out

All it needs is the courage and more encouragement from the Government, whose

export incentives pale besides those of Japan and West Germany.

To a large extent, through interference with free-market forces, SA has lost its comparative advantage in cheap labour. In addition, it is far from world markets

## Energy

On the other hand, energy and raw minerals are still cheap and SA has a fine transport infrastructure — so it can still benefit more than most of its competitors

This is why Middelburg Steel and investments like it must be the way for Barlows and South Africa in the future.

● The interim numbers: turnover up 20.4% to R4 711.8-million, operating profit up 24.5%, interest up 11% to R91.1-million. Pre-tax profit up 29% to R345.1-million. Taxed attributable profit up 19% to R122.7-million. Earnings a share up 10% to 75.7c (68.8c), Interim dividend unchanged at 21c.



quently not possible to indicate what amount was collected in each category. In order to obtain the requested information the records of all the receivers of tax including the returns submitted by all employers of Black persons throughout the country will have to be scrutinized, a task which is deemed unjustifiable in this instance.

547. Mr R A F SWART asked the Minister of Co-operation and Development:

What was the value of the mineral production, excluding platinum, in each of the national states in the 1982-83 financial year?

**THE MINISTER OF CO-OPERATION AND DEVELOPMENT.**

The value of mineral production including platinum in each of the national states for the 1982-1983 financial year was as follows.

Gazankulu	R 3 200 000
KaNgwane	R26 000 000
KwaZulu	R85 500 000
Lebowa	R57 800 000
Kwandebele	Nil
Owaqwa	Nil

The Mineral Bureau could not furnish figures in respect of each mineral category separately.

For purposes of the reply to question 428 of 1984 it was accepted that the expression 1983 implied the financial year 1982/83.

**Taxable earnings**

665. Mr B B GOODALL asked the Minister of Co-operation and Development:

(a) What were the total taxable earnings for Blacks in each of the latest specified five years for which figures are available and (b) what was the percentage increase or decrease over the previous year?

**THE MINISTER OF CO-OPERATION AND DEVELOPMENT.**

(a) and (b) This information is not available and can only be obtained from records kept by employers. Such a task would be impossible to perform.

680. Mr P G SOAL asked the Minister of Co-operation and Development:

(1) (a) How many family housing units were built in each specified township in the East Rand area in 1983 by (i) the East Rand Administration Board, (ii) private owners and (iii) any other specified organizations and (b) what was the total amount spent by each in respect of each township;

(2) whether there is a shortage of housing units in any townships in the East Rand area; if so, how many units are required in respect of each township;

(3) whether any family housing units are being built at present by (a) the said Administration Board, (b) private owners and (c) any other specified organizations, if not, why not; if so, (i) how many units are being built by each in each township and (ii) when are they due to be completed in each case?

**THE MINISTER OF CO-OPERATION AND DEVELOPMENT:**

(1) (a)	(i)	(1)	(b)
Tembisa	100	R	700 000
Katlehong	240	R1	440 000
Tsakane	379	R2	154 000
Duduza	156	R	780 000
(1) (a)	(ii)		
Tembisa	141	R3	525 000
Katlehong	146	R3	650 000
Vosloorus	124	R3	100 000
Daveyton	117	R2	925 000
KwaThema	10	R	250 000
Ratanda	1	R	20 000
Boteng	8	R	200 000

Refilwe 20 R 500 000  
Zithobeni 2 R 50 000

(1) (a) (iii)

Tembisa 74 R1 600 000  
A D C C

Katlehong 67 R1 675 000  
United Building Society

Tokoza 14 R 35 000  
United Building Society

Vosloorus 43 R1 075 000  
Gough Cooper 3 R 75 000  
Long Homes 1 R 25 000  
H and T  
Vosloorus Town Council 48 R 576 000

Daveyton 13 R 325 000  
Long Homes 10 R 250 000  
Barlow 8 R 200 000  
Dept of Prisons

KwaThema 11 R 275 000  
United Building Society

Ratanda 40 R 360 000  
Rembrandt

(2) Yes It is not possible to give an accurate figure in regard to the shortage of housing in respect of each township. The estimated total housing shortage in respect of Black towns in White area is 168 000. In order to make an accurate estimate in respect of each township it will be necessary to compile new waiting lists. This will necessitate a costly and time consuming survey, which in the circumstances is considered unjustified.

(3) (a) Yes.

(3) (a) (i)

Daveyton 112 September 1984  
Tsakane 413 December 1984

(3) (b) Yes.

(3) (b) (i) 104 During 1987  
Katlehong 700 During 1987  
Tsakane 50 During 1986  
Ratanda

(3) (c) Yes.

(3) (c) (i) (3) (c) (ii)

Tembisa 50 July 1984  
S A Permanent Building Society AD and CH 94 June 1984

Vosloorus 6 June 1984  
United Building Society

Lenning Holdings 47 June 1984  
Schachat Homes 12 October 1984  
Stern Ceilings 1 November 1984  
JJ Builders 2 November 1984

Daveyton 19 July 1984  
Long Homes

Tsakane 60 October 1984  
L T A.

KwaThema 150 July 1984  
AD and CH 2 November 1984  
Econo Homes

**Eastern Transvaal: housing**

683 Mr P G SOAL asked the Minister of Co-operation and Development

(1) (a) How many family housing units were built in each specified township in the Eastern Transvaal area in 1983 by (i) the Eastern Transvaal Administration Board, (ii) private owners and (iii) any other specified organizations and (b) what was the total amount spent by each in respect of each township;

(2) whether there is a shortage of housing units in any townships in the Eastern Transvaal area; if so, how many units are required in respect of each township;

(3) whether (a) any family housing units

# SA-Soviet mineral links 'not impossible' — expert

The Star Bureau

LONDON — The possibility of a close mineral connection between South Africa and Russia "ought not to be excluded", according to a British academic

Writing in the latest publication of the highly-regarded Institute for Conflict Studies, Professor William Gutteridge examines the relationship between the world's strategic mineral resources and the major powers' national interests

The publication, "Mineral Resources and National Security", highlights the degree to which South Africa and the Soviet Union control access to the world's strategic minerals

An expert on African military and security developments, Professor Gutteridge says the Soviet diplomatic mission left Pretoria in 1956 — but not before contacts were established on the marketing of gold and diamonds

"There is enough evidence to indicate that today contacts take place between mining corporations and even senior official agencies on the one hand, and expert metallurgists with official standing on the other"

It would be a matter of "common sense" for the world's two dominant producers to consult on pricing and marketing strategies

## DIAMONDS

He says that Russia's channelling of its diamond production through "South African-dominated marketing mechanisms" has long been taken for granted

"More significant and interesting have been confirmed reports of discussions on the price and availability of platinum, the refining of vanadium and the price of chrome"

From the West's point of view, the geological coincidence which has made South Africa and Russia dominant in

the platinum group of metals, has created an uneasy sense of vulnerability, he says

Professor Gutteridge comments that mineral exports are uniquely important to both countries but that the full implications of this for the security of other states are uncertain

The Soviets could adopt a covert strategy of "peaceful co-existence" with South Africa, or they could step up aggression and seek to control the mineral resources of the region through client states

"Another possibility is that a modus vivendi between the two mineral-producing states could extend to an agreement to use their domination of the markets to implement jointly a 'strategy of denial'"

This would enable the Soviet Union to apply pressure on the West, and help South Africa relieve pressure on it from the West, Professor Gutteridge says

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Star

30/5/84



# Pay action threat by 70 000 black miners

By PHILLIP VAN NIEKERK

THE 70 000-strong National Union of Mineworkers (NUM) has threatened to declare a dispute which could result in widespread industrial action if the Chamber of Mines is not prepared to make a satisfactory final pay offer

The decision was taken by about 600 delegates of workers at a special NUM conference in Klerksdorp on Saturday, convened to discuss this year's pay negotiations with the chamber

Apart from the delegates, almost 3 000 mineworkers — many carried placards reading "Away with the Chamber", and "Not less than 25%" — attended the conference and backed up their decision

Negotiations deadlocked two weeks ago when the chamber offered increases ranging from 9,5% to 10,9%, and the NUM demanded minimum increases of 25%

While the NUM represents only a portion of black workers on the gold mines, the increases they win will affect almost all the industry's 480 000 black mineworkers

Conference delegates rejected the chamber's offer outright and called on the chamber to put a final offer on the table, failing which the declaration of a dispute in the gold mining industry — the first step towards a legal strike — would be likely

The widening disagreement over the wages of black mineworkers comes at the same time as an announcement at the weekend that the chamber has reached agreement over the salaries of the mining industry's 25 000 officials

This agreement — which amounts to a 10% increase — follows last month's settlement between the chamber and the white mining unions, who had initially declared a dispute over a ½% difference with the chambers' offer of 10%

It means that the only remaining area of disagreement between the chamber and unions in the mining industry is the negotiations with the NUM — the largest black union in the industry — who are negotiating alongside the much smaller Federated Mining Union

Mr Cyril Ramaphosa, general secretary of the NUM, said the workers had decided they could not go lower than the union's demand of 25% until the cham-

ber gave a final offer, which would be considered by the NUM's negotiations committee

"If the chamber is not prepared to make a final offer, a dispute is likely," Mr Ramaphosa said "The workers unanimously pledged themselves to support any action which might follow from the declaration of a dispute"

This year's talks are only the second annual pay negotiations between the Chamber of Mines and black mining unions in the country's history

Pay talks for black workers in the coal mining industry are due to start today Mr Ramaphosa said that if they followed the same course as the gold mining talks, the NUM would be forced to take the same action

Meanwhile, the minimum on-appointment rates for officials in the mining industry are to be increased by 10% and average actual salaries will also be increased by 10%, the chamber said in a statement yesterday

This follows an agreement reached between it and the Underground Officials' Association, the Mine Surface Officials' Association and the South African Technical Officials' Association

2001 13/6/84 210

# Miners plan Africa link-up

By PHILLIP VAN NIEKERK

THE National Union of Mineworkers (NUM) is at the centre of moves to form a federation of Southern African mineworkers' unions

And the formation of a new body of mineworkers' unions spanning the African continent is also on the cards

Mr Cyril Ramaphosa, general secretary of the South African NUM, said yesterday that it was holding meetings with unions from Zambia, Zimbabwe and Botswana to form an umbrella body linking all mineworkers' unions on the subcontinent

Mr Ramaphosa said the NUM was also involved in looking at the possibility of forming a federation of all its African counterparts

This would link South African mineworkers to workers in Nigeria, Senegal, Sierra Leone and other West African countries, as well as the Southern African mining unions

Mr Ramaphosa said the idea of forming an Africa-wide federation of unions gained impetus at a congress of the Miner's International Federation (MIF) two weeks ago which was attended by a delegation from the NUM, which is an MIF affiliate

He said that African unions wanted a much bigger voice in the MIF and the formation of a single federation would provide greater clout for them.

"They were quite keen to meet with us and accepted our credentials even

though we were an organisation from an apartheid society"

While the idea of an African federation only came to the fore several weeks ago, talks aimed at forming a Southern African federation of mining unions have been continuing for some time

Mr Ramaphosa said Southern African solidarity across national boundaries was healthy because mineworkers in the subcontinent shared the same employers — including Anglo American, Lonrho and Rio Tinto Zinc

He said if the employers could operate across national boundaries, so could the trade unions



17/6/84

Kimberley days  
After all, it was to preserve job reservation in the face of the mine owners' threats to break it down that white miners went on strike in 1922

After suppression of this strike, the miners won the day against the mines and General Smuts in 1924 when the Nationalist and Labour parties packed the government

Of course it wasn't for altruistic reasons that Anglo has fought job reservation for generations. Removing white job privileges would reduce its labour costs

It is true, as the author alleges, that attempts were made to reduce miners' wages from time to time. But this was necessary because of fixed gold prices over decades. The alternative was to close mines

One of the techniques was indeed to use the migratory labour system and to ship miners in from thousands of miles away. This did reduce local wages and there were serious negative social aspects — but the process benefited peasants in Mozambique, Malawi and Basutoland and contributed to development there

Strange that a good Marxist society such as Mozambique is still eager to sell its citizens for gold into "slavery" on the SA gold mines

Dr Innes implies that Anglo bears responsibility for pass laws and influx control when this is directly against its own profit-making instincts. Without influx control, labour would be cheaper

**H**e does not mention that, once the gold price broke away from fixed levels, Anglo increased wages several hundred percent, and in the most recent boom, left wages of the rest of "monopolistic" Chamber of Mines far behind, causing a good deal of SA's inflation of the 1970s and 1980s

This book, with reams of notations and appendices, purports to be a scholarly work. It does this, even though the author has strayed far away from his own disciplines of sociology and political science, into economics, economic history and business economics

It wouldn't have been so serious had it been just a commercial journalistic fling

To most of us, it is clear that the development of the diamond and gold mines led to progress in South Africa

We all understand that the mines underpin the relatively high standard of living of South Africans, even that of most blacks. And we pin many of our hopes for the future on the mines

Dr Innes appears to imply that those holes should never have been dug and that Africa should have been left to the Africans, who would presumably have preferred the Dingaan scheme of things

# Only a RED Riding Hood could believe this Anglo wolf

**I**T'S 1984 and Big Brother Anglo American bestrides Main Street like a colossus, his tentacles spanning mining, industry and commerce in South Africa and now . . . shudder . . . reaching out for the world

Ooh, he's a demon. His plans for global domination started back in the 1880s on the Kimberley diamond fields, where he engulfed and devoured diggers by the dozen to emerge a filthy diamond monopolist

Then he moved to the goldfields, where, in collaboration with the State and other disgusting capitalists, he smashed the heroic working classes

More rapaciousness over several decades and now the mining monopolist dominates industry, banking, insurance and property as well. His imperialistic eyes are now focused on America

Is this hair-raising tale science fiction, something out of Mad magazine? Or could it be the Kremlin's answer to George Orwell?

It's none of these things but a learned tome — Anglo American Corporation and the Rise of Modern South Africa (Ravan Press), a longer version of which earned for its author, Duncan Innes, a PhD in comparative politics at the University of Sussex

This is unapologetically a Marxist "analysis", peppered throughout with Marxist terminology many of us thought was obsolete and which now even Moscow and Peking are tending to dump

**D**r Innes cites, for instance, Marx's theory of value, in terms of which the value of anything is determined not by supply and demand in the market but by the labour used in making it. Profits are surplus value created by sweated labour and grabbed by greedy capitalists

"In social terms this (profit maximisation) means increasing the rate of exploitation of the working class"

He talks about a continuing "assault" on said working class and describes economic activity as "the struggle between the two great classes of capitalist society, the capitalist class and the working class"

Sticking rigidly to the gospel according to St Marx, he argues that South African society is in transition, having moved from competitive capitalism, such as obtained on the early diamond diggings, to monopoly capitalism

This was achieved through Anglo's acquisitive



Business Times Editor

## DAVID CARTE

looks at a controversial new book on the South African corporate giant

A recent University of Pretoria study made clear that the big 11 corporations in South Africa control only 16 percent of the wealth of this country

The giants may be big on the JSE, but the JSE represents only 32 percent of the assets of SA. The State has nearly half SA's assets. This makes the SA economy a mixed rather than purely a capitalist one, as Dr Innes alleges

The giants themselves are fairly divided. There are State monopolies such as Escom, Iscor, SATS and the Sanlam-General Mining camp, which would hardly jump at Mr Oppenheimer's command

Anglo's power is undoubtedly enormous, but it is far more circumscribed than Dr Innes's conspiracy theory would imply

Anglo is a monopolist — but only in diamonds through De Beers, and in explosives through AECI

**T**he diamond monopoly suits everyone. It is a monopoly in a luxury product, in which De Beers and even the oppressed diamond digger benefit at the expense of vain rich capitalists

This benign international monopoly suits all parties — even the diamond buyer, who also has a vested interest in stable prices

AECI's near-monopoly in explosives, achieved partly through the Chamber of Mines, is less defensible but hardly amounts to a Total Grip on the Economy

Although it is the world's biggest producer in gold, Anglo is far from a monopolist, for the amount of gold produced annually is small compared with central bank supplies

Dr Innes makes the point that one does not need 51

percent of the equity to control a company — but in a head-to-head confrontation, you often do

In its loosest sense, Anglo's sphere of influence encompasses, among other corporate giants Old Mutual, Barlows, JCI, Liberty Life, Premier Group, SAB, Anglo Life, Southern Life, Barclays, Standard, Nedbank and perhaps the SA Perm

But, as the bust-up between Sanlam and Rembrandt and Anglo and Mutual made clear, there are definite limits to Anglo's power

Dr Innes would probably not acknowledge it, but there is a strong case that management and not ownership of the means of production is the key to power

Mozambique and Zimbabwe are finding out fast that owning assets is no cure-all. When the world's first elected communists started nationalising private assets in Chile, management went on strike and the economy seized

Dr Innes glosses over the power of salaried bureaucrats, who, ironically, in Marxist terms, are no different from workers

The book is a wonderful illustration of just how subjective and malleable history can be. It can fit any mould, even a Marxist one, if twisted enough

One quarrels not with the facts of history as they are described but with Dr Innes's startling assumptions and definitions and the way he selects and interprets events, the things he emphasises — and omits

He details labour relations in the early days of the diamond and gold mines meticulously and makes many telling points about the behaviour of the mine owners — but does not emphasise that Anglo has been against job discrimination and the colour bar since the



# Charter takes biggest outsider stake in major securities house

210 Star 12/8/84

By Christine Moir

LONDON — Charter Consolidated has emerged as the biggest outside shareholder in what could become Britain's largest financial services company

After tough bargaining all last week Charter is to have a stake of nearly nine percent in a new investment banking group with net assets of about R500 million

The basic structure of the new group was foreshadowed for some time, it will be led by SG Warburg, Britain's premier merchant bank which will take over Akroyd and Smithers, the top jobbing firm

But it will now include two stockbroking firms. They are Mullens, the respected but threatened gilt-edged specialist whose senior partner is always the Government Broker, and Rowe and Pitman, widely thought to be the Queen's stockbroker

## PASSIVE PARTNER

Charter enters the picture through Rowe and Pitman

In April when the City began its hectic merry-go-round of new partnerships, Charter paid R36 million for a 29.9 percent stake in Rowe.

The deal was announced at the time as a purely passive partnership designed to give Rowe the capital to compete among the large securities giants now being formed.

At the same time Rowe forged a link with Akroyd, which in turn announced that Warburg had taken a stake in it.

Since then Warburg, Akroyd and Rowe have been planning a full link-up which in its latter stages also involved Mullens.

The deal was finalised last week except for one last detail.

— Charter's role — Charter made it known in no

uncertain terms that it was not prepared to stand aside from what could prove to be the most important securities house in London

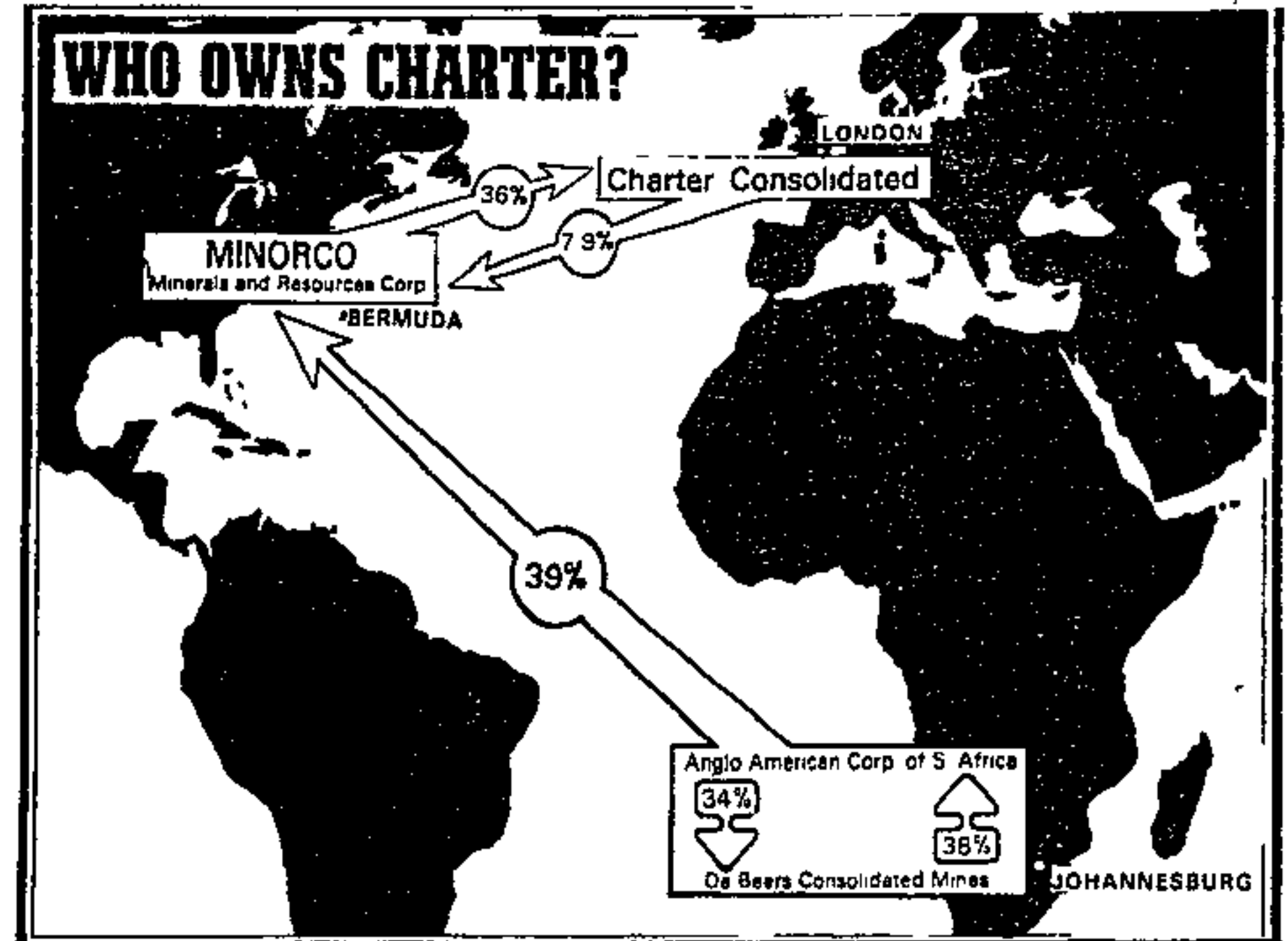
The upshot is that Charter is to pay another R37 million as an entry fee to the new grouping

Most of Charter's new stake will be in convertible preference shares some of which cannot be turned into equity for 15 years. But, ultimately, it will own 8.94 percent of the new group, and in the interim it will have important powers to ensure that its stake is not diluted.

The four-way merger of Britain's most influential merchant bank and three of the most blue-blooded Stock Exchange firms has been hailed as London's challenge to the enormous financial muscle of Wall Street's giant securities houses.

It has not gone unnoticed that Charter has a strategic position within the deal, and its shares moved up 5p to 241p on the announcement.

Up to now the rules have kept the different financial functions



strictly divided, adding to costs and enabling more competitive centres like New York to take billions of dollars of business away from London.

Non-British firms have also moved into London, backed by huge capital bases, and the merger is a direct effort to fight back.

The new company will be one of London's biggest combined

broking and dealing houses, and it will offer a range of services unmatched by any group at present.

"The stock exchange has indicated that the proposed arrangements are compatible with the principles (it has) set out. The Bank of England has also been kept informed," said a joint statement from the four firms.



# Light shed on secrets of SA mining houses

By **BRENDAN RYAN**  
Mining Editor

**THE** best way to find out what prospecting work the secretive South African mining houses are doing may be to monitor information put out by their US partners.

That is the lesson to be learnt from a prospectus released earlier this year by a company called Canorex International when it was seeking a listing on the secondary market of the Denver Exchange.

The company is involved in mining activities in South Africa and the information released is fascinating, shedding light on some of what Gold Fields of South Africa and Anglo American Corporation are up to.

The prospectus was spotted by mining analysts at the JSE brokers, Davis Borkum Hare, and they reproduced much of it in a recent research report.

The prospectus reveals that on April 22, 1981 Canorex took a prospecting and option contract over 7 829ha near Potchefstroom in a deal with the Potchefstroom Town Council, which holds the mineral rights

In late 1981, Canorex entered into a joint venture agreement with Gold Fields Mining and Development (GFMD) in terms of which the latter would manage the project and be liable for all costs incurred.

GFMD was to fund the operation to a level of R1,5m to earn a 60% stake in the project.

After that each party was to contribute pro-rata to the exploration or have their stakes diluted. By the end of June, GFMD had spent R1,322m on the project.

The prospectus shows that in

mid-1982 GFMD had completed a 4 034m borehole attempting to intersect the Ventersdorp Contact Reef (VCR). Two short deflections were also drilled.

A poorly developed, barren, VCR was intersected at 3 982m. Based on the drill hole data, the strike and dip of the VCR was determined.

In late 1983, GFMD carried out a single line of seismic surveying to aid the geological interpretation of the area. Since the property had no known reserves, the programme was exploratory in nature.

Earlier this year GFMD was planning to drill an additional deep hole to intersect the interpreted position of the gold-bearing reef. The cost of this was estimated at \$500 000.

"Encouraging results from the exploratory drilling would not be sufficient to determine if a commercially mineable orebody exists," the report says.

Canorex has also entered into prospecting and option contracts with a number of mineral-rights owners over about 7 526ha of ground located around the towns of Bothaville and Leedoringstad, Orange Free State.

These properties are about halfway between the Klerksdorp and Welkom gold districts along the western edge of the Witwatersrand basin.

In late 1982 Canorex did a deal with Anglo American Prospecting Services in terms of which Anglo was entitled to prospect in the area for an indefinite period.

Anglo is responsible for all costs and conducts exploration activities at its own discretion. If a mining company is ever formed to exploit the area, Canorex will have the right to subscribe for up to 6% of the total initial share capital to be issued by the mining company up to the date of commencement of

commercial production

Canorex also has the right, once Anglo has spent R3m, to contribute 9% of further expenditures required to earn a corresponding subscription right in the company and reimburse Anglo with 9% of past expenditures incurred

The prospectus says Anglo has not carried out any significant exploration on the property yet and does not have any drilling plans for 1984.

The property has no known reserves and any proposed programme would be exploratory in nature.

The third property is called Astra and is located some 8kms north of Graskop in the Eastern Transvaal. The property comprises 231 contiguous claims totalling 137 ha.

In addition, Canorex holds prospecting rights over 5 190ha surrounding the claims. They were due to expire in June this year.

To maintain the lease Canorex had to prove active prospecting over the previous two-year period.

In early 1982, Canorex drilled five short holes in an effort to increase the known strike length of the mineralised vein, but met with only marginal success.

The prospectus says that this year Canorex will attempt to secure a joint venture partner or purchaser for the property at an estimated cost of \$5 000 for administrative purposes.

The property has no known reserves and any proposed programme would be exploratory in nature.

Turning to the geology of the area, the main claims cover the near-vertical gold-bearing Astra vein and its strike extensions.

The quartz vein ranges in width from one to five feet and transects the quartzites of the Black Reef Series.

# Slowly coming of age... the hard way

## LABOUR WEEK

*For a modern industrial relations structure to supplant the present system two factors are still necessary.*

WHETHER or not thousands of black goldminers will be on strike by the time this column appears in print, one can say that labour relations in a key economic sector are slowly coming of age... the hard way.

For a modern industrial relations structure to supplant the regimented system, that has characterised mine compounds for almost a century, two factors are necessary.

One is the emergence of a strong, truly representative black union.

The other is the willingness of the Chamber of Mines to negotiate with that union earnestly.

In 1983, the first time the National Union of Mineworkers (NUM) negotiated wages with the Chamber, both those factors were missing.

The NUM, less than a year old and in no

position to take on the might of the mining employers, could only howl impotently when they discovered they had "negotiated" the increases the Chamber intended paying anyway.

After all, why should the Chamber offer more when there was no real pressure on it to do so?

Thus year the large difference between the NUM's paid-up membership and its claimed signed-up membership has prompted employers to question the support the union actually enjoys.

Last week's ballot, however, in which about 50 000 miners voted for strike action, left the Chamber in no doubt that the union had substantial support for its planned legal strike.

It was a shrewd and calculated move by the NUM which, as an unregistered union, was not legally obliged to call the ballot.

Within hours of the results being announced, and with tens of thousands of mineworkers on the

brink of strike action, the Chamber and the NUM returned to the bargaining table to negotiate. Of course, this might still not be sufficient to head off a strike... but it does signify an important advance.

By Phillip van Niekerk

RDM 17/9/84. 210



# Anglo subsidiary takes EL firm

19/9/84 210 D. Dispath

By ANDRE JORDAAN

EAST LONDON — An Anglo American subsidiary, Labour Intensive Industries Trust, has taken over W J Palmer, a Bowls Road galvanising, electroplating and light metal pressing concern

The new managing director, Mr Chris Hoggins, said the aim was to improve the quality and range of products of the concern which was established about 50 years ago and which had been run by the children of the original Mr W J Palmer largely as a jobbing concern on the electroplating side, with a production run of tin cans for the black market on the metal pressing side

Mr Hoggins said he saw great potential for the company which has facilities for hot-dip galvanising and copper, brass, nickel, chrome, cadmium and silver electroplating

At present, much of this work was going to

Port Elizabeth because local customers were not happy with the quality but this could be reversed if the quality and quantity requirements of local industry could be met.

"If we can get quality and service sorted out, we may well help to attract other industries to the area," Mr Hoggins said

"It's a chicken and egg situation. Industries won't come here because the service industries are not here and the service industries won't come because the big industry is not here"

Mr Hoggins said that, in addition to the present jobbing work, they would seek production runs and had already made contact with two local furniture industries to do chrome-plating of office and kitchen furniture

"We want to bring in all the local business so that nothing leaves East London. If we have to

expand to do this, then well and good," he said

W J Palmer employs about 40 people at present, but Mr Hoggins said the labour force would be increased if his plans succeeded

Mr Hoggins, a mechanical engineer, moved from Zimbabwe three weeks ago. He said he had spent his working life in various aspects of the steel industry and his last job was as effective deputy head of Zimbabwe Iron and Steel where he had worked for the past 15 years

"The reason I left Zimbabwe is because conditions, both work and social, were atrocious," he said

"I was keen to get hold of a small company like this where I would be in total control and deal with all aspects like marketing and sales. It's a tremendous challenge

"East London is a marvellous, friendly place and I would like to live, work and grow here"

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CC15-1

# Messina to shed mining interests in Zimbabwe

*20/9/84*  
**Own Correspondent**  
**JOHANNESBURG.** — Messina is negotiating to sell all its mining interests in Zimbabwe to the Zimbabwe Mining Development Corporation

The group said in a statement released yesterday that negotiations have reached an advanced stage and agreement in principle had been reached whereby Messina would provide certain technical and engineering services to the mines in question for a minimum of three years

The mining interests to be sold include Messina's investment in MTD (Mangula) and consist of three gold and two copper mines

### Bonds

Payment will be through the issue of non-resident government bonds bearing interest at four percent per annum and redeemable in foreign currency in equal annual instalments over six years

Messina's financial director, Mr David Dry, said yesterday the deal would have minimal effect on Messina's results

"We have received nothing in the way of dividends from our Zimbabwe operations for the last three years and in our accounts have already provided against the investments in full

"The price we are negotiating will be in the region of Z\$4m to Z\$5m remittable over six years That means we should get out about R1m a year over the next six years if the Zimbabwe Government meets its obligations"

Mr Dry said Messina had actually negotiated a deal to sell its Zimbabwe mining operations to one of the major public companies based in Harare He declined to name the company

### Approval

"However, when we submitted the deal to the government for approval it refused to allow the company involved to borrow the foreign currency outside of the country to pay the purchase price

"The government then said it wanted to buy our mining interests itself

"We had previously wanted to close one of the copper mines down but the government forced us to keep it going through providing emergency loans," he said

Messina's remaining South African copper mining operations are now a tiny part of the group's business which is dominated by its stake in car manufacturer Nissan South Africa

Currently mining provides about R25m of Messina's total annual turnover of around R900m

# 3 MONTH DEPOSITS

# 20.0%

(Effective\* 21.94%)

Minimum R2 000  
 Monthly interest

\*The effective rate assumes that rates remain constant and that interest is capitalised monthly



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# Issue of strategic exports seen as being key to SA ban

WASHINGTON — The plan approved this week by the US Congress to ban multimillion-rand American bank loans to the South African Government has become trapped in a long and bitter dispute over who has the authority to control strategic exports to the Soviet bloc.

Whether or not the bank loan ban will be signed by President Ronald Reagan could depend on whether the strategic exports issue can be resolved in the next few days.

Time is running out for the current Congress, its members are anxious to get home to start campaigning for re-election in November . . . and South Africa may be saved from sanctions by the proverbial gong.

"It is a terrific battle, and I don't see anyone budging," said one congressional source.

"There is an awful lot of pressure, and something has to give," said another.

Today's tense situation in the Congress illustrates the complexity of Washington politics and the way in which legislation here can be profoundly affected by unrelated matters.

The anti-South Africa sanctions package started life as a punitive measure drafted by Democratic members of the House of Representatives. It requires an amendment to the Export Administration Act which must be renewed annually to manage foreign trade

By Neil Lurssen, The Star Bureau

Its sponsors reasoned that the Reagan Administration needed the Export legislation and thus would have to accept the amendment since the President does not have the power to veto part of the legislation.

Under the presidential veto system, it is all or nothing.

However, sponsors of other measures also seized on the Export Administration Act to carry their pet projects into law.

One of these measures is to give the Pentagon and the US Customs more control over exports of strategic items to the Soviet bloc.

It has boiled down to a stand-off between the Republican-controlled Senate which supports Pentagon and Customs control and the Democratic-controlled House of Representatives which says control must be in the hands of the Department of Commerce.

The battle has raged since May when representatives of the two chambers first conferred to find a compromise. They have failed consistently.

The Senate side is led by Senator Jake Garn, a Republican from Utah who is described as the angry man of the US Congress. He believed, his Press spokesman said today, that he had offered sufficient concessions to the House and received nothing in

return, a situation that had made him almost incensed.

The House side is led by Congressman Don Bonker, a Democrat from Washington state, who said today he was holding firm on authority for the Department of Commerce.

As promoters of the anti-apartheid sanctions watched with mounting anxiety today, the two sides continued their battle which showed little sign of being settled.

If it can be resolved in a way that will satisfy both chambers, the chances are that the Export Administration Act, with all its amendments, will be ratified by both chambers and that it will go to President Reagan for signing into law.

The president does not want to impose sanctions on South Africa but analysts here say that he may have little choice, partly because of the November election.

If he vetoes the sanctions, the Democrats are ready to raise it as an election issue to further alienate Mr Reagan from black voters, to whom South Africa's apartheid system has become the top foreign policy issue.

In the light of all the bad publicity South Africa has had here recently, the president will not want to be seen as a friend of a government that suppresses its black population, the analysts say.

Even if the sanctions do not survive the pressures of time and political infighting this year, the anti-apartheid congressmen

have promised that they will be back in the next session with more sanctions . . . and that they will find an easier passage into law for the measures.

They are buoyed by the progress of the current sanctions.

"It is the first time we have ever applied economic sanctions to South Africa," said Congressman Stephen Solarz of New York.

"This action repudiates the whole policy of constructive engagement."

The anti-apartheid congressmen are disappointed that a measure proposed by Congressman William Gray of Pennsylvania that all new US investments in South Africa be barred was not approved this week.

But Mr Gray said today through a spokesman he would keep up the pressure as long as the apartheid regime existed. He is expected to be reelected in November.

The sanctions have caused a stir in diplomatic circles here and it was learned today that officials from the embassies of Britain, Canada, West Germany and Sweden had asked congressional officials to provide details of how they will be applied if they become law.

The US State Department is also studying them carefully. The department has declined official comment, but a highly-placed source said the Reagan Administration remained firmly opposed to economic sanctions against South Africa.



(210) S. Times 14/10/89

# It is late. But peaceful

**S**OUTH AFRICA has changed for the better in many ways which are important in themselves, and which make further change inevitable. Yet none of this has reduced the internal or external pressures on the South African system.

Indeed, the demands for sanctions against South Africa, in the apparent belief that freedom and justice for the black majority can best be achieved by ruining the economy and cutting the country off socially, intellectually and morally from the rest of the world, are more insistent than ever.

Perhaps the most important change that has taken place is not material at all, but a change in the rhetoric of the governing party. It is almost always a mistake to dismiss such a change as a mere matter of words.

It is the rhetoric of today which determines the political programme of tomorrow. Over the past few years, the National Party, which coined the opprobrious word "apartheid" has been desperately trying to rid itself of what it now feels to be an albatross round its neck.

It is not the Government but its opponents who refuse to let the word die. It has become a slogan in reverse.

In common usage it no longer designates any specific political programme, but is just shorthand for the oppression of blacks by whites.

It has particularly become associated in the minds of radical left-wing enemies of the South African Government with the economic system of capitalism, or free enterprise.

The belief that apartheid should be replaced by some form of state socialism is, I would judge, one of the reasons for the emphasis on bringing about change through economic disengagement. This policy is particularly emphasised by political emigrés from South Africa.

**B**ut political emigrés, however much sympathy they may deserve for their sufferings, are the worst possible guides in such matters, they soon lose touch with what is going on in their own countries, they learn nothing and they forget nothing; and they rapidly develop a vested interest in promoting violent solutions.

From its beginnings in 1948, the apartheid policy was closely connected with the process of economic growth and industrialisation.

But the nexus was completely the reverse of that supposed by those who think of

AT 76, Harry Oppenheimer, South Africa's most experienced and respected business statesman, looks at his country — and finds hope.

In a major address to the Foreign Policy Association in New York this week, the chairman of De Beers discussed the new constitution, the political future of blacks and the folly of the disinvestment campaign.

## By HARRY OPPENHEIMER

apartheid as a means of ensuring a supply of cheap black labour to industry.

In practice, the apartheid policy was not and could not be carried out. The reason was simply that it would have involved limitations on economic growth that were entirely unacceptable.

**I**n spite of all that the Government said and did, the black urban population continued to grow rapidly, and the excuses for not sharing power with the blacks became more and more threadbare.

But what the apartheid policy did do was to ensure that the inevitable process of urbanisation should take place under the worst possible conditions that the black workers should be subjected to complicated influx-control regulations and harassed by the application of humiliating pass laws, that there should be a permanent housing shortage, that such houses as were built should be of poor quality; that there should be no security of tenure for urban blacks, that the black residential areas should be developed as dormitory towns with minimal or no

provision for normal social amenities; that educational needs should be grossly neglected, and that the blacks being envisaged as temporary wage labourers in European businesses should be prevented from developing businesses of their own.

In short, what the Government's policy did was not to bring about racial separation but to exclude black workers from almost all the benefits of the private-enterprise system in which they had been caught up.

These are the real evils of apartheid, these are the immediate injustices which must be eliminated from the South African system.

But little could be done while the Government persisted in a policy which pretended that the black urban population was a temporary phenomenon only.

**T**his is why I believe that the recent changes in Government rhetoric are so important, for they imply that at long last the notion that, directly or indirectly, all black people are tribesmen, not South Africans, has been abandoned.

Naturally, these developments have in no way mollified the black radicals. On the contrary, they have caused the serious injustices that remain to be regarded as still more intolerable.

And, of course, no social or economic reforms can serve as a substitute for the granting to blacks of a fair share in political power.

**T**o that basic question I shall come in a moment, but before doing so I want to mention a few of the lesser but still highly important practical changes that are urgently needed.

The new housing policy, though a great improvement, is not going ahead as fast as it should, and it is vital that more land for black housing should be made available without delay. But here Government procrastination and red tape get in the way.

The 99-year lease system, while it is from a practical point of view virtually equivalent to freehold, is still perceived as discriminatory because it is not applied to whites, and it is therefore resented. The conversion of the 99-year lease to freehold would have great symbolic significance.

Then, while a sound legal structure for black local government has been enacted, the manner in which it is to be financed has not yet been resolved, and, until it is, the

blacks are going to be suspicious that the whole system is a sham.

The Government also needs to make it abundantly clear that it does not think of local government for blacks, as I am afraid it did in the past, as some substitute for a share in central government.

Doubts about this have already caused a movement by many blacks to boycott local elections.

Finally, the restriction on black mobility contained in the influx-control system, associated as it is with the abhorrent pass laws, is entirely unacceptable.

Until this system goes, or is radically changed, it will be a continual case of unrest and sporadic violence.

**T**his list of necessary reforms is by no means exclusive, and I mention them because I think that people of goodwill who want to help to bring about a peaceful transition to a just society in South Africa should understand that there are many difficult practical issues involved, and not simply suppose that the only

question is whether or not there should be a political system based on universal franchise in a unitary constitution.

If freedom and justice are to come peacefully to South Africa, then it is precisely the politics of reform and compromise that must be encouraged.

**A**nd this, it seems to me, is something too often overlooked by well-meaning advocates of disinvestment, boycotts and sanctions.

In the African colonies which have recently emerged as independent black states the size of the white population was counted in tens of thousands at the most.

In South Africa the white population, while admittedly a minority, is counted in millions, and there are, in addition, Indians and people of mixed race whose views and interests certainly cannot be assumed to coincide fully with those of the African majority.

These are fundamental differences, and the idea that a just political settlement in South Africa should necessar-

ALTHOUGH I have spent a lifetime fighting against policies of racial discrimination in South Africa, I certainly would not willingly accept a political settlement which involved any serious risk of South Africa's developing into a Marxist-oriented one-party state.

POLITICAL emigrés however much sympathy they may deserve for their sufferings, are the worst possible guides in such matters, they soon lose touch with what is going on in their own countries; they learn nothing and they forget nothing and they rapidly develop a vested interest in promoting violent solutions.



# Change still deserves a chance

ily take the same form as in the other Southern African States is quite unrealistic and, indeed, preposterous.

Although I have spent a lifetime fighting against policies of racial discrimination in South Africa, I certainly would not willingly accept a political settlement which involved any serious risk of South Africa's developing into a Marxist-oriented, one-party state.

And who can say that in African conditions the establishment of a Westminster-type constitution based on one man, one vote would not involve such a risk?

Consider the situation in Zimbabwe. I have no desire to criticise the regime in Zimbabwe, where circumstances are quite different from those in South Africa.

But there you have a leader who has announced that he will regard a victory at the next election as a mandate to suppress the minority parties and to establish his own party as the only legal political organisation in the country.

I do not know if this sort of thing is satisfactory to the people who call for black-majority rule as the only fair system in South Africa.

But in my mind there are other things of importance besides majority rule: there is parliamentary government with rights for the opposition as well as government parties; and there are the rights of minorities.

To put the matter cynically, if you like, the whites, the coloureds and Indians, for that matter in South Africa would never peacefully agree to a political dispensation that would allow any demagogue who could secure 51 per cent of the votes in an election to treat them as badly as they have treated blacks in the past.

And who can say that they are wrong? Nor do I believe that in a country as deeply divided racially and tribally as South Africa any constitution which simply pretends that these differences do not exist would be in the best interests of the black majority, any more than of the people of other races.

What sort of constitutional development, then, can be envisaged which would be fair and reasonable to all races, tribes and sections?

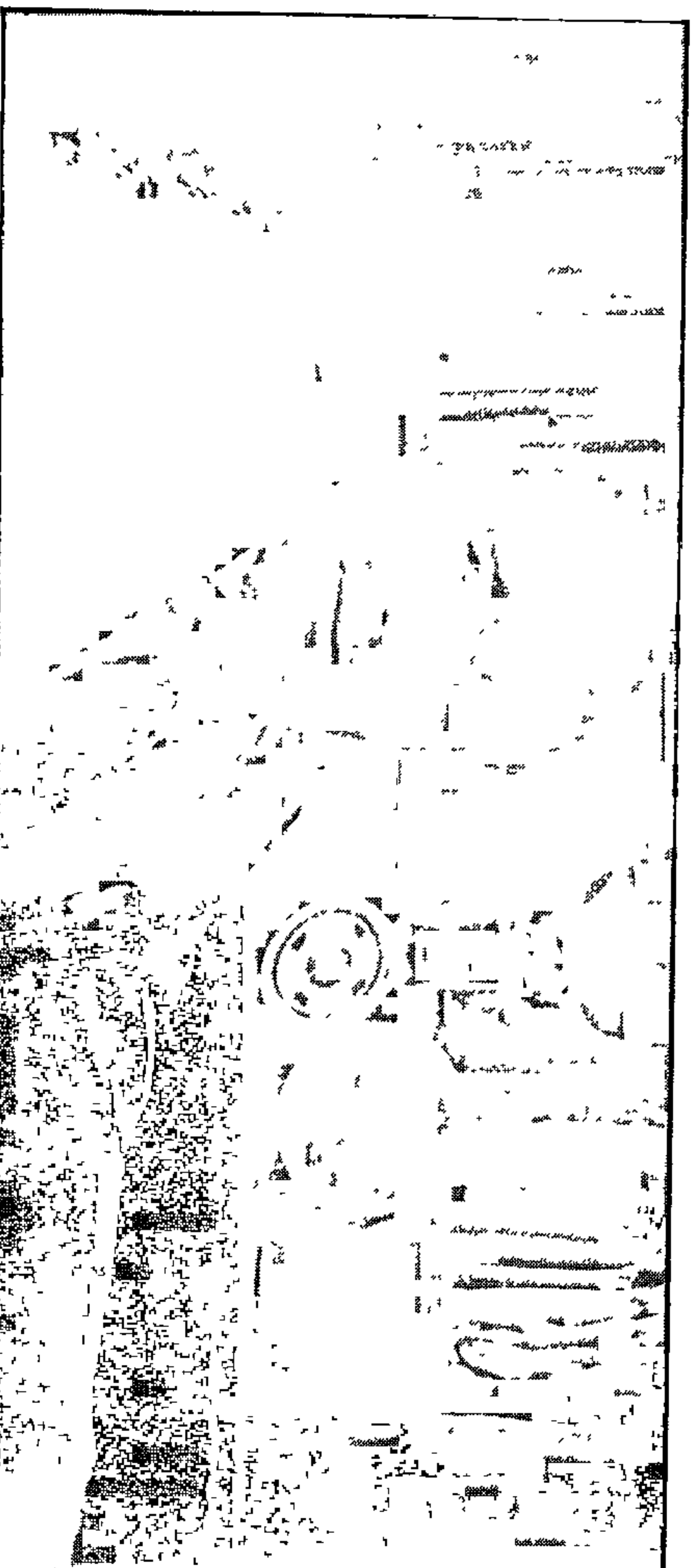
The question is easy to ask but impossible to answer, and, in any case, a final solution could only possibly be reached over a period of negotiation between the authentic leaders of the groups concerned, whether or not they are to be found among those who work within the system.

No one who prefers to proceed by way of discussion and compromise rather than by force should be excluded. At this stage it is only possible to indicate some of the issues involved and to speculate in a general way about how they might be tackled, and perhaps the best way to begin is to comment briefly on the new, highly controversial constitution which has just been adopted.

I opposed the new constitution in the recent referendum. My reasons were, first, that I feared it might prove unwelcome, and, secondly, that I thought the introduction of a measure of power-sharing with the coloured and Indian communities without at the same time tackling the problem of power-sharing with the blacks was bound to increase interracial bitterness and tension.

The largely successful campaign to boycott the coloured and Indian elections and the fact that opposition to the new constitution had a part in motivating the recent widespread rioting seem to suggest that my misgivings were not entirely unjustified.

Nevertheless, the Government's willingness to share power with people of other races — even though this involved a split in their own party — is something quite new in South Africa, and was undoubtedly intended as a



tedly intended as a step forward

It was because matters were generally perceived in this way that the Government was supported in the referendum by an overwhelming white majority.

It is quite wrong to think of the new dispensation as a sham, or as a device to entrench apartheid in a new form, even though the division of Parliament into separate racially constituted chambers is a clumsy device which reflects the prejudices of the past.

It is clearly not going to work without a degree of consensus, which it is perhaps over-optimistic to expect. However, the Government's prestige is finally committed to consensus politics, and this in itself gives substantial power to coloureds and Indians.

All in all, therefore, I am sure that the right thing for South Africans, for friends of South Africa, and for those who are concerned with the best interests of the new constitution, while at the same

THE Government's willingness to share power with people of other races — even though this involved a split in their own party — is something quite new in South Africa, and was undoubtedly intended as a step forward

time pressing strongly for a share in central power for the blacks.

This is a constitution which should be accepted as a beginning, but only as a beginning. Until recently the Government has acted on the assumption that the political aspirations of the blacks could be met by rights of self-government in autonomous or, if they preferred, independent tribal areas.

But this policy has been wrecked because of the huge and growing black urban population which is needed to support the economy. Thus the Government is belatedly recognising, and a Cabinet committee is now trying to work out a political plan to accommodate urban blacks in speculating about possible solutions, certain limitations must be kept in mind.

The "homelands" policy has gone too far to be simply abandoned. It has met some important psychological and practical needs, and vested interests have been created that cannot easily be ignored.

On the other hand, some of these territories can really be thought of as fully independent of South Africa, and some federal or close confederal link is now recognised to be essential

This must surely imply an internationally recognised common citizenship, in addition to whatever form of special citizenship may attach to the new tribal states.

Consensus government is essential for peace in South Africa, and it is just possible that the new constitution which has been adopted for whites, coloureds and Indians will provide experience of consensus politics which may prove of value in a wider sphere.

What, then, is the value, if any, of external pressure for change in South Africa? Considerable, I believe, provided it is directed with a desire for justice and not revenge, and an understanding that in the last resort solutions to South Africa's problems must be worked out in South Africa by South Africans.

Perhaps the most striking example of the powers and limitations of external pressure is to be found in relation to sport.

The campaign to exclude South Africa from international competition until such time as sport in South Africa is organised on a non-racial basis has been immensely successful, far more so than I would

VIOLENT means never bring about the same conclusion as peaceful means, and generally lead not to freedom and justice but to tyranny. South Africa is at last on the move — economically, socially and politically

changes for the better have come about. The fact is that continued domination of the blacks by the whites could only continue if the economy were kept small enough for all, or anyhow most, skilled jobs to be reserved for the whites as they used to be in the past.

Efforts are made from time to time to draw distinctions between sections of the economy and to call for disinvestment from those parts which are felt to be particularly associated with apartheid — for example, police, military and other governmental institutions.

This sounds very well and fits in with the United Nations arms embargo on South Africa. But what have been the practical effects of the arms boycott?

It has led to the build-up of a large armaments industry in South Africa which can supply almost all the country's military needs, and which is now seeking foreign markets.

But for this a price has had to be paid, and as usual it is the blacks who are paying it in the form of lower provisions for social services than would otherwise have been possible.

The advocates of disinvestment and sanctions are curiously insensitive to the needs and views of the black workers in South Africa.

Recently an inquiry financed by the US State Department was conducted under the leadership of Professor Lawrence Schlemmer of the University of Natal into the attitudes of black workers.

The trouble with the policy of disinvestment and economic sanctions is that it works, if it works at all, for violent and not peaceful solutions. It is just because the South African economy has moved forward rapidly that the original apartheid policy has had to be scrapped and that some

In many ways the findings are disquieting. It appears that the level of discontent and resentment is significantly higher than a few years ago. The sense of grievance appears to be concentrated on what is felt to be the low level of wages and rising cost of liv-

ing — though, in fact, black earnings in real terms have been increasing fairly rapidly — and on the discrimination in conditions of employment against blacks in favour of whites.

There was, on the other hand, quite overwhelming support for continued and increased foreign investment to create more jobs and raise the level of earnings.

This points irresistibly to the conclusion that foreign investors can do much more practical good by encouraging the firms in which they invest to eliminate racial discrimination, and to take positive steps to opening opportunities for black advancement, than by disposing of their South African investments in the hope that this will force a change of policy on the South African Government.

Finally, let me say that the general moral disapproval in America and Europe of racial discrimination is in itself a fairly effective sanction. People in South Africa, like everywhere else, want to be loved, and no country likes to be regarded as the "polecat" of the world.

I certainly would not say that pressure for change in South Africa is unjustified, but I do say, first, that sanctions should not be resorted to without very careful consideration of their likely long-term practical effects and, secondly, that to act in a way which is likely to encourage violence is dangerous and irresponsible.

Violent means never bring about the same conclusion as peaceful means, and generally lead not to freedom and justice but to tyranny. South Africa is at last on the move — economically, socially and politically. South Africans, even white South Africans, are not really worse than other people, they are just ordinary men and women who find themselves face to face with problems which require quite exceptional quantities of courage, magnanimity and faith for the solution.

The hour may be late, but the way of peaceful change still deserves a chance.

Portrait of Mr. Oppenheimer by JAMES SOUTHER



# High-tech gold mining bonanza

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S. Swan

28/10/84

## John Popper

SOUTH AFRICA'S gold mining industry is on the verge of technological breakthroughs which could save it billions of rands in the next decade

The positive spinoff for the country's economy will be far-reaching, going a long way towards restoring prosperity to a nation currently in the grip of a crippling recession

Most revolutionary aspect of the pending innovations is the use of low-cost hydraulic power as a substitute for costly and wasteful electrically-generated compressed air

The widespread use of water power is to be integrated with a series of related advances aimed at cooling underground air and controlling rock pressures, and will not require a significant increase in water used in the mines

The brilliance of the scheme lies in its simplicity. The mines offer the perfect application for hydro power because of the water pressures that can be generated owing to the great depths

They will be harnessing this power by constructing a network of columns through which the water will be channelled

Not only will the hydro revolution slash working costs, it will also

- Improve working conditions underground
- Breathe new life into some marginal mines
- Extend the lives of some older mines
- Enhance the prospect of establishing new mines
- Render the expansion of existing mines more viable

Professor Miklos Salamon, research adviser to the Chamber of Mines, says that after years of research, the industry is now on the threshold of radical, interrelated solutions to the twin problems of heat and rock pressure on the one hand and costs on the other

According to Professor Salamon "Eight years ago the Chamber decided to design a rock-drill driven by a water/oil emulsion under high pressure

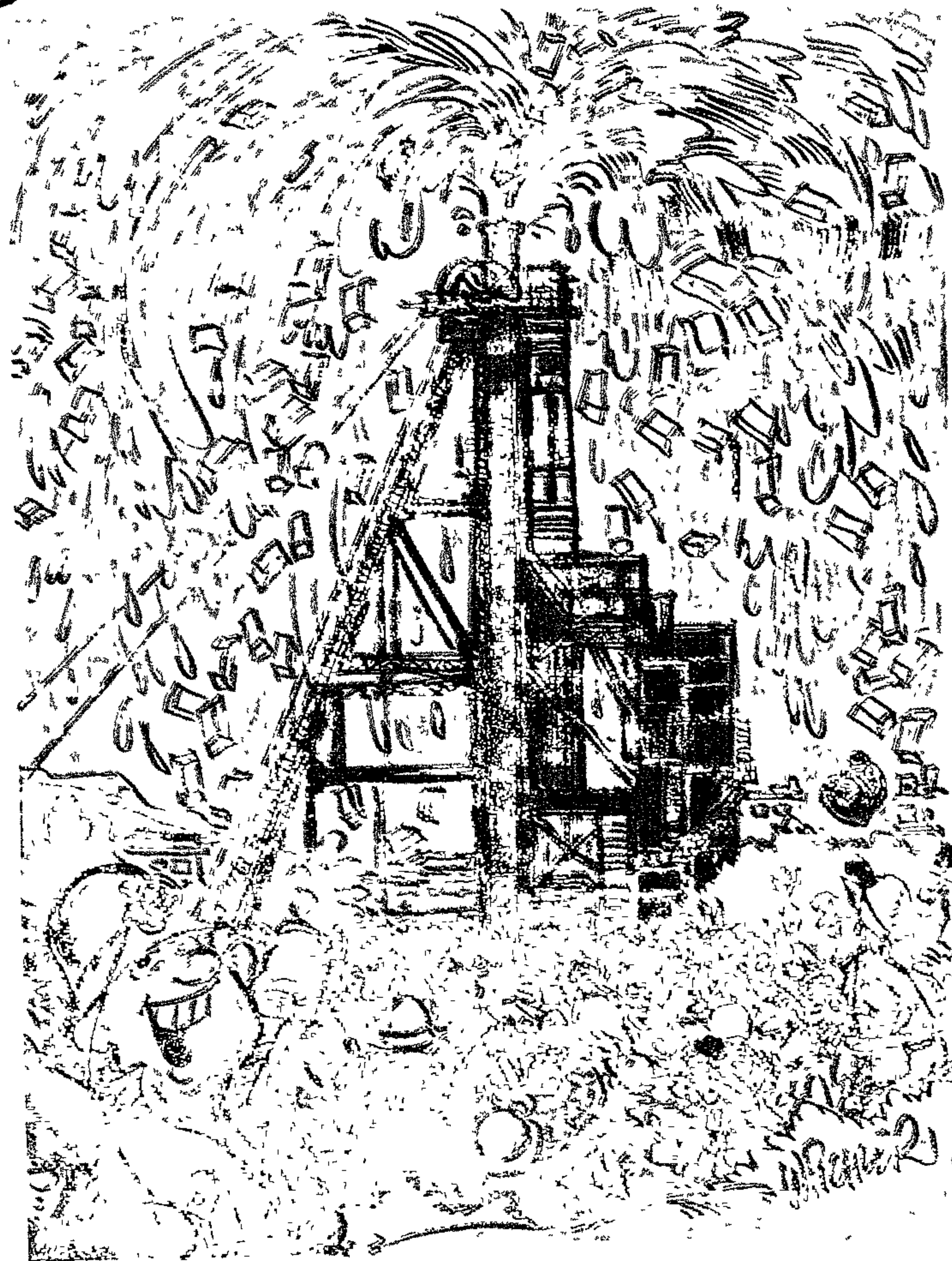
"The hydraulic rock-drill consumes one tenth of the energy of the compressed-air drill and also operates much faster"

A full-scale production trial was started at West Driefontein in May 1983. More than 110 000 holes were drilled with average rock penetration at an unprecedented rate of over half a metre per minute. This level of performance makes possible a meaningful reduction in the number of drill crews needed to drill a face in the available time

The water fed to the hydraulic drills is chilled to under 10 degrees centigrade, so that the machines help to cool the workings. The same chilled water is sprayed for dust suppression and pressure cleaning of working faces

Prof Salamon points out that the average gold mine produces 100 000 tons of ore per month and since about one ton of water is required per ton of rock mined, the power produced from gravity will be enormous

A pilot hydro-power system is presently being installed at Kloof and design of a full-scale plant is under way





# Rosholt: Solutions can no longer be imposed

By Susan Fleming

The Government had to adopt a system of genuine consultation and a proper negotiation process with its people if South Africa were to solve its political problems, said the Chancellor of the University of the Witwatersrand, Dr Mike Rosholt, yesterday. He told the alumni luncheon club the Government could no longer impose solutions on South Africans.

"This point is well illustrated by the current rejection by black school children of the new student representative councils," he added.

"There is a feeling of distrust by many blacks for the Government, in regard to political moves.

"Trust might be achieved if the Government were to make a statement of general intent accompanied by the first steps in an ongoing process of reform."

Examining the political, social and economic problems facing South Africa, Dr Rosholt said the Government should focus on developing a single Ministry of Education.

He added that forced removals of black people posed a serious problem, had achieved nothing domestically and had caused immense harm internationally.

A sensible black urbanisation policy should be developed, Dr Rosholt stressed.

"The control of movement to urban areas can work only if it is voluntary and this means, among other things, that the homelands must be made viable."

## CHANGES

Dr Rosholt said South Africans had the task of developing the homelands to the stage when they could be properly constituted and effectively run by their inhabitants.

Of the tricameral elections, he said they represented a damaging blow to the credibility of the Constitution and the Government.

The Government had two options: to slow the pace of reform or to accelerate it and bring credibility to the Constitution and those elected.

Examining changes in the economic sphere, Dr Rosholt said much economic hardship was self-inflicted.

He pointed out there had been a complete breakdown in the control of departmental expenditure and that, as promised, the President must cut back on the size of the civil service.

"Too high a proportion of our working population is employed by government and parastatal bodies," he said.

"This is, of course, to a certain extent due to their having to administer the mass of laws spawned by the apartheid policies," he added.

Dr Rosholt said the Budget had lost all credibility.

"Indeed," he continued, "one cannot escape the feeling that Government economic policy and budgeting has been based to an extent on the hope that an increased gold price would rescue us."



# IS HFO'S nest-egg nearly R2 000-000?

● From Page 6

between them hold a staggering 51 790 259 shares in the corporation.

The identity of who stands behind the nominee companies goes unrecorded.

So, off to do some checking at the company records office at the Department of Industries and Commerce in Pretoria.

One discovers little more than that all three nominee companies have their registered address at 44 Main Street and that the directors are all Anglo executives Jacques Desmuidt, an alternate director, Graham Holford, finance manager, George Leeman, group accountant consultant, Philip von Backstrom, another finance manager, and Anthony Lea, a manager.

The combined issued capital of the three companies amounts to a paltry R28 — in R1 shares. Yet between them they control no less than 23 percent of the entire Anglo ordinary share capital.

Were these the clues to the size of the Oppenheimer fortune?

"It is often assumed so," says an enigmatic Main Streeter. "They all stay awfully quiet, but you may discover they are simply used by the corporation to ensure a little anonymity about corporate strategies.

"Rather try E Oppenheimer & Son (Pty) Ltd."

A family trust? A treasure chest of information about who stands in line for inheritances?

Back to the records office in Pretoria — only to find in a dog-eared file that the latest slip of paper covering the last financial year is no more than a small certificate confirming that the company had paid R80 to keep the registration intact.

"Private companies are no longer compelled to submit financial statements," explains a clerk.

But one knows one is on the scent when a bit more digging reveals that HFO sits as chairman of the company and that the list of directors, all members of the family or close friends of long duration, includes Mr Nicholas Oppenheimer, HFO's son, as well as former and current husbands of daughter Mary — Mr Gordon Waddell and Mr Hank Slack, both themselves now well entrenched in the Main Street hierarchy.

Back inside the Anglo American report one discovers that Nicholas and the former and current sons-in-law between them hold "indirect partial interests" in a mountain

of 18 743 943 ordinary shares — worth more than R438 million at current prices.

So each of the trio ranks among the super-millionaires on his own account.

Not, it seems, that marriage or even birth into the family is an automatic passport to Treasure Island. That seems to be shown by the absence of the name of Bill Johnston, a well-known personality in the mining and-munroe set who also married Mary — in between Waddell and Slack — but never seems to have been a family favourite.

The three still favoured, in

**'I have no complex about wealth. I have worked hard for my money, producing things people need. I believe that the able industrial leader who creates wealth and employment is more worthy of historical notice than politicians or soldiers.'** — J Paul Getty.

what must be the family trust, appear to have secured a sound future for their fortunes by their own proven talents.

☆ Mr Nick Oppenheimer, at 39, is virtually certain to ensure the continuity of the family influence on the empire founded by his grandfather.

HFO, now aged 76, and who formally retired as chairman of Anglo American Corporation at the end of 1982, still makes an almost daily appearance at 44 Main Street — but the presence of his son Nick is growing in importance by the day.

Nick has already climbed the ladder to deputy chairman of the corporation.

HFO still carries on as chairman of De Beers, the diamond wing of the Oppenheimer empire. And no one lost the significance of the recent election of Nicholas as deputy chairman of the Central Selling Organisation, which is the crucial key to the influence of De Beers in worldwide diamond markets.

☆ Mr Gordon Waddell's divorce from Mary in the 1970s appears to have done nothing to unsettle HFO's high regard for his business acumen.

His continued inclusion on the board of E Oppenheimer & Son is indicative of the lasting family ties. He not only has a seat of his

own on the executive committee in the inner sanctum of 44 Main Street, he has also now been made chairman of both Johannesburg Consolidated Investments and SA Breweries.

☆ Mr Hank Slack was recruited to 44 Main Street via family connections with the Engelhards in America.

Insiders say it is not simply his marriage to Mary that is behind his own claims to power at 44 Main Street. He has earned his spurs since an apprenticeship as personal assistant to HFO, and now also sits on the executive committee that sets all Anglo policy.

That still leaves unanswered the total size of the Harry Oppenheimer fortune.

Even the vast spread of shares owned through E Oppenheimer & Son would not count such items as what is reputed to be among the largest private collections of diamonds in the world.

It was more than 10 years ago that someone put a value on HFO's wife Bridget's jewellery at over R300 000. By now, that alone must run into millions.

And what about HFO's passion for "racehorses"? As the owner of such spectacular racecourse idols as Tiger Fish, Hengst, King Willow, Col Pickering?

One must also take into account the sheer scale of the Oppenheimer thinking.

When HFO and Bridget cast round in search of a quiet retreat that may possibly do for retirement, they had a look at buying in the Seychelles — an entire island called Silhouette.

It was not the price that put them off. That was a morsel at about R850 000. They decided against the island, according to reports, only because they reckoned it was a little too distant from family roots.

Instead, they settled on building a new holiday cottage on the Natal North Coast. But there are cottages and cottages.

The cottage the Oppenheims built at La Lucia would be classed as a mansion by most of us. Five luxurious suites, 10 bedrooms en suite, 15 bathrooms, half a dozen reception rooms, separate children's wing and guest wing, a swimming pool half-Olympic size, wine cellar, and so on.

But a count of all the Oppenheimer shares would at least give an idea of the famous wealth of the family.

An aide at 44 Main Street finally relented — a little.

"You can estimate the value of all the companies run by Anglo American, plus its other interests, at about R22 100 million," he said.

That alone works out to make the family nest-egg worth at least R1 768 million — "without counting all the rest, which stays a mystery."

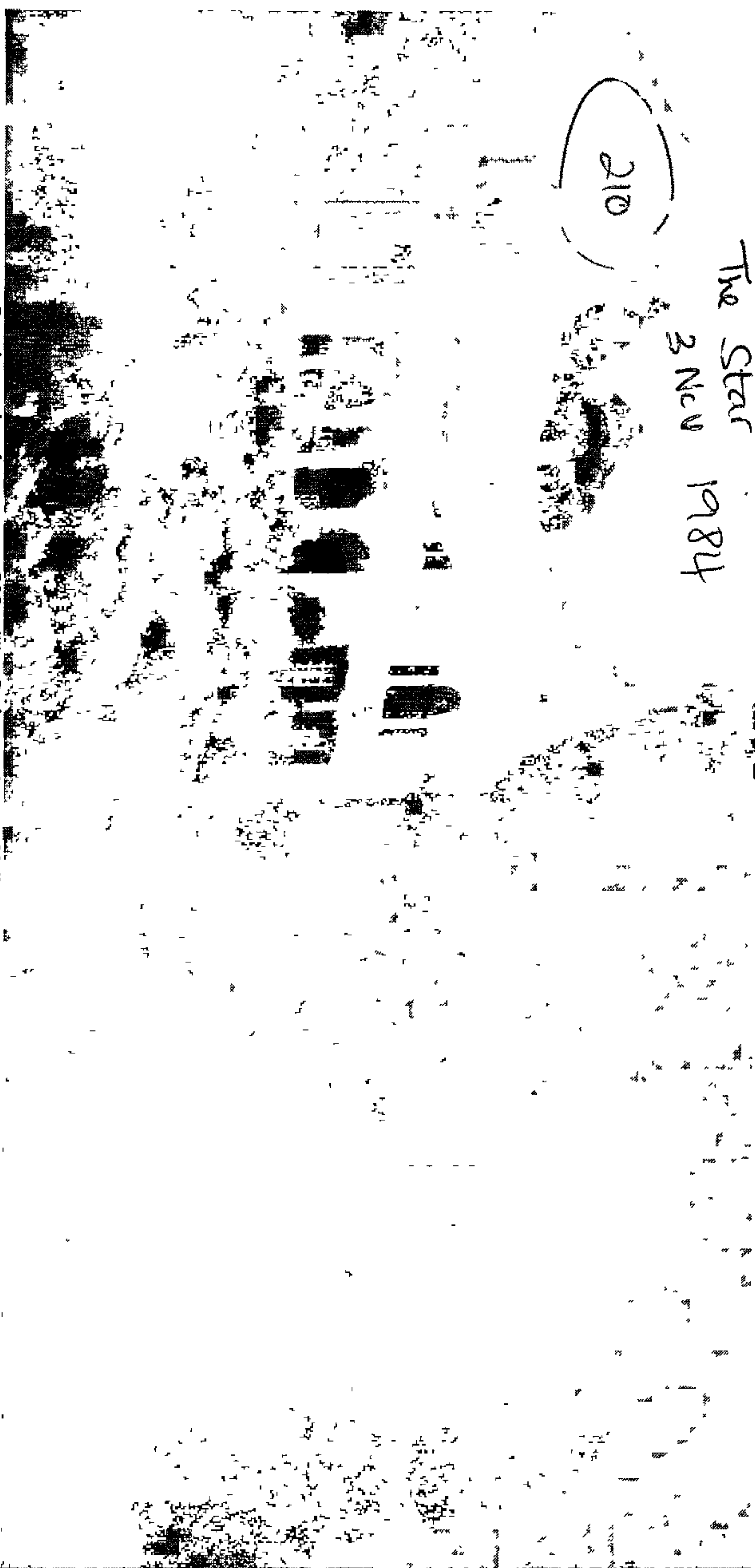


Nicholas Oppenheimer, grandson of the founder of the gold and diamond empire, heavily tipped as the heir-apparent.

Gordon Waddell, former son-in-law and now remarried outside the Oppenheimer family... but still in favour.

Hank Slack, the American now married to daughter Mary Oppenheimer, making his own mark at 44 Main Street.

The Star  
3 Nov 1984  
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Brenthurst, the plus-or-minus-R10 million Parktown home of billionaire Mr. Harry Oppenheimer

## The fabulous home of Mr 0 000 000 000

by Harvey Thomas

Mr Harry Oppenheimer's estate, Brenthurst, sprawling across 18 ha of prime plush Parktown, is easily the poshest pad in South Africa.

Its worth is inestimable. Veteran estate agent and sports patron Mr Wilf Isaacs was hesitant even to estimate a value but finally conceded that Brenthurst — "a unique property" — would fetch, at the very least, R10 million if Mr O ever decided to sell.

The estate consists of Brenthurst, Little Brenthurst and a new R3 million library to house Mr Oppenheimer's collection of Africana, said to number 4 000 volumes. Brenthurst was designed by Sir Herbert

Baker and was originally known as Marston Court. The name was changed to Brenthurst when Sir Ernest Oppenheimer bought the estate and moved in sometime in 1921/1922.

Africa's great rajah of mineral treasures, now aged 76, is reported to spend most of his time in his new library when he is in Johannesburg.

Mr Oppenheimer also has homes in La Lucia (near Durban), London and New

York.

What is the inside of Brenthurst like? I have been there only twice but recall an elegant blend of the old and the new with the emphasis on impeccable good taste.

The decorating style could best be termed "classic" but Mr Oppenheimer's eye for style is summed up in what is, perhaps, the most personal room in the house — his study.

Its book-lined walls are dotted with good examples of French impressionists. And, with his R10 million home, Mr Oppenheimer is something of an impressionist himself.



**TOMORROW:  
PART 2 of THE  
SUPER-RICH**





Scores of the super-rich in South Africa can count their rands by the million. But Mr Harry Oppenheimer may be one of only two tycoons who can go on to count the millions by the thousand and join the exclusive ranks of the world's billionaires.

The second one is Mr Marino Chavelli, the flamboyant and controversial oil dealer who immigrated from Italy in 1980 and dazzled even the jet-set with his displays of wealth.

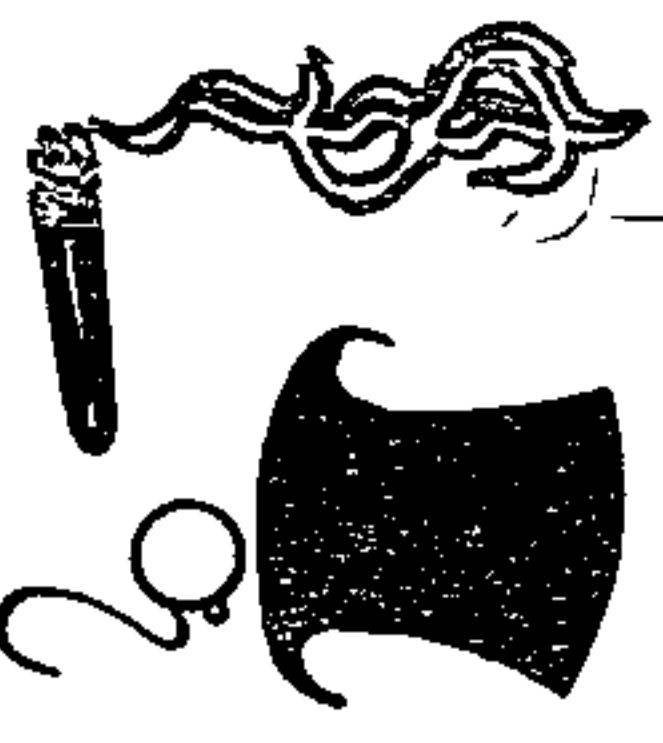
Mr Chavelli has estimated his fortune at a staggering R2 500 million — and still growing. Who could check the figures?

Billionaires are rare, even by world standards. And often their wealth is so fabulous it is beyond counting.

Years ago, the Aga Khan ceremoniously began each birthday celebration by weighing himself in diamonds.

There are dozens of Arab sheiks — whose numbers have multiplied since the oil crises that began in 1973 — whose wealth has become legendary.

And there are others who would consider it bootish to count their riches — such as Queen Elizabeth II, whose Crown Jewels alone are beyond price.



Even the United States, the wealthiest nation on earth, can lay claim to only 15 billionaires. — How do the Americans count in US dollars, which have become more valuable than rands recently.

*Forbes* magazine, which makes an annual exercise out of counting the super-rich in the US, calculated last year that the 15 American billionaires shared a combined US \$21,000 million — equal to about a quarter of the entire wealth of South Africa as estimated by its Gross National Product.

Top of the cash pile was Gordon Peter Getty, son of the oil mogul John Paul Getty. His fortune was more than US \$2,200 million — on current exchange rates far more than the fortune publicly claimed by Mr Chavelli.

Next came Sam Walton, an unfamiliar name to South Africans, but well known at home as the owner of the vast chain of Wal-Mart stores. Worth US \$2,150 million.

Another who made the grade as a billionaire twice over was Daniel Ludwig, the shipping and real-estate baron.

The billionaires in the US make a mixed bag. One of them is a Chinese immigrant who has amassed no less than US \$1,600 mil-

lion since he arrived in America in 1954.

The name will ring a bell with computer buffs: Mr An Wang, who invented the magnetic-core electronic memory when he was 28 years old.

A few of them leave even Mr Chavelli in the shade when it comes to the audacity of bidding at international auctions of national treasures.

Less than a month ago, a billionaire from Dallas, Mr H Ross Perot, cracked out R2.5 million for a 700-year-old copy of what may well be the most famous of British historical documents — the Magna Carta.

What he liked about it was that the document formed the basis of the US constitution. He's donated the copy to the US National Archives in Washington.

That's style.

Among the newest additions to the list of billionaires Yoko Ono, widow of former Beatle John Lennon.

However, pop star Michael Jackson still has a long way to go to catch up. His fortune had still to climb above US \$130 million at a count made last month.

# The men of multimillions! — And Harry O is the King

THE NEW YORK TIMES 3 Nov 1984 210

by Michael Chester

**Tracking the millions of rands at the command of the richest men in South Africa can lead into secret worlds of high finance that produce James Bond thrillers.**

It was the high adventure, sometimes found — or imagined — behind the South African scene that inspired Ian Fleming, the creator of 007, for the plots of at least two of his best-sellers.

The inside information the author picked up from a close associate of Mr Harry Oppenheimer, the undisputed emperor among the gold and diamond magnates, was all he needed to launch "Goldfinger" on to the bookshelves and the cinema screens.

The associate was Mr Charles Engelhard, king of the United States trade in noble metals, who scoured for new ways to find a loophole in the complicated South African Reserve Bank rules on gold exports.

He found the loophole when he discovered that it was legal to export gold without the drudgery of going through official bullion sales channels. The dodge was to ship gold out as *objets d'art*.

He despatched gold to Hong Kong in the form of jewellery, and it melted down into bars —

and opened new routes to the US market.

Mr Fleming was so intrigued that he journeyed to South Africa to research another James Bond thriller — and found all the material he needed by learning about the nightmares of illegal smuggling operations.

**"The only question with wealth is what you do with it." — John D Rockefeller.**

that nag at the Oppenheimer hold over world diamond markets.

The result "Diamonds are Forever", also soon in the best-seller lists.

The closeness of the friendship between Mr Engelhard and Mr Oppenheimer was seen by all when the American, with a string of top-class thoroughbreds, named one of his racehorses "Kimberley Kid" — his own very private nickname for the boss of De Beers.

The author of the 007 tales was convinced that the world was going to be a different world where everyone had an automatic Midas touch. He soon found there must be a magic formula known only to a select few.

Mr Fleming formed a partnership with Mr Engelhard, determined to amass an African fortune of his own. They set out to develop timber estates on the banks of the Zambezi.

The venture failed. The partners tried to salvage their investment and grow vegetables



## A NOVEL IDEA

James Bond in the fantasy world of the blockbuster film "Goldfinger". Author Ian Fleming may have found the material for the plot in the goings-on behind the scenes of the world bullion markets . . . but you will search in vain for such scenes in the real routine at the Oppenheimer head office here.

hemmer empire — never talks about how much he might be worth.

"If he sat down and tried to calculate the fortune, even HFO himself would lose count after the first few hundred million," an aide confided.

Lesser mortals have even more difficulty.

There is an initial burst of enthusiasm when one comb through the 1984 annual report printed by Anglo American Corporation Here, surely, must be the first clues.

But there is no direct mention at all of how much HFO owns out of the R9,600 million net value of funds held by 24,500 shareholders.

Instead, the list of major shareholders falls back on the use of names such as Fernan Nominees, Petard Nominees and Resident Nominees, which

Instead the whole crop was eaten by hippos.

Even 007 himself was unable to find the magic touch of the super-millionaires.

HFO — as Mr Harry Fremderick Oppenheimer is known inside the imposing portals of 44 Mann Street, which stands at the heart of the exclusive financial zone of Johannesburg, and which has become an address known around as the world as the hub of the Oppen-

Harry Oppenheimer when he signed the scroll that made him a Free Man of Johannesburg . . . the quiet and unassuming helmsman of a business empire that has made him a billionaire.



# Goldfields accused of plundering SWA mines

~~SWA~~ 210 D. Dispatch 10/11/84  
LONDON — Four shareholders representing the "Namibia Support Committee" have warned the Consolidated Goldfields annual meeting here of dire consequences, including the danger of Swapo attacks on its "illegal" mining interests in South West Africa

Mr Randolph Agnew, chairman of Consolidated Goldfields, was emphatic, however, their associate, Goldfields South Africa, was responsible for investment in the disputed territory

Mr Agnew said that while Consolidated had a 48 per cent beneficial interest in Goldfields

South Africa, the Associate was an independent company in its own right

Asked what would happen if Swapo attacked and "blew up" the Tsumeb Corporation mines, in which Goldfields South Africa is a major shareholder, Mr Agnew said in the short term it would reduce losses because Tsumeb was losing money

He said the destruction of the Tsumeb base metal mines, the biggest in South West Africa, would be seriously detrimental to the country and its people. Up to 4 000 people could lose their jobs if the mines went.

Mr Alun Williams and Mr Rudolph Vines, spokesmen for the "Namibian Support Committee," said they wanted the group's shareholders to be fully aware of the consequences of the GFSa activities in Namibia, which were "contrary to international law"

Mr Williams said that by acquiring the 29.6 per cent interest previously held by the United States-based Amax (American Metal Climax Incorporated) group and increasing its shareholding in the American Newmont group to 22 per cent, GFSa was blatantly contravening international law — DDC



207 28/11/84 (20) (11)

# 'Let's bargain collectively'

By JEANETTE MINNIE

THE chairman of Rand Mines Ltd, Mr D T "Daddy" Watt, has called for a collective bargaining system along the lines of an industrial council for the mining industry.

Mr Watt, who is also chairman of the Transvaal Consolidated Land and Exploration Company (TCL), said in his latest statement to shareholders that in other industries the industrial council system had been successful and it was desirable that the mining industry should move in that direction.

"A number of unions are at present active in the mining industry and this situation is expected to persist for some time. However, only fragmented bargaining is possible in these circumstances," he said.

He said that Rand Mines was committed to "constructive interaction" with unions who could prove that they represented a significant portion of the workforce.

Rand Mines believed that all employees should have

the right of freedom to associate to form or join trade unions of their choice.

Commenting on sharp increases in union activity among black mineworkers during this year, Mr Watt said that the traditional prerogatives of management were being increasingly challenged, but, he said.

"The main arena for the practice of sound employee relations remains in the treatment of people in the working environment and the maintenance of sound inter-personal relationships in all day-to-day activities."

Mr Watt said that existing legislation was "completely inadequate" for the evolutionary phase of industrial relations which was busy unfolding.

Mr Watt also said that the decision of some unions not to become registered in terms of the law added further complications.

"It is essential that the authorities devote their attention at an early date to rectifying the problem areas which have already been identified," he said.

Mr Watt said that the industrial council system had been successful in other industries and it was desirable that the mining industry should move in that direction.

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Transvaal Consolidated Land and Exploration Company (TCL) Ltd. 1984. SAJ. DUE.

~~3011A~~ (210) Star 4/12/84

# Rosholt wants clarity on black participation

By Michael Chester

Big business today urged the Government to issue a "general statement of intent" to clarify its policy on giving the black population a bigger voice in national affairs

Mr Mike Rosholt, chairman of the vast Barlow Rand industrial empire, said a basic problem remained the lack of structures to permit some form of participation by blacks in decision-making at local, regional and national government levels

One major problem was how to ensure financial viability for the new black local authorities.

"It is unlikely that viability will ever be achieved solely from township revenues and the Government will have no option but to support the local authorities," he writes in an annual review.

The introduction of the new constitution marked a political watershed.

But the process of evolving a system for black participation in decision-making at national level — now under investigation by a senior Cabinet committee — was taking place against a background of distrust

It was encouraging, however, that the Government appeared to acknowledge the need to consult blacks in the negotiation process across the political spectrum.

"The complexity of our problems will not allow for an immediate overall solution and timetable. But an announcement of a general statement of intent would serve to clarify many of the issues presently causing instability," Mr Rosholt wrote.

Another very serious situation had been revealed by studies showing that the majority of blacks had not yet fully accepted the capitalist or free enterprise system and associated it with discrimination



CAPE TOWN 6/12/86  
210

# Tax break for SA mines to be abolished

PRETORIA. — Legislation is to be introduced next year to cut the revenue lost to the State from gold and other mines in terms of merger schemes allowed by the Income Tax Act, the Minister of Finance, Mr Barend du Plessis, announced yesterday.

The schemes, essentially whereby a profitable mine can take over a non-profitable mine to substantially reduce or even eliminate tax liability, had undeniably had a beneficial effect on the economy, he said

It was, however, equally undeniable that this had been at the expense of the general body of taxpayers as they had to make good the reduction in taxes paid by the gold and other mines

## Advantages

"Notwithstanding the technical and other advantages which, in certain cases, may flow from these mine mergers, the resultant potential loss of revenue has become a cause of serious concern"

Under the existing provisions of the Income Tax Act, a mining company was, subject to certain restrictions, permitted to deduct all capital expenditure incurred when determining taxable income from its mining operations

The effect firstly was that taxable income was frequently reduced to nil, or very little, during the mine's beginning years

A second effect was that, when original development costs had been fully absorbed by mining profits, the reduction in taxable income as a result of the

JOHANNESBURG. — Anglo American's plans to merge its Free State gold mines into one giant operation may be blocked by the government — for tax reasons.

The Minister of Finance, Mr Barend du Plessis, announced last night that the loss of revenue from mining tax was "a cause of concern".

He proposed referring to the Margo Commission on taxation the fiscal implications of putting two or more mines together.

Anglo American's Free State plan, which would create the world's largest gold producing company, has been strongly inspired by the tax advantages possible at the present.

Mr Du Plessis seems determined that the Exchequer will not be the loser in any scheme.

This could cause Anglo to think again.

deduction of current capital expenditure resulted, as in the case of a gold mining company, in a reduction in the rate at which normal tax was payable

Mr Du Plessis said various schemes had been devised in recent times to take advantage of the benefits available to mining companies

## Profitable

The usual pattern was for a profitable gold mining company, paying tax at a high rate, to take over the gold mining operations of another company which was operating at a loss or low profit

level, or which still had a large balance of unredeemed capital expenditure

"Whatever form the scheme ultimately takes, the effect is always the same — the tax liability of the profitable mine is either substantially reduced or eliminated"

Some of these schemes had undeniably had a beneficial effect on the country's economy, making the recovery of minerals more cost-effective, creating additional jobs, and increasing the demand for mining machinery and equipment.

"But it is equally undeniable that much of this development has taken

place at the expense of the general body of taxpayers, who have had to make good the reduction in taxes paid," the Minister said

## Amendment

He therefore intended to recommend the amendment of the Income Tax Act in the forthcoming Parliamentary session

The effect would be that, "except in respect of those cases where, prior to yesterday, more than one mine was already being operated by the same person

"The capital expenditure incurred by any mine may be deducted from the income of that mine only unless the Minister of Finance, in consultation with the Minister of Mineral and Energy Affairs, and having regard to the fiscal, financial and technical implications involved, otherwise decides"

The proposed amendment would apply to all types of mining

Mr Du Plessis also said the recently appointed Margo Commission of Inquiry into the tax structure of South Africa would be asked to look into the fiscal aspects relating to the amalgamation of two or more mines and to make recommendations in due course — Sapa and Own Correspondent



Rm 7/12/84 (300)  
Mining projects may be shelved

By BRENDAN RYAN  
Deputy Financial Editor

POTENTIAL expansions involving billions of rand by the gold mining industry could be threatened if the Government strictly enforces tax changes on capital expenditure

The new tax system could seriously affect the future of existing mines such as ERPM and also affect potential new developments under consideration by the mining industry.

Mr George Nisbet, president of the Chamber of Mines, said yesterday: "I am not sure precisely what the Government intends by this announcement

"It is my understanding that any merger of gold mines has always been subject to approval by both the Minister of Mineral and Energy Affairs and the Minister of Finance

"Mergers have been approved in the past because they have been shown to be to the benefit of both the Government and the mining companies.

"This announcement could mean the Government intends cracking down on such mergers because of fears of lower tax revenue in the short-term

"If the Government is too hard on the mining industry, the minerals will stay in the ground and nobody will benefit.

"A lot, therefore, will depend on how the Government enforces the new legislation but I am worried it is taking a short-term attitude to the mining industry which just cannot be done.

"The mining industry cannot be treated as though it were a normal business. It can take six years to set up a new mine before one begins to get returns on the huge investment involved.

"If the Government is now going to make our lives harder, we in turn will have to look for higher rates of return to make an investment worth the risk involved.

"The adverse effects could be serious, particularly for low-grade or deep-level mine developments," Mr Nisbet said

The proposed change to legislation means a profitable gold mine will not, without the approval of the Ministers of Finance and Mineral and Energy Affairs, be able to take over another developing, or unprofitable, mine and offset capital expenditure on that mine against its own profits.

With gold mines paying tax at rates around 70% the system has meant the Government pays for up to 70% of a new development in foregone taxes.

The Government has so far gone along with this because of long-term benefits to the economy and taxes earned when new operations become profitable

However, the Government may now feel the mining industry is having too much of a good thing.

The head of the mining tax division of Inland Revenue, Mr M A du Toit, said yesterday: "In addition to the recently announced potential merger of Anglo American's Free State gold mines, there are another five mergers of gold mines in the pipeline for approval."

Mr Du Toit declined to name the

**TURN TO BACK PAGE**

# Tax rules could curb mining developments

**FROM PAGE 1**

companies involved. He said that Inland Revenue was losing millions of rand through merger allowed so far.

"The new measures do not affect a mine which intends expanding its operations into new areas contiguous with its present boundaries.

"It will then apply for an extension of its lease area making the new area part of the existing mine.

"The measures will affect a mine wishing to open up a new area which is not contiguous with its present boundaries. If a mining lease is

granted to exploit such an area, we consider it to be a new mine.

"Therefore capital expenditure on that new mining lease can only be offset against the profits earned from that lease," he said

This would hit precisely the method by which Gencor brought the Beisa and Beatrice mines into production.

Both mines were funded independently to the initial production stage and then tucked under the wings of bigger, profitable sister mines which could claim the accrued capital expenditures against their profits

This gave immediate tax savings and allowed Gencor a faster return on investment in the new mines.

There are a large number of projects which could be hit by strict enforcement of the new rule.

There have been market rumours for some time about a possible takeover of ERPM by profitable big sister Harmony, so that the cost of the vital R157m expansion at ERPM can be offset against Harmony's profits. Without this project ERPM will die

On the subject of new developments, the questions must be asked how Gencor's development of the

potential Poplar mine near Evander could be affected as well as JCI's new mine near Beatrice.

Strict enforcement could also mean Gold Fields of South Africa must ensure a contiguous boundary between Kloof and the potential new gold mine near Fochville, if it hopes to offset capex against the earnings of highly profitable, and therefore highly taxed, Kloof.

There are also serious implications for the development of the gold fields south of the Sand River. All the major mining houses have been prospecting this area for years and it is believed several potential

new mines could eventually be set up.

However, these areas are way south of the existing Free State gold fields which rules out contiguous boundaries with existing profitable operations.

A tough approach by the Government to schemes to attach these new mines to existing producers elsewhere could take away their attractiveness.

If the grade of the ore is not high enough these projects could easily stay on the shelf whereas a more lenient tax approach could lead to their development.



Section 10/12/94 (210)

# Wattville to give way to 'miners'

THE Government is planning to move out thousands of residents in Wattville, Benoni to make way for residents presently staying in a mine compound.

By MZIKAYISE EDOM

This was revealed to The SOWETAN at the weekend by Mr Noel Mlokoti, the mayor of Wattville, who added that the Government intended to implement this move within the next two years.

Wattville residents, Mr Mlokoti said, will be resettled in the nearby Daveyton township.

So serious is the matter that the Wattville Village Council will meet the Minister of Cooperation, Development and Education, Dr Gerrit Viljoen in Pretoria tomorrow to discuss the fate of the township.

The 40-year-old township is one of the oldest black townships on the East Rand. It was established after the famous Etwatwa Old Location was demolished.

The Wattville Council will also be accompanied by Mr Tom Boya,

the mayor of Daveyton and chairman of the East Rand Urban Councils Association (Eruca). Mr Boya will be attending the meeting in his capacity as chairman of Eruca.

The meeting, which will also be attended by other senior officials of Dr Viljoen's department, will start at 9 am.

An angry Mr Mlokoti said since the beginning of this year, his council has been battling to be granted the 99-year leasehold rights to develop the area, but the Government "refused".

"We only discovered three weeks ago that the Government was refusing to grant us the rights because they were planning to move us to Daveyton and resettle all the families working for the ERPM mines, pres-

ently staying at the mine's compound in Comat, near Boksburg.

"Wattville is here to stay. When we meet Dr Viljoen tomorrow we are not going to plead but are going to demand what belongs to Wattville."

"All the other townships on the East Rand have been given their 99-year leasehold rights, and we have never been told why we have not received ours," Mr Mlokoti said.

WATTVILLE

## BARLOW RAND

## Looking ahead

**Activities:** Mining and industrial group with major interests in coal, food, steel, alloys, heavy equipment, consumer goods, chemicals, packaging, building materials and electrical products. Has acquired 95% of UK-listed conglomerate J Bibby & Sons, effective from October 1 1984.

**Control:** Old Mutual owns 29,2% of the equity and Anglo American a further 6,8%. Neither group exercises management control.

**Chairman:** A M Rosholt; chief operations officer W A M Clewlow.

**Capital structure:** 150,9m ords of 10c; 375 000 6% cum prefs of R2, and 12,5m prefs of 10c. Market capitalisation R1,73 billion.

**Share market:** Price: 1 150c. Yields: 6,1% on dividend; 14,8% on earnings. PE ratio, 6,8, cover, 2,4. 1983-1984 high, 1 500c, low, 1 015c. Trading volume last quarter, 2,6m shares.

**Financial:** Year to September 30

	'81	'82	'83	'84
Debt				
Short-term (Rm)	281	468	594	639
Long-term (Rm)	441	794	656	832,2
Debt equity ratio	0,38	0,48	0,42	0,39
Shareholders' interest	0,52	0,49	0,51	0,50

**Performance:**

	'81	'82	'83	'84
Return on cap (%)	19,1	15,1	14,6	13,2
Turnover (R billion)	4,6	6,5	7,8	10,0
Pre-int profit (Rm)	704	804	855	1 002
Pre-int margin (%)	14,2	10,8	10,1	10,0
Taxed profit (Rm)	420,6	415,3	439,2	524,4
Earnings (c)	204	175	166	169,9
Dividends (c)	70	70	70	70
Net worth (c)	918	1 094	1 149	1 333

It takes time for a corporate animal as large as Barlow Rand to put major strategic moves into place. Equally, it is often far longer before such moves show results. Long-range designs are, however, no less important than decisions intended to improve short-term results, and a lot of the group's recent reshuffles and deals should be seen in that light.

The most dramatic was the acquisition of a 95% stake in UK-listed J Bibby & Sons, a ranking conglomerate which is to be Barlow's springboard for overseas expansion. The R554m deal was funded partly by issue of Barlow shares and will reduce 1985 eps by 7%. It is a large, high-quality investment that significantly changes the earnings base, although Bibby is in many respects similar to Barlow. To some extent, the risk profile has been changed, but with the SA and UK economies usually running contra-cyclically, the risk is probably better rather than worse.



Barlow's Rosholt ... long-range designs

Among other changes the building materials division was enlarged by the acquisition of the listed Blaikie-Johnstone, which was merged with Barlow's existing interests such as Federated Timbers, and renamed Federated Blaikie. Another new JSE company, Robor Industrial Holdings, was established by consolidating the steel processing interests of Metal Box SA — which Barlow acquired in 1983 — with those already owned by Barlow. In packaging, Nampak and Metal Box have been restructured into two more powerful forces.

The new high-technology vehicle, Reunert, is steadily establishing itself. It has carried out numerous acquisitions in specialised activities, such as its 25% interest in African Telephone Cables (ATC), is currently involved in talks with the Metkor group with a view to disposing of certain incompatible interests and last week announced a R62,5m deal to acquire, through associate General Electric SA, a 50% stake in Telephone Manufacturers of SA.

Taken together, these deals have the potential to stiffen the medium-to-long-term earnings base enormously. At the same

time, management has been deeply involved in nurturing organic growth. The group has capital expansion programmes on hand amounting to R717,4m, compared with R625m last year.

Current projects include the mining division's Khutala colliery, PPC's R300m clinker plant at Dwaalboom in the northern Transvaal to be commissioned in 1986, a modernisation at Romatex's Berg River Textiles, Nampak's R32m, 16 000 t/year high-speed tissue wadding machine at the Bellville paper mill and a second R50m glass furnace being built by Metal Box.

Despite carrying interest-bearing debt of more than R1,5 billion (R1,3 billion) at year-end, the group's balance sheet is as strong as ever. The debt-equity ratio actually fell to 0,39 from the previous year's already comfortable 0,42.

While these investments are important for future growth, they are unlikely to be much help in the short-term. The group outshone many companies on the JSE in the past 12 months by increasing its eps 2,4% and holding its dividend. But at this stage there is little prospect of any significant improvement in earnings or dividend this year.

The 1984 figures were achieved with help from a few strong showings, particularly that of PPC which lifted its attributable taxed profit by 24% to R29,2m and the turnaround in Middelburg Steel which broke even after losing R14,9m in 1983. There was also a lot of help from management's programmes to reduce costs and increase efficiencies at operating level.

**BARLOW RAND'S DIVISIONS**

	Turnover		Operating profit	
	'83	'84	'83	'84
Mining	467,9	514,7	133,5	107,9
Cement and lime	289,7	348,7	81,5	99,8
Ferro-alloys and stainless steel	169,6	240,0	(20,8)	(1,8)
Electronics and engineering	866,0	968,3	48,8	(43,6)
Earthmoving equipment, motor and appliances	1 014,2	1 371,2	26,6	68,4
Building materials, steel and paint	959,9	1 456,4	67,9	74,9
C G Smith — Foods	3 027,1	3 279,2	167,6	169,9
Carpets and textiles	368,5	460,6	29,0	35,1
Packaging and paper	706,1	1 315,4	106,4	132,8
Group services	34,3	46,1	2,5	(33,6)
Total	7 903,3	10 000,6	643,0	697,0



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throughout the group

However, there must be limited scope to get further mileage out of these programmes Barlow, with its spread of activities, broadly reflects the economy. And, says chairman Mike Rosholt "With the stringent financial and monetary policies now being implemented by government, trading conditions will undoubtedly be extremely difficult in the year ahead. As it is not possible to predict when the government will be in a position to relax these policies, our aim in the coming year can only be to maintain this year's earnings."

Even so there may be some good profit advances. Middelburg could do very well for example. But on the whole, margins are under great pressure. Even Reunert chairman Derek Cooper, in the normally highly profitable high-technology field, is wary. "The outlook for 1985 is viewed with caution," he says. "Profits should, however, be maintained at the 1984 level."

At present the outlook is for a dividend of 70c for the fifth year in a row. At 1150c, this yields a prospective 6.1%, which is hardly attractive.

Andrew McNulty

## FED-BLAIKIE

### New structure

**Activities:** Building material supplier. Control. The ultimate holding company is Barlow Rand which holds an effective 93.6% of the equity.

**Chairman:** J Maree, managing director D S Howie.

**Capital structure:** 2.5m ords of 50c, 100 000 5.5% red cum prefs of R2. Market capitalisation R87.5m.

**Share market:** Price 350c. Yields 6.0% on dividend, 16.1% on earnings, PE ratio, 6.2, cover, 2.7. 1983-1984 high, 575c, low, 275c. Trading volume last quarter, 11 000 shares.

Hunt Leuchars & Hepburn's (HLH) sale of its building material, steel merchandising and export interests to Barlow Rand for R96m cash late last year significantly changed Federated-Blaikie's group structure for the second consecutive year.

In financial 1983, HLH merged its building operations with Blaikie-Johnstone and, since the sale to Barlow, Federated Timbers has been injected into Fed-Blaikie. While turnover has increased significantly, this failed to enhance profitability, due to high interest rates and poor trading conditions in the building sector. When the company acquired Fed Timbers, it issued 15m new shares to Barlow as payment. Barlow now holds 95% of the group's ordinary shares through wholly-owned subsidiary W F Johnstone.

During last financial year, Fed-Blaikie also acquired the entire share capital of Machined Timbers (Empangeni) and Eastern Transvaal Timbers, in addition to an 80% stake in Bailey's Furniture Manufac-

turers. And in October, Rand Mines Properties (RMP) sold to the group its entire holding of Thesen, which processes timber. Management has combined all manufacturing activities into one division, while building material subsidiaries have been grouped into geographical regions.

#### Financial: Year to September 30

	'81	'82	'83	#'84F
Debt				
Short-term (Rm)	10.2	10.4	0.3	5.4
Long-term (Rm)	1.2	1.2	0.6	22.2
Debt equity ratio	0.51	0.48	0.03	0.23
Shareholders interest	0.50	0.52	0.66	0.46
Int & leasing cover	12.8	6.0	2.7	2.3
Debt cover	0.48	0.30	9.24	0.76

#### Performance:

	'81	'82	'83	'84
Return on cap (%)	19.4**	19.2**	14.1**	12.0
Turnover (Rm)	80	65	252	654
Pre-int profit (Rm)	8.9	6.0	13.8	33.9
Pre-int margin (%)	11.1	9.2	5.5	5.2
Taxed profit (Rm)	4.8	3.0	6.3	13.4
Earnings (c)	47.8	29.6	63.2	56.4
Dividends (c)	20	14	32	21
Net worth (c)	218	247	428	478

\* Year to June

‡ 8 months ended February

† 18 months ended August

# 13 months

\*\* Annualised

# Fifo

It is difficult, if not impossible, for shareholders to draw a realistic picture of the group's recent performance. Because Fed-Blaikie has become a subsidiary of Barlow, its accounting period has been changed for



Fed-Blaikie's Maree... building a giant

the third consecutive year.

To complicate matters further, Fed-Blaikie switched to fifo for the 13 months to end-September. By restating 1983 results due to the accounting adjustment, eps, for the 18 months to end-August increase to 85.1c. On an annualised basis, this works out to 56.7c, which is roughly equal to the most recent year's performance.

MD Doug Howie says that results were hurt by "reduced activity in the building industry which put increased pressure on margins." Bailey's Furniture was the only recent acquisition to lose money. Copcal Holdings, formed in 1980 with a Swiss partner, also made a loss and Fed-Blaikie disposed of its 76% interest in the copper capillary manufacturer.

Fed-Blaikie's manufacturing operations performed satisfactorily. Trading activities which include building materials, tools and hardware, were hurt by higher interest rates which slowed consumer demand in the second half. Management expects lower volumes to continue this year and steps have been taken to reduce stocks and expenses to accommodate lower demand.

Borrowings rose substantially, but significantly larger shareholders' interest kept the debt equity ratio at a relatively safe level. Nevertheless, interest payments more than doubled, rising by R5m to R8.1m.

At 350c, the share yields 5.5%, in line with quality blue-chip building and construction stocks, PP Cement and Anglo Alpha. With Fed-Blaikie's acquisitions of quality assets, and the group's powerful presence in its main markets, long-term prospects have been enhanced, but the share seems fairly priced at present. Earnings are probably set to deteriorate before they improve.

Stephen Richter

## GENERAL OPTICAL

### Frosty view

**Activities:** Manufactures and sells optical goods, pharmaceuticals, film products and related equipment.

**Control:** The directors have control.

**Chairman:** A E Abrahamson, deputy chairman V G Mansell.

**Capital structure:** 1.1m ords of 50c. Market capitalisation R3.0m.

**Share market:** Price 270c. Yields 6.6% on dividend, 19.2% on earnings, PE ratio, 5.2, cover, 2.9. 1983-1984 high, 500c, low, 250c. Trading volume last quarter, 2 100 shares.

Genopt continues to dominate the optical goods market, and last year achieved record sales. Even so, the company's profits are falling in the wake of spiralling operating costs.

Its margins are being squeezed by the rising cost of imported optical products, aggravated by the weakening rand. Uncovered foreign debt cost the company

ROM 17/12/84 (210)

# Opposition grows to OFS mine merger

By ELIZABETH ROUSE

MAJOR French bank, Dreyfus, is mustering its international clients in a major campaign against the proposed merger of Anglo American's six Free State gold mines

A telex-telegram message is being sent to clients, prompting them to express disenchantment at Anglo's proposed move to merge Free State Geduld, President Brand, President Steyn, Western Holdings, Welkom and unlisted Jeanette Gold Mines into a R3.7bn market capitalised company.

The bank joins US huge US investment funds, such as International Investors Fund of New York, in expressing opposition to the disappearance of four gold shares from the Free State sector, leaving only five shares in that sector

The bank's and investment funds' main argument is that the merger deprives them of a free choice of investment among producers with varying prospects and that the JSE's gold sector — which has not seen a new listing in six years — is being further truncated

Fears of dilution of dividends by inclusion of short-life producers in one major company are another major factor in investor dissatisfaction. The mixture of high grade mines such as Brand and Steyn with the marginal Western Holdings complex is viewed with misgivings

Institutions, UK unit trusts and North American funds are the main objectors to the merger. Many may not hold more than 5% of their portfolios in a single stock. When the gold companies are merged, institutional holdings will in many cases be at or above 5%

That means they will either not be able to buy more stock in the giant company or be forced to sell stock to satisfy regulations

Anglo American has already come up against the Finance Minister, Mr Barend du Plessis, who has expressed his misgivings about the tax implications of the merger. He intends referring the fiscal implications of the large merger to the Margo Commission on tax

Anglo's gold and urani-

um division chairman, Mr Peter Gush, answered that the operation would be "totally tax neutral".

However, tax considerations have been the main reason for new gold mining developments taking place under the aegis of a large producer. In the golden days the opening of large ore bodies would have warranted listings of separate gold producers

Johannesburg broking firms are also getting adverse reaction to the merger from their clients

"Opposition is growing," says a leading firm's mining analyst. "Anglo appears to have misread the market, not anticipating the reaction of shareholders"

The scheme has obvious benefits for the future of the Free State mines, which are now moving into lower grade areas. But an equitable merger will have to be devised to satisfy shareholders

The analyst believes that a scheme similar that of Western Holdings — which left Welkom (owning 6,84m Western Holding shares) on the JSE board — might be a possible solution



# MINING - GENERAL

1985

6. Job Grading Change January 1971 agreement and subsequent amendment had different grading system; where possible equivalent jobs have been identified.
7. Labourer Gr I until May 1983 equivalent to rate H; thereafter called Labourer grade I. Agreement of September 1979 and subsequent amendments differentiated wage rates according to area; the highest for Durban and Pinetown used here.
8. Labourer Gr II until April 1976 equivalent to rate 8; from April 1976 to May 1983 equivalent to rate I; thereafter called Labourer grade II. Agreement of September 1979 and subsequent amendments differentiated four wage rates according to area; the highest for Durban and Pinetown used here.
9. Parties to Agreement Changes occurred when single industrial council for Electrical Industry Natal split in September 1979.
10. Hours of Work 1983 agreement allows 45 hours per week if employer applies to industrial council within 30 days of agreement.
11. Wage Rates until September 1979 Part III schedule of joint agreement relevant for contracting sector of Electrical Industry (see footnote 5).
12. Install Op Train Refers to installation operative trainee. Before 7/84 known as systemised installations installer.
13. Master Electric Refers to Master electrician. Before 7/84 known as Elicon.

210 ~~211 143~~

# Firm stance on labour by Gencor

D. Dispatch  
11/85

JOHANNESBURG — Gencor is pushing for better job opportunities for blacks on the gold mines — but it also seems prepared for a major battle, if necessary, with the black National Union of Mineworkers

These points emerge in comments by the chairman, Mr Ted Pavitt, and other senior Gencor executives in the annual reports of the group's gold mines

Mr Pavitt says in the Unisel report. "The productivity of artisans could be greatly improved at the work face, where much of the maintenance is done on relatively unsophisticated machinery

"Much of this work could be done by less skilled personnel

"The resolution of this matter with the trade unions should go a long way towards reducing the shortage of artisans and at the same time give more job satisfaction to those who choose to work underground

"The Chamber of Mines is negotiating with some trade unions and official associations regarding a security of employment agreement, the industrial relations structure and the elimination of 'scheduled person' from the Mines and Works Act

"It is essential that meaningful progress should be made in this regard in order that members of any sector of the labour force can participate on an equal basis and on merit."

Mr Pavitt adds, however "The National Union of Mineworkers (NUM), representing black workers, conducted wage negotiations (in 1984) with the Chamber of Mines on behalf of its members, representa-

tive in certain categories of labour, on seven mines in the industry.

"These negotiations were not settled by July 1, which is the normal date for the implementation of wage increases"

Mr Pavitt comments "The delay in settlement with the NUM can be attributed to unrealistic expectations

"Requests for increases commencing at 60 per cent and reducing to an absolute minimum of 18 per cent puts the union's credibility regarding realistic negotiations on the line

"While accepting the necessity for having to negotiate with trade unions, management does not see these unions as the only or most important medium for communicating with employees"

Mr C R Netscher, the chairman of the Winkelhaak, Leslie and Bracken mines, goes a little further

He says: "It should be appreciated that the NUM's membership is alleged to be 70 000 in a total labour force of some 550 000.

"At present there is no means of verifying this figure."

It would seem from these comments that the wage negotiations between management and the NUM are likely to be extremely tough in 1985 on both sides — DDC.



# Nationalised mines idea rejected by SP

CAPE TOWN — The State President, Mr P W Botha, has sharply rejected a suggestion by the Labour Party leader and fellow cabinet minister, the Reverend Allan Hendrickse, that South African mines should be nationalised

Mr Botha said he was committed to free enterprise and rejected socialism which had brought poverty and starvation to Africa

In a statement after

being approached for reaction to Mr Hendrickse's suggestion, Mr Botha said the Labour Party was democratically free to determine its own policy

As State President, however, he had sworn to uphold the new constitution the preamble to which made national objectives of the promotion of private enterprise and effective competition. He had also committed himself in Parliament and at meet-

ings such as the Carlton and Good Hope conferences to the free enterprise system

He said he had repeatedly stated his opposition to socialism, which a number of African countries had tried with predictable results

"Prosperity came to only a few while the vast majority of the population was denied progress and is now suffering poverty and starvation."

Mr Botha said he

agreed with Mr Hendrickse that South African mineral riches should be used to the advantage of all South Africans

"Experience worldwide has shown, however, that the optimum use of national resources is best achieved by involving private investment and by inviting private enterprise to promote their development," Mr Botha said —

DDC

# London brokers see bleak future for gold

The Star Bureau

LONDON — A fairly bleak picture of the future of the South African gold mining industry has been painted by London stockbroking firm Grieveson Grant.

In its latest newsletter it says "While there appears to be little further downward risk on bullion, equally, there seems to be little reason for any significant improvement in the gold price in the near-term"

The firm believe the average gold price for 1985 may be about \$35 an ounce lower than 1984's average of around \$360 an ounce

Grieveson Grant adds "In the last month the gold price has

cracked, and is now around the \$307 an ounce level, while a new low for two-and-a-half years was reached at \$296,75

"We expected the current decline in the gold price, and envisage that bullion will ease back further to around the \$290-300 an ounce level. We would expect bullion to remain around \$300 an ounce for some time."

And they point to further problems with the unionisation of the black labour force, increasing black militancy and their expectations of a static rand-gold price.

For foreign investors, they say, the problem is compounded by the strength of the dollar.

Grieveson Grant adds that there can really be little surprise in the decline of bullion, and the supply and demand equation looks weak

On the supply side, a large number of mines in Australia, Canada, the United States, Brazil and Papua New Guinea are currently entering production

They point out that while

## Rand slides to another record low as gold slips

By Duncan Collings and Associated Press

The rand slumped to a new record low against the dollar on the local foreign exchange market this morning, under the influence of the steadily declining gold price and firmer dollar

The local unit was quoted at 48,20/30 US cents at midday — its low point today and a new low against the dollar

It opened at 48,65/75c compared with Friday's 49,10/17c close, but quickly fell under the influence of persistent dollar demand

The Standard bank says that given the dramatic fall in the gold price to \$295,25 this morning further rand depreciation becomes a distinct possibility

On the domestic front the picture seems equally discouraging

Renewed fears of drought conditions and, therefore, reduced maize output appear to be mounting while local interest rates look set to rise further

Although the weaker rand implies higher export values in rand terms a reduced maize crop could once again necessitate grain imports

This factor, in conjunction with the higher cost of all imports, is likely to negate to some extent the benefits of higher export revenues on the current account of the balance of payments.

With the dollar set to strengthen further the rand is unlikely to experience any sustained upward movements

Having said this, however, very short-term changes in market conditions such as central bank intervention could precipitate some temporary dollar weakening and the rand

could evidence some appreciation from its low level

Nevertheless, the market is experiencing a continuous demand for dollars from importers which adds to the rand's vulnerability on the downside

Standard bank adds that importers would, therefore, be advised to cover all dollar payables while exporters could consider staying out of the forward market

On world bullion markets this morning, gold declined steadily after it had dropped through \$300 in New York on Friday night

In the Far East it closed today at \$295,25 but on the key European, Zurich and London markets recovered slightly to \$295,35/295,85 at midday It closed at around \$303,50 on Friday on these markets

In London the dollar opened well bid against other currencies after rising in the Far East to trade above 3,17 marks Early business was active but nervous amid speculation of possible central bank intervention

The dollar was quoted at 3,1745/55 marks and sterling was quoted at \$1,1427/37

Meanwhile in Tokyo the dollar surged to a 25-month high of 254,85 yen and made inroads on other major currencies in Asian foreign exchange markets today

In Hong Kong, the US currency started trading at 3,1737 West German marks and rose to 3,1790 after breaching the psychologically important 3,1750 level with little difficulty Friday's New York close was 3,1660 marks

Japanese money dealers returning to the market in force

after a longer New Year holiday than in most other world money centres latched onto last week's world trend and bought dollars heavily

Their action shoved the dollar to a 25-month high against the Japanese currency and Hideki Naito, foreign exchange manager with the Manufacturers Handover Trust in Tokyo predicted a 260-yen dollar soon

Dealers said there was a feeling in the market that the Bank of Japan tried to bolster the yen in the morning by selling some dollars, but its action was shrugged off by the rising dollar

The dollar also firmed against European currencies, reaching 3,1795 marks at one stage of trading compared with 3,1660 at the end of trading in New York on Friday

Naito said the market was calm and still had enough energy to push the dollar higher, but it might not rise much above 255 yen for one or two weeks After that, it will head to 260, he forecast

In New York, oil prices, which plunged Friday on the Mercantile Exchange, continued to point to moderation in inflation and dampened hopes for a rebound in gold, traders said

"It's more of the same," said Mr Larry Schoen, chief bullion dealer at Rhode Island Hospital Trust National Bank in Providence, a jewellery center

Mr David Nelson, a metals analyst at Dean Witter Reynolds in New York, said that until crude oil prices level off and the dollar gives up some of its gains gold is likely to remain depressed



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On the supply side, a large number of mines in Australia, Canada, the United States, Brazil and Papua New Guinea are currently entering production

They point out that while

most of these mines are small, the aggregate sum of their output should result in gold production in the Western world having risen by 6,25 percent in 1984, while in 1985 output should rise by an additional 7,7 percent

"Most gold mines have operating costs of between \$200 and \$300 an ounce, and we would therefore need a sustained period with gold at or below \$300 an ounce before we see the suspension of new projects and the closure of any existing mines

"The continuing existence of companies mining other commodities which have suffered from an even tighter price squeeze provides ample evidence to support this belief"

Turning to the labour situation in South Africa, they say it can be expected that in the future the black National Union of Mineworkers will grow in experience and efficiency, making future pay agreements between the union and the Chamber of Mines harder to achieve.

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**NICHOLAS OPPENHEIMER**

# Diamond dauphin

For a man who has just become deputy chairman of De Beers Consolidated Mines, the leading force in the world diamond industry, Nicholas Oppenheimer shows a refreshing lack of obsession with the minutiae of the business. Asked the whereabouts of the group's near-R2 billion stockpile of gems, he confesses that he has no idea. He'd never look at them even if they were all in one place. "That would give one nightmares," he laughs.

This might sound like gross irresponsibility for a man who, at the age of 39, is already deputy chairman of the Central Selling Organisation (CSO), the De Beers-controlled body which is charged with trying to sell this mountain of diamonds to a largely unwilling public. But it is characteristic of the man that he should be fairly relaxed about the business.

Nicky's style is calm and quiet to the point of diffidence. He's quite entitled to be relaxed about his position — he is, after all, the son of Harry Oppenheimer, who resigned the De Beers chair at the age of 76, and now he's steadily making his way towards the throne of the Oppenheimer empire.

It would be a mistake to interpret this as a case of "the son also rises," as some have

been tempted to do. In his own quiet way, Nicky is an Oppenheimer as much as his father or grandfather have ever been, and the strength behind the courteous manner shows itself whenever necessary.

"These days, it's not enough simply to have the Oppenheimer name. If you can't run with the ball, you're going to be dropped from the team," he says.

Those in the know suggest that the most likely scenario for the two giant groups would be for things to remain as they are now until Gavin Rely is ready to hand over the Anglo reins to Julian Ogilvie Thompson, the present De Beers chairman.

"Jot" Thompson is then expected to step down as chairman of De Beers. Nicky will take over the top job at the diamond group, emulating his father and grandfather as chairman of both companies when Ogilvie Thompson makes way for him at Anglo.

That moment may not come for perhaps as long as 15 years. "Jot" Thompson is a fighting fit 50-year-old who is clearly relishing the prospect of a challenge when he takes over the Anglo helm. But, in the longer term, as for almost the whole of the group's history, there will be an Oppenheimer holding both top positions in the Anglo empire once again.

The role of crown prince is one of the toughest anyone can play, especially if the eventual coronation is long delayed. SA provides a number of examples of the sons (and daughters) of famous families who have gone off the rails. But no one has ever accused Nicky Oppenheimer of leading any kind of rakehell life — rather the reverse. The worst charge that has been levelled at him is that he's boring.

That isn't the kind of thing to worry him unduly. He knows it's the sort of penalty likely to be suffered by anyone who has grown up a polite, rather shy young man, always preserving a well-scrubbed appearance even behind the beard he now sports.

Perhaps he lacks the dynamism which drove his grandfather, Sir Ernest, to see the possibilities of investing sizeable sums in SA's rapidly expanding gold mining developments, which led to the founding of Anglo American Corporation.

Nor does Nicky seem to be driven in the same way as Harry was in his youth — first by his passionate involvement in SA political life, and then, after the death of Sir Ernest, by his desire to transform the Anglo/De Beers group from a sizeable mining organisation with mainly southern African interests into one of the world's largest corporations.

But traces of the sheer persistence with which his grandfather stalked De Beers Consolidated Mines until he had made it — and the total domination of the world diamond industry — his own, can be detected in the way Nicky has buckled down to learning that same business.

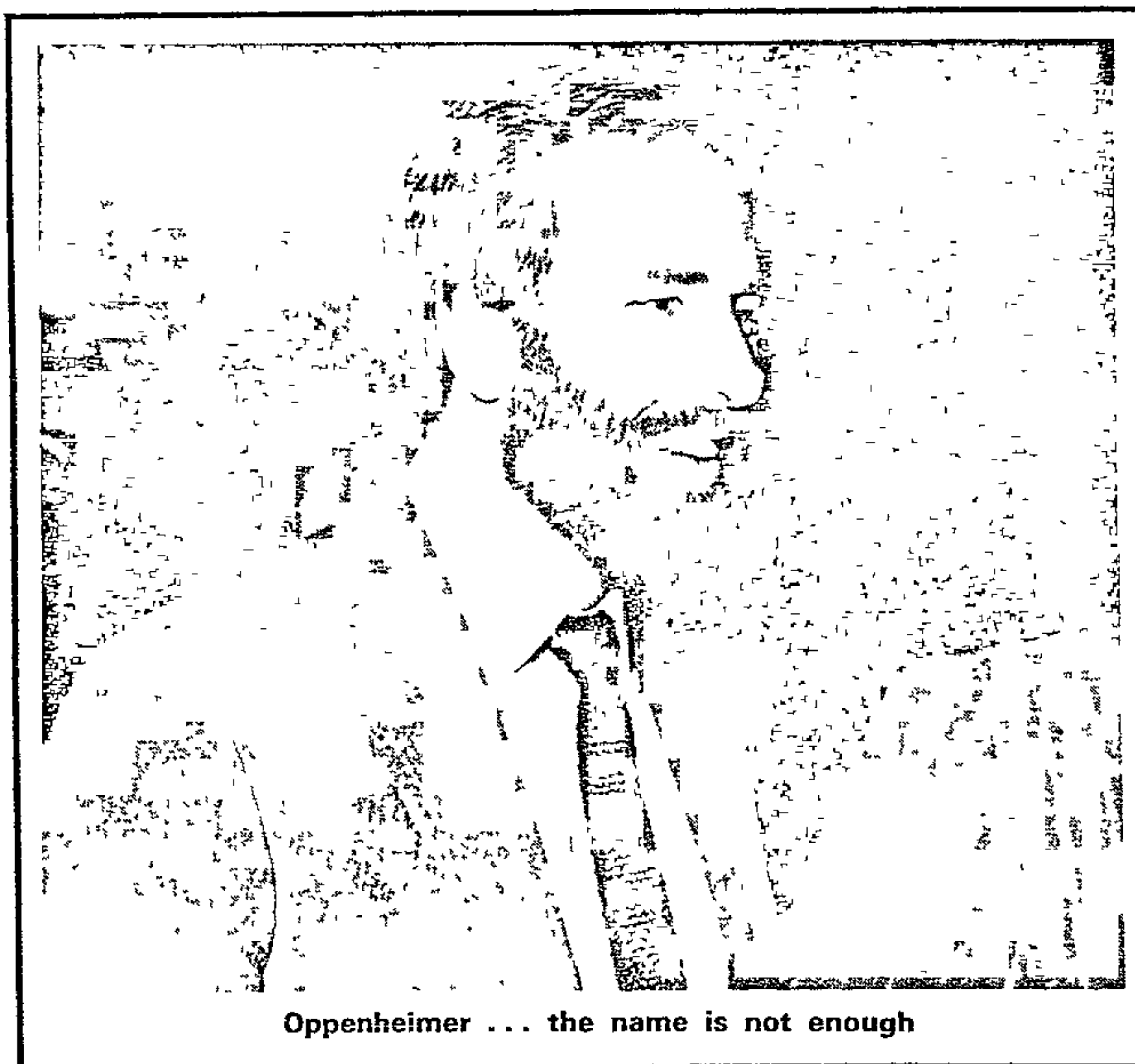
This persistence has already taken Nicky to the position of deputy chairman of the CSO in London, where most of the hard dealings in the diamond industry are done. His acknowledged success in that post and the undoubted respect of his colleagues, probably says more about Nicky Oppenheimer than his role at Anglo, where he is also deputy chairman, or even his latest promotion at De Beers.

**PHILO PIETERSE**

## Financing flicks

Film producer Philo Pieterse's first film *Boetie Gaan Border Toe* has become the largest grossing Afrikaans movie to date. *Boetie* has astounded its producer by pulling in R1,3m in 14 weeks and is expected to set a box-office record for Afrikaans films at R2m.

Local English films such as *Wild Season* and those made by Jamie Uys have made



Oppenheimer ... the name is not enough



Romy 26/2/85 210

# MINING SPENDS 42% OF INCOME ON GOODS AND SERVICES

By GERALD REILLY

THE mining industry spent R5,601bn — 41.9% of its income of R13,378bn — on goods and services in 1982.

The second largest expenditure was for salaries and wages (29.1%), followed by dividends (11.9%) and payments to the Government (17.1%).

These are some of the findings of a study conducted by the Bureau of Market Research. Mining expenditure on goods and services

constitutes a tremendous market. Gold mines, with an expenditure of R3,206bn, make up the major part of this market (57.2%), followed by coal mines with an 18.7% share.

All other mines together spent only R1,346bn (24.1%).

The study compares the combined expenditure by coal and gold mines with total expenditure by the mining industry as a whole.

Gold, coal and diamonds were the three most important minerals mined in terms of

1983 sales: gold (R10,18bn) is about four times more important than coal (R2,54bn). Coal is about five times more important than diamonds (R525m).

In 1975, gold (R2,56bn) was about eight times more important than coal (R316m). Coal was then twice as important as diamonds (R174m).

The volume of gold production fell slightly from an index of 100 in 1975 to 94.7 in 1983. But this small decrease was more than offset by a

massive increase in the rand value of gold sales from R2,56bn in 1975 to R10,18bn in 1983.

Coal, with annual sales of R2,54bn in 1983, increased both production and rand value figures dramatically from 1975 to 1983.

The index of physical volume of coal production virtually doubled from 1975 (100) to 1983 (198.1). The value of sales rose from R316m to R2,54bn.

The share of coal in total mineral sales rose from 7.6% in 1975 to 15.7% in 1983.

# Abolish the minimum wage, says De Beer

Municipal Reporter

The chairman of LTA, Dr Zac de Beer, yesterday called for the abolition of minimum wages so that more jobs could be created

He was speaking in Johannesburg at a conference on solving city problems. The conference is being organised by the Central Business District Association and the Johannesburgse Afrikaanse Sakekamer.

Dr de Beer said when he was a Prog MP 15 years ago, he campaigned for minimum wages — but South Africa was prosperous and economically stable then

The Government totally controlled the economy and the country could afford substantial increases in wages

"Today we proclaim our devotion to free enterprise and in some respects have moved towards it

"It is necessary to release the energies of all our people into productive labour of all kinds and the right way to do this is through untrammelled free enterprise

"One of the barriers which must come down is the minimum wage system," Dr de Beer said

He said bureaucracy should also be reduced to help create new jobs

"My view is that the Group Areas Act and the system of race classification should be scrapped altogether. But, for the purposes of today's argument, it is only necessary to say those aspects of the apartheid system which impede free enterprise must go," Dr de Beer said

He said control standards should be relaxed

"I don't plead for the abolition of all health building, safety and other regulations, but only for a reasonably flexible attitude that takes account of the desperate need to allow everyone who can work to do so," Dr de Beer said

28/2/85

(210)

Star



**Business**

# Mining industry huge market for manufacturers

*210 E. Post 1/3/85*

THE mining industry spent an average of R5 601 million, or 41,9% of its income of R13 378 million, on goods and services in 1982

Its second most important expenditure item was salaries and wages (29,1%), followed by dividends (11,9%) and payments to the Government (17,1%)

These are some of the findings of a study of the income and expenditure patterns of the mining industry conducted by the University of South Africa's Bureau of Market Research

The emphasis of the study is on expenditure on goods and services by the mines, which represents a tremendous market in South Africa

Gold mines with an expenditure figure of R3 206 million make up the major part of this market (57,2%), followed by coal mines with an 18,7% share of the market

All the other mines to-

gether spent only R1 346 million (24,1%) and represent the rest of the market for goods and services in the mining industry

The report compares the combined expenditure on goods and services by coal and gold mines with total expenditure on goods and services by the mining industry

The comparison involves 236 items, as defined by the Government Mining Engineer, and covers the period from 1978 to 1982

The 236 items are divided into 59 groups and forecasts of expenditure are made for these groups at current and constant prices

The forecasts at current and constant prices give an indication of the growth rates of the respective markets in monetary terms and volume of goods produced, respectively

Gold, coal and diamonds are the three most important minerals

mined in South Africa in terms of sales in 1983 Gold (R10 180 million) is about four times as important as coal (R2 540 million) and coal is about five times as important as diamonds (R525 million)

In 1975 gold (R2 560 million) was about eight times as important as coal (R316 million) and coal was about twice as important as diamonds (R174 million)

Coal and diamonds (R490 million) were about half as important as all the other minerals combined (R1 084 million), excluding gold

There have been several changes in the relative importance of minerals from 1975 to 1983 Coal has become more important than all the other minerals together, excluding gold

The volume of gold production fell slightly from an index of 100 in 1975 to 94,7 in 1983, but this small decrease was more than offset by a massive

increase in the rand value of gold sales from R2 560,4 million in 1975 to R10 180 million in 1983, so that gold remained the most important mineral mined in South Africa

Coal, the second most important mineral, with annual sales of R2 540 million in 1983, has increased both its production and rand value figures dramatically

The index of physical volume of coal production virtually doubled from 1975 (100) to 1983 (198,1), while the value of sales rose from R316,0 million to R2 540 million, representing an eightfold increase at current prices

The share of coal in total mineral sales rose from 7,6% in 1975 to 15,7% in 1983 These figures illustrate the growing importance of coal production

The report contains annual production and sales figures by type of mineral for the period 1975 to 1983

(2) whether he has received any representations from any landowners in this area, if so, (a) when and (b) what was (1) the nature of the representations and (ii) his response thereto?

**THE MINISTER OF PUBLIC WORKS**

(1) Yes

(a) The properties are acquired by way of negotiation and expropriation

(b) Department of Defence

(c) (i) 62 properties,

(ii) 24 properties

(d) The properties involve various characteristics which have a bearing on the value thereof. Furthermore, in terms of the provisions of the Expropriation Act, 1975, amounts have to be added in respect of actual financial loss and the so-called solatium. As will be seen from my reply to question 2(b)(ii) negotiations regarding prices are constantly conducted on a confidential basis with each individual owner. Some of the owners have applied to the courts for the determination of the compensation. Even there negotiation will still be the course to be followed. Only a few owners thus far accepted offers. In the light of these circumstances it is not possible to indicate a price per hectare.

(2) Yes

(a) Since it became known that the land was to be acquired by the State

(b) (i) Representations were received mainly to the effect—

(a) that the acquisition of

the ground be abandoned,

(b) that a right of access or entry be granted to the owners after the land has been acquired,

(c) That the owners may continue to stay on the land after it has been purchased until such time as it will be utilized, and

(d) in certain cases, that the prices offered were to low

(ii) In so far as (a), (b) and (c) are concerned, these are matters which do not fall under my jurisdiction. Representations regarding the prices which were offered are dealt with on the basis that it is throughout the aim to come to an agreement regarding the price with the owner by means of negotiation and he is welcome to submit factual information to motivate a higher compensation. Such motivations are considered most carefully and all aspects which may influence the price are taken into consideration.

Mr K M ANDREW asked the Minister of Co-operation and Development:

(1) (a) What is the (i) adult (aa) male and (bb) female and (ii) child population of Zweletemba, Worcester, and (b) how many houses are there in this township;

(2) whether it is intended to build any further housing units in Zweletemba, if not, why not, if so, (a) when, (b) how many units and (c) what is the total anticipated cost involved?

*Handwritten:* Hensman Q 601 472  
Zweletemba: population 11/3/85

**THE MINISTER OF CO-OPERATION AND DEVELOPMENT**

(1) (a) (i) (aa) 2 267

(bb) 2 143

(ii) 4 555

(b) 1 036.

(2) Yes

(a) and (b) An application by the Western Cape Development Board for funds to build an additional 100 housing units was approved by the National Housing Commission on 5 February 1985

(c) R1 122 471

Smoking: deaths

241 Dr M S BARNARD asked the Minister of Health and Welfare

How many patients in the Republic died from diseases caused by or related to smoking in each of the latest specified five years for which figures are available?

**THE MINISTER OF HEALTH AND WELFARE:**

It is not possible to answer the Question, because irrefutable correlation of any particular death with smoking as the causative or related agent, does not exist.

Reference books/influx control  
Q 601 473 11/3/85  
Mr S S VAN DER MERWE asked the Minister of Co-operation, Development and Education.

How many Black (a) males and (b) females were (i) arrested, (ii) charged, (iii) acquitted, (iv) fined and (v) deported in connection with offences relating to reference books and influx control in the Western Cape in 1984?

**THE MINISTER OF CO-OPERATION, DEVELOPMENT AND EDUCATION**

The numbers below are in respect of the period 1 January 1984 to 31 August 1984. The courts were taken over by the Department of Justice on 1 September 1984

(a) (i) 6 304

(ii) 6 304

(iii) 143

(iv) 6 161

(v) None

(b) (i) 6 035

(ii) 6 035

(iii) 363

(iv) 5 672

(v) None

275. Mr P R C ROGERS asked the Minister of Co-operation, Development and Education

What was the value of the mineral production in each of the national states in 1984?

**THE MINISTER OF CO-OPERATION, DEVELOPMENT AND EDUCATION:**

	Actual value for period 1/1/84-30/11/84	Projected value for period 1/1/84-31/12/84
Lebowa . . . . .	R46 055 000	R50 242 000
KwaZulu . . . . .	R36 564 000	R39 880 000



KaNgywane  
Gazankulu  
KwaNdebele  
Owaqwa

Actual value for period	Projected value for period
1/1/84-30/11/84	1/1/84-31/12/84
R19 645 000	R21 431 000
R2 900 000	R3 164 000
Nil	Nil
Nil	Nil

The values indicated are for base minerals and precious metals except platinum, as supplied by the Mineral Bureau, Johannesburg

#### Television advertising

328 Mr W V RAW asked the Minister of Transport Affairs

What was the total amount spent by the (a) South African Transport Services and (b) South African Airways on television advertising during the latest specified period of 12 months for which figures are available, to promote (j) certain specified services and (ii) concessions offered by the (aa) South African Transport Services and (bb) South African Airways?

The MINISTER OF TRANSPORT AFFAIRS

1 January to 31 December 1984

- (a) (i) (aa) R885 000 to promote freight and passenger services  
(ii) (aa) R221 000 to promote passenger concessions.  
(b) (i) (bb) R517 000 to promote passenger and freight services overseas  
(ii) (bb) Nil

*Handwritten: Q. 601. 475*  
*Community councils: staff 11/3/85*  
335 Mr D J N MALCOMESS asked the Minister of Co-operation, Development and Education

(a) How many persons were employed by the Eastern Cape Development Board

HOA

*Handwritten: Q. 601. 477*  
375 Mr P R C ROGERS asked the Minister of Defence

(1) With reference to his reply to Question No 349 on 16 March 1983, how many persons belonging to certain identified church denominations were allotted to non-combatant units by the Registering Officer of the South African Defence Force in 1984.

(2) whether statistics are now being kept of (a) persons other than those belonging to identified denominations who wish to serve in a non-combatant capacity and have requested the Registering Officer of the South African Defence Force to serve thus and (b) persons who requested their commanding Officers on reporting for duty to serve as non-combatants and are employed as such within their units, if not, why not, if so, (a) how many are there in each of these categories and (b) in respect of what date is this information furnished?

The MINISTER OF DEFENCE

(1) 441

(2) (a) No. The extent of such requests is at present so small that it is not as yet of particular significance for the SA Defence Force. To obtain the statistics, the files of all National Servicemen who commenced service in 1984 will have to be scrutinized. This will be a time consuming and expensive undertaking in terms of man hours which is not considered justified.

(b) Yes. According to a survey undertaken at units there were only 24 such requests from the January and July 1984 intakes.

#### Consolidation

382 Mr R A F SWART asked the Minister of Co-operation, Development and Education.

Whether he will furnish the House with details of the recommendations made by the Commission for Co-operation and Development in regard to consolidation proposals, if not, why not, if so, (a) what total area of land in each province was recommended by the said commission for purposes of consolidation in 1984, (b) to which national state or independent Black state has this land been allocated in each case, (c) how many White farming units will be involved in these proposals and (d) what is the estimated cost of executing these recommendations?

The MINISTER OF CO-OPERATION, DEVELOPMENT AND EDUCATION

No. The recommendations of the Commission for Co-operation and Development in regard to the consolidation of the independent states and the national states are submitted to Cabinet.

The Government's final decisions are tabled in Parliament.

(a)—(b) Fall away

Commissions/departmental committees

406 Mr K M ANDREW asked the Minister of Environment Affairs and Tourism

(1) How many (a) commissions and (b) departmental committees of inquiry were appointed in respect of the Department of Environment Affairs in 1984.

(2) whether any of the reports of such commissions and committees have been completed, if so, (a) how many and (b) of which commissions and committees.

(3) Whether any of the reports of such commissions and committees have been made public; if so, (a) how many and (b) of which commissions and committees.

HOA



(2) whether he has received any representations from any landowners in this area, if so, (a) when and (b) what was (i) the nature of the representations and (ii) his response thereto?

**THE MINISTER OF PUBLIC WORKS.**

(1) Yes

(a) The properties are acquired by way of negotiation and expropriation

(b) Department of Defence.

(c) (i) 62 properties,  
(ii) 24 properties.

(d) The properties involve various characteristics which have a bearing on the value thereof. Furthermore, in terms of the provisions of the Expropriation Act, 1975, amounts have to be added in respect of actual financial loss and the so-called solatium. As will be seen from my reply to question 2(b)(ii) negotiations regarding prices are constantly conducted on a confidential basis with each individual owner. Some of the owners have applied to the courts for the determination of the compensation. Even there negotiation will still be the course to be followed. Only a few owners thus far accepted offers. In the light of these circumstances it is not possible to indicate a price per hectare.

the ground be abandoned,

(b) that a right of access or entry be granted to the owners after the land has been acquired,

(c) That the owners may continue to stay on the land after it has been purchased until such time as it will be utilized, and

(d) in certain cases, that the prices offered were to low

(ii) In so far as (a), (b) and (c) are concerned, these are matters which do not fall under my jurisdiction. Representations regarding the prices which were offered are dealt with on the basis that it is throughout the aim to come to an agreement regarding the price with the owner by means of negotiation and he is welcome to submit factual information to motivate a higher compensation. Such motivations are considered most carefully and all aspects which may influence the price are taken into consideration.

*Handwritten:* Hausmond Q. 601.472  
Zweletemba: population 11/3/85  
Mr K M ANDREW asked the Minister of Co-operation and Development:

(1) (a) What is the (i) adult (aa) male and (bb) female and (ii) child population of Zweletemba, Worcester, and (b) how many houses are there in this township,

(2) whether it is intended to build any further housing units in Zweletemba, if not, why not; if so, (a) when, (b) how many units and (c) what is the total anticipated cost involved?

**THE MINISTER OF CO-OPERATION AND DEVELOPMENT**

(1) (a) (i) (aa) 2 267  
(bb) 2 143

(ii) 4 555

(b) 1 036

(2) Yes

(a) and (b) An application by the Western Cape Development Board for funds to build an additional 100 housing units was approved by the National Housing Commission on 5 February 1985

(c) R1 122 471

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How many patients in the Republic died from diseases caused by or related to smoking in each of the latest specified five years for which figures are available?

**THE MINISTER OF HEALTH AND WELFARE**

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*Handwritten:* Hausmond Q. 601.473  
Reference books/influx control  
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How many Black (a) males and (b) females were (i) arrested, (ii) charged, (iii) acquitted, (iv) fined and (v) deported in connection with offences relating to reference books and influx control in the Western Cape in 1984?

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What was the value of the mineral production in each of the national states in 1984?

**THE MINISTER OF CO-OPERATION AND EDUCATION**

	Actual value for period 1/1/84-30/11/84	Projected value for period 1/1/84-31/12/84
Lebowa...	R46 055 000	R50 242 000
KwaZulu	R36 564 000	R39 880 000



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KaNgwane	R19 645 000	R21 431 000
Gazankulu	R2 900 000	R3 164 000
KwaNdebele	Nil	Nil
Owagwa	Nil	Nil

The values indicated are for base minerals and precious metals except platinum, as supplied by the Mineral Bureau, Johannesburg

**Television advertising**

328 Mr W V RAW asked the Minister of Transport Affairs

- (a) South African Transport Services and
- (b) South African Airways on television advertising during the latest specified period of 12 months for which figures are available, to promote (i) certain specified services and (ii) concessions offered by the (aa) South African Transport Services and (bb) South African Airways?

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1 January to 31 December 1984

- (a) (i) (aa) R885 000 to promote freight and passenger services.
- (ii) (aa) R221 000 to promote passenger concessions.

- (b) (i) (bb) R517 000 to promote passenger and freight services overseas.
- (ii) (bb) Nil

*Handwritten:* R. 601. 475  
Community Councils: staff 11/3/85

335 Mr D J N MATSOMESS asked the Minister of Co-operation, Development and Education

- (a) How many persons were employed by the Eastern Cape Development Board

	Actual value for period 1/1/84-30/11/84	Projected value for period 1/1/84-31/12/84
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KwaZulu	R37 163 000	R37 163 000
KaNgwane	R24 462 000	R24 462 000
Gazankulu	R3 532 000	R3 532 000
KwaNdebele	Nil	Nil
Owagwa	Nil	Nil

Information supplied by the Mineral Bureau, Johannesburg

*Handwritten:* R. 601. 477 11/3/85  
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- (1) With reference to his reply to Question No 349 on 16 March 1983, how many persons belonging to certain identified church denominations were allotted to non-combatant units by the Registering Officer of the South African Defence Force in 1984,

- (2) whether statistics are now being kept of (a) persons other than those belonging to identified denominations who wish to serve in a non-combatant capacity and have requested the Registering Officer of the South African Defence Force to serve thus and (b) persons who requested their commanding Officers on reporting for duty to serve as non-combatants and are employed as such within their units, if not, why not, if so, (a) how many are there in each of these categories and (b) in respect of what date is this information furnished?

The MINISTER OF DEFENCE

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- (b) Yes. According to a survey undertaken at units there were only 24 such requests from the January and July 1984 intakes.

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Whether he will furnish the House with details of the recommendations made by the Commission for Co-operation and Development in regard to consolidation proposals, if not, why not, if so, (a) what total area of land in each province was recommended by the said commission for purposes of consolidation in 1984, (b) to which national state or independent Black state has this land been allocated in each case, (c) how many White farming units will be involved in these proposals and (d) what is the estimated cost of executing these recommendations?

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No. The recommendations of the Commission for Co-operation and Development in regard to the consolidation of the independent states and the national states are submitted to Cabinet

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- (1) How many (a) commissions and (b) departmental committees of inquiry were appointed in respect of the Department of Environment Affairs in 1984;
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1 January to 31 December 1984

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**Consolidation**

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Information supplied by the Mineral Bureau, Johannesburg

(b) 1 269 as at 25 February 1985  
*Handwritten:* R. Co 1 476 11/3/85  
National states: mineral production  
344. Mr R A F SWART asked the Minister of Co-operation, Development and Education

What was the value of the mineral production, excluding platinum, in each of the national states in the 1983-84 financial year?

**The MINISTER OF CO-OPERATION, DEVELOPMENT AND EDUCATION**

In the 1983-84 financial year the mineral production, excluding platinum, in each of the national states was as follows —



RDM 19/3/85 = 210  
GFSA chief slams added surcharge

# Gold mine taxes hurt industry

By **BRENDAN RYAN**

TAX levels on gold mines have reached the point where they will discourage new investment, says Mr Robin Plumbridge, the chairman of Gold Fields of South Africa (GFSA).

His view is echoed by Mr Pierre Kriegler, the financial director of Rand Mines.

Reacting to the jumps in mining taxes announced in yesterday's Budget, Mr Plumbridge said the pattern of recurrent increases in tax introduced a new risk factor of future potential tax increases in the evaluation of mining projects.

In his Budget, the Finance Minister, Mr Barend du Plessis, added a special temporary surcharge of 5% over and above the present 20% surcharge on tax paid by all gold and diamond mines.

He also introduced a special surcharge of 15% on all other mining companies, thereby raising their normal tax rate to 57,5%. This rate includes the platinum mines, coal mines and base-metal mines.

General reaction from the mining industry was that the 5% increase in the surcharge on gold and diamond mine taxes had been expected, but not the 15% surcharge on other mining companies.

Mr Plumbridge questioned the validity of the current system of gold mining taxes, which taxed profitable gold mines at exceedingly high levels and gave no incentive to the mines to hold down their expenditures and working costs.

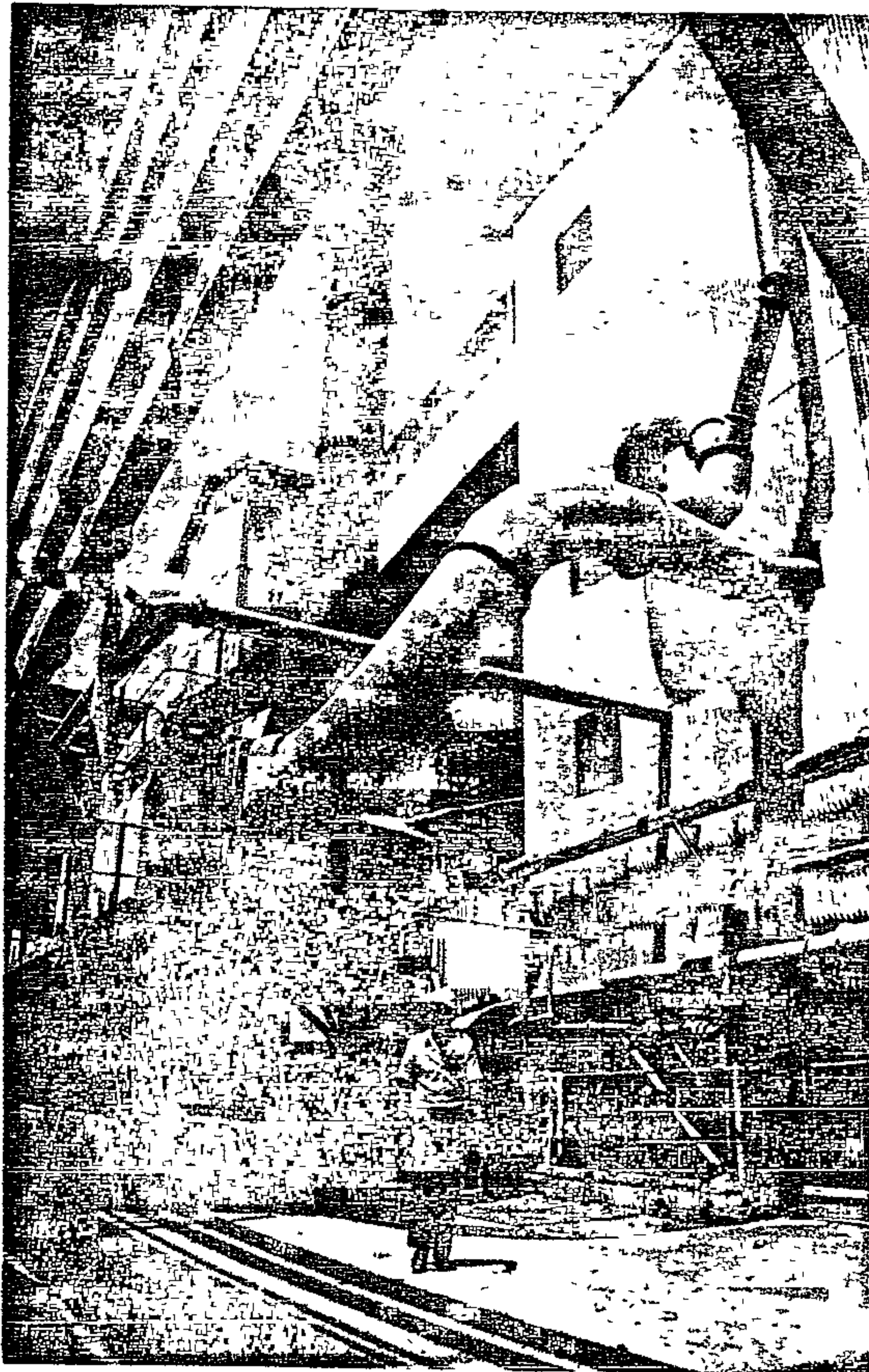
He said initial calculations showed the effect on GFSA's Kloof mine would be to push the tax rate to 74,1% of incremental revenue.

Mining companies are allowed to write off capital expenditure against their profits in the year in which the expenditure is incurred.

Mr Plumbridge said that in the case of Kloof, the mine received a tax rebate of 78,8% on expenditure.

"One must question whether the present gold mining tax system encourages the mines to minimise expenditure and operate as productively as possible.

"This tax system means the Government can pay up to 79% of the costs on gold mine expenditure, which must inevitably have the neg-



Fraser & Chalmers, a company in the engineering division of Mitchell Cotts, recently completed a R1,3m refurbishment programme at the Western Holdings gold reduction plant.

foreign exchange earnings, while the mining industry as a whole earns about 70%.

"We have reached a situation where it is a question of killing the goose that lays the golden eggs because the level of tax is at the stage where, if the situation is not redressed, it will kill off new gold mining ventures

"I can only hope the new tax surcharge will be a very temporary phase."

Mr Du Plessis said in his speech

capital expenditure.

Mr Kriegler said the tax increases were the latest in a series of Government body blows to the mining industry

These had included the changes to State Assistance, the new rules on the merging of gold mines and the requirement that hedging losses or profits be allocated to non-mining income.

"I don't know who will be prepared to take the risk of sinking a deep-level gold mine in the future or where the money for it will come



GFSA chief slams added surcharge

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(210) RDM 11/4/85

## SA PLATINUM KING IN US

By JOHN BEVERLEY

**DURBAN.** — South Africa was the main supplier of platinum group metals to the United States in the years 1979 to 1982, according to the US Bureau of Mines, supplying in the region of 1.7-million ounces of metal.

The bureau says mine production in 1982 and 1983 was 2.6-million ounces in South Africa, surpassed only by Russia with 3.6-million ounces. Local reserves were 970-million ounces.

While the producer price of platinum was \$475 the dealer price was \$435 in 1983. The palladium producer price was \$110 and the dealer price \$130.

The metal is used in cars (one-third), and also in the electrical and chemical industries, and dentistry.

The bureau expects the American demand for the metal to grow at about 2.9% a year until 1990.

A large platinum metal mine is being exploited in the States while a new South African mine is expected to be in operation by 1988.

The South African Minerals Bureau does not disclose production details of many of the local minerals.

Some of those revealed in the bureau report are.

Rutile is being produced at the rate of 60 000 tons a year and is sold at between \$310 and \$415 a ton in America.

South Africa supplies about nine percent of the American needs which are about 120 000 tons a year of imported metal.

The near relation, ilmenite, saw output of 400 000 tons of slag which was sold at \$185 a ton. But South Africa only supplied 7% of American requirements.

Nickel production in 1983 was estimated at 25 000 tons — slightly up on 1982. The US price was given as \$2.25 a pound on the free market in New York.

South Africa was a minor supplier, being in the 28% "other" group while Botswana was responsible for 10% of US imports. South African export sales brought in R41m in 1983.

Antimony output in SA was 9 000 tons in 1983 at a price of about 90 US cents a pound. South Africa exported mainly ores (7% of US imports) and antimony oxide (45% of US needs).

Cobalt output was small and not listed. A massive 10 000 tons from Zambia was top of the list. The metal was being sold, as cathodes, at \$12.50 a pound.

The zirconium minerals (Baddel-eyite, acid zirconium sulphate tetrahydrate and zircon concentrate) mined in South Africa were 125 000 tons — the second largest producer.

South Africa supplied 13% of American zircon imports at a US domestic price of \$165 a ton.

NM 12/4/85

210

## S A main supplier of platinum to U S from 1979-1982

Finance Editor

~~1979~~ ~~1982~~ SOUTH Africa was the main supplier of platinum group metals to the United States in the years 1979 to 1982, according to the U S Bureau of Mines, supplying in the region of 1,7m ounces of metal.

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w/c ARAs 20/4/85

(210)

# Profits up, taxes up, but mines pay more

## Gold re

BETTER gold prices and the lower rand rate combined to increase profits for many of the country's mines in the March quarter.

Many were clobbered by the State's higher offtake but several were still able to announce sharply higher dividends.

Free State Geduld more than doubled its interim payout to 315c compared with 135c year ago.

Other dividends are President Brand 250c, up from 150c, President Steyn 270c, up from 210c and Western Holdings 415c, up from 250c.

Ergo's final is being lifted to 37.5c from 35c for the year to March, making a total 65c (62.5c) Welkom's interim is up by 72 percent to 107c after a jump in taxed profit to R28.2-million (R16.9-million).

After-tax profit of the Free State mines rose by 12 percent to R168-million in the March quarter, largely from a higher rand gold price of R19 862 a kg (up from R19 329).

President Brand's after-tax profit was 31 percent higher at R58.6million.

Earnings at President Steyn increased by 15 percent to R34.3million.

Anglo's Transvaal mines increased after-tax profits by 12 percent to a total R168-million.

Vaal Reef's pre-tax profit as R233-million (R232-million), but higher tax pushed net profit below the December quarter's level.

Elandsrand's profit eased to R34.2-million (R36.9-million).

Western Deep's pre-tax profit was R120.6-million (R122-million).

Ergo's was R28.7-million (R20.7-million) and SA Land's R2.2-million (R2.3-million).

Gencor group gold mines' combined after-tax income 12 percent below the December quarter.

The 11 mines had a total net income of R159-million, compared with R181-million.

This was mainly because of higher tax resulting from a 32 percent lower capital expenditure of R19.1million.

Buffelsfontein's net profit rose from R81.5-million to R86.5-million.

Beatrix more than doubled its gold production from 2 043 kg and after-tax income increased from R33-million to R55.5-million.

Stilfontein received a higher rand gold price of R20 156 but working revenue increased and tax and State's share took R7.2-million (R1.7-million), leaving R9-million (R24.5-million).

At West Rand where tonnage milled, yields and profits remained almost static, after-tax profits of R2.3million slightly lower than the previous quarter's R2.5million.

After-tax profits of Johannesburg Consolidated Investments group for the quarter were well down.

Randfontein, after tax and the State's share of profit, was left with R67.9-million (R62.3-million).

Western Areas' net profit plunged to R5.7-million from R18-million.

Three of Anglovaal's four gold mines to return higher profits were Hartebeestfontein, Lorraine and Village Main Reef.

The total tax bill was R6-million higher at R66-million, while the combined after-tax profit of all four mines was R48-million.

Hartebeestfontein lifted its taxed profit by R3.3-million to R31.3-million Lorraine's figure was R971 000 up at R12.7-million and Village showed a R57 000 gain at R327 000.

Higher dividends are being paid by coal producers Witbank and Welgedacht after a big jump in profits, partly due to favourable exchange rates.

The quarterly reports show Witbank's profit after tax went up by 56 percent from R14-million to R22-million Welgedacht's after-tax profit more than doubled to almost R5-million.

Rand Mines's four gold mining companies jointly showed a net decline of 8 percent in after-tax profits.

Harmony increased its profit from R33.8-million to R36.5-million.

Durban Deep improved its profitability to R1.6-million (R1.2-million).

The other two had lower profits — Blyvooruitzicht's at R11.9-million (R16.6-million) and ERPM's at R1.4-million (R4.2-million).

The first quarter was favourable for Gold Fields' seven coal and base metal companies with O'okiep Copper turning a R3.2-million loss for the December quarter into a profit of R876 000.

But Apex was substantially lower with a profit of R2.7-million (R5.2-million).

Clydesdale (Transvaal) Collieries, despite higher cost of sales and tax, returned an after-tax profit of R3.06-million (R2.95-million).

The Cape's Black Mountain mine reported a net R11.9-million, down from R11.6-million.

SA Manganese Amcor (Samancor) turned a R485 000 loss into a R101-million taxed profit for the year to February. The company benefited from better export prices as a result of the low rand and says profits should improve in the current year. The total dividend payout increased to 37c from 1984's 5c.

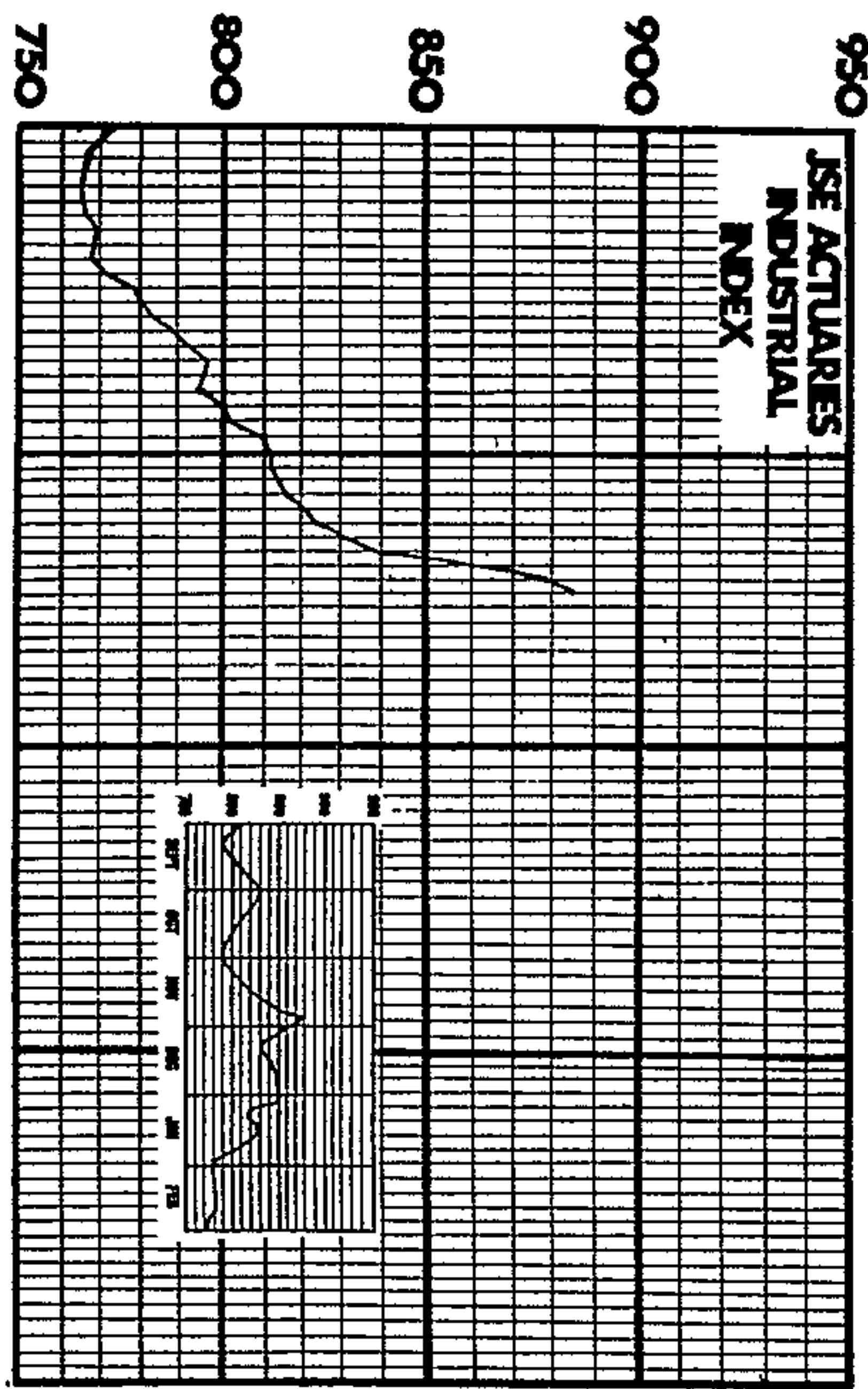
Tom Hood

JOHANNESBURG shares recovered late trading to closer trending easier interest, as the b failed to respond to the weakness of th

Among heavywe lost R2 at R82.50 haak gained 50c while cheaper iss about 25c either w

Industrials clo with a firmer bias, shares up, 18 do unchanged.

Shortly before th JSE all gold inde 1109.6 versus Thurs close, the industri 897.0 against 896 overall index dropp from 1109.3. — Sapp



Up 1 point yesterday to close at 897.00.

Company	Buy	Sell
Mutual	632.66	(630.77)
NGF	355.11	(345.35)
Sage	696.14	(695.40)
VAL	654.79	(651.26)
VAL Min	159.01	(158.83)
Sals	239.77	(239.69)
Salam	537.82	(536.92)
Trust	148.78	(147.96)
Sactam	177.62	(177.20)
Guard	641.72	(642.25)
Stand	385.92	(385.52)
Sid Inc	77.88	(77.88)
SI GD	146.45	(146.69)

### UNIT TRU



# The economics of survival . . . by the man from Anglo

Bobby Godsell is one of those bright young consultant/executives whose job category in the corporate scheme of things didn't feature prominently 10 years ago. He and other consultants like him have come into their own in the hurly-burly of labour relations in South Africa in the 80s.

In her occasional series on South Africa's labour leaders, Sheryl Raine speaks to Anglo American's Mr Bobby Godsell, head of the group's industrial relations department

His job is to advise and assist the executives of Anglo American on the vital issues of industrial relations.

This year he is talking about the economics of ending job reservation the recession lingers on; the importance of management in the on the mines; the industrial court; the role of management in the broader social scene in South Africa; and the nature of trade unions."

Times are tough and he insists that the words "economics of survival" are not over-dramatic. Things will get worse before they get better.

He would like to see the issue of wage demands-versus-unemployment higher up on the agenda of labour issues.

But he believes there is another side to the recession which could have a positive spin-off.

"In 1985," he says, "there is so little money in the kitty (for wage increases) that the battle of white skilled workers and black industrial workers is going to be to try to preserve their purchasing power or have it eroded as little as possible."

Although there are obvious areas of conflict between skilled whites and blue-collar blacks, he believes the recession will tend to remind both of their common interests.

There are already examples of this greater coincidence of

interests . . . for instance in the current metal industry wage negotiations where previously incongruous union groupings are striving together to get their members the best deal possible. There are still hurdles to leap in the black-white labour forum, the most important of which is statutory job reservation in the mines.

He is confident that job reservation will go and that a new industrial relations structure for the industry as a whole will be forged.

But he says the exact time frame of both developments is hard to predict.

His concern about the industrial court is shared by others in the field.

As an essential and widely-used institution he believes it has had an encouraging start to its life.

But the role of the court in relation to the rest of the judiciary and its role in collective bargaining urgently need to be clarified.

"There are three judgments from the Supreme Court which have cast doubt on the Industrial Court," he says.

"Is it a court or an administrative agency?"

"It should be integrated into the judicial process.

"Clearly you can't expect a new institution to be perfect.

"On the other hand both unions and management need help from the state now to rectify these two problems."

The broader social conflicts of South African society, trade unions and management's role in the present era are things about which he has thought long and hard.

In his opinion trade unions are not revolutionary in nature but reformist.

Modern history has failed to reveal a successful revolution where trade unions have played a central role.

In South Africa the unions have been a major vehicle for leadership emergence in black communities.

So far management has been pulled into a transitional role of mediation not only with workers but with the broader black community involving a range of social issues.

In modern industrial countries private enterprise inevitably becomes involved in public policy debates and contributes expertise to government.

This, he believes, is growing in South Africa

But he says: "There is no way that employers (in South Africa) can act as a substitute for political participation for black people.

"There is no doubt that the unrest we see in the townships now and other conflicts in society have their origins in and can only be resolved within the political structures."

He believes the country's labour dispensation is inadequate of the constitutional dispensation for blacks and what industry now desperately needs is successful socio-political reform outside the factory gate.

Bobby Godsell . . . things will get worse, he says.



# TCL beats forecasts with

## 29% profit rise

By ADAM PAYNE

JOHANNESBURG. — Transvaal Consolidated Land and Exploration company (TCL) has beaten forecasts with a 29 percent rise in after-tax profits and an increased interim dividend of 85c (75c).

210 24/3

CME 7/25  
3/5/85

In spite of an increase of R20m in its tax burden — mainly because of the recently-imposed 15 per cent surcharge — TCL's bottom line profits were R51.1m (456c a share) in the half-year to March 31, compared with R39.7m (354c a share) in the first half last year. Total earnings for 1985 will show an improvement and accordingly the total dividend for the year will be higher than last year's 280c, the company says in its interim report.

The balance sheet at the halfway stage is strong showing a current ratio of assets to liabilities of 1.44 and total borrowings to equity of 0.15. Commenting on TCL's performance, the chairman, Mr D T "Daddy" Watt, says that the coal division was well ahead of budget, thanks to the six months was up by 16 percent from R256.9m to R297.6m.

Group operating profit rose by 38 percent from R63.1m to R87.2m. In line with the higher rand gold price dividends from (mainly gold) investments rose by 23 percent from R10.4m to R12.8m, which after exploration expenditure of R4.7m (R2.8m) left pre-tax profit up 48 percent from R70.7m to R105m.

Because of the tax surcharge, the tax bill for the half-year went up by 86 percent from R23.5m to R43.8m. Of this R31.4m (R21.2m) is normal tax while the balance represents deferred tax which jumped from R2.4m to R12.4m.

The interim report points out that the added tax surcharge pruned R3.6m or 32c a share off the company's bottom line. In addition, it created an additional deferred tax liability of R34.2m — R25.6m of which is attributable to TCL shareholders.

Minority shareholders' interests in after-tax profits rose from R7.5m to just over R10m. TCL says that the main reasons for its strong performance in the first half were:

- First, considerable improvements in the coal
- and base minerals division where export proceeds were boosted by the decline of the rand against the dollar.
- Secondly, the increase in the rand price of gold which enhanced the profits of RMP's and treatment plant at Crown Mines, and raised dividend income from gold suits is a once-off net included in these results.

Operating profits in the second half of the year are expected to match those of the first half.

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When the economy comes out of the current trough, the property division will come into its own again.

"Possibly the main gratifying aspect of the first-half results was that TCL was able to forge ahead so strongly in spite of the big tax knock which it had to take because of the additional tax surcharge imposed on mining companies in the last Budget."



# Jobs galore and lift for economy as mines go on spending spree

# 210 S. Times 9/6/85 Billion-rand boost for SA

By Brendan Ryan

**THE mining industry is set to launch three developments costing more than a billion rands.**

They will mean jobs for thousands of workers and a shot in the arm for the economy.

In addition to the two gold expansions announced this week, the giant Anglo American Coal Corporation (Am-coal) said it was considering spending R400-million on its Landau export colliery near Witbank.

The project would turn Landau from an underground into an opencast mining operation.

## Pipeline

There are more developments in the pipeline. Exploration by the gold-mining industry in the past three years has been at record levels and several projects are in gestation.

Once final agreement is reached on the way in which Richards Bay will be expanded to export 78-million tons of coal a year, several companies must invest to expand mining operations to meet their quotas.

Am-coal's planned expansion requires investments totalling R2,508-billion, but that does not include the money the group must spend to meet its Phase 4 export allocations.

It all adds up to a potential capital spending bonanza from the mining industry which will have major beneficial effects on the economy.

## Multiplier

A study commissioned by the Chamber of Mines from the University of Pretoria in 1980 showed that mining had an immediate beneficial effect of about 13,6% on the gross domestic product (GDP) in 1978. However, that effect was increased to about 26% by the various multiplier effects on the economy of the revenue earned and spent by the mines.

The only fly in the ointment for the mining industry in its expansion plans is the uncertainty caused by planned legislation which might affect the way in which developments can be structured for tax.

The level and timing of tax payments are crucial to the profitability of new gold mines in particular which cost hundreds of millions of rands and involve high risk.

A key point to emerge from the announcement of

Gold Fields of South Africa's R453-million development at Kloof on the West Rand is that it has been structured to minimise exposure to changes in legislation.

## Punitive

Kloof is applying for an extension to its mining lease to take in the new area. Traditionally the mineral rights holders (GFSAs, GF Props, and Johannesburg Consolidated Investment) would have applied for a mining lease in their own right, which would have been ceded to Kloof.

That, however, might have exposed the development to more punitive conditions than the lease extension route.

Uncertainty over legislation also seems to be the reason why Johnnies remains coy over the new Joel mine in the Free State.

The group this week started work on two prospect shafts, but gold and uranium division chairman George Nisbet says a go-ahead for the mine has not been given.



Railroad to greater coal exports. Basil Read builds the Mhlahlane viaduct which forms part of the doubling of the Richards Bay line.

## Offset

The start of shaft-sinking operations means the group believes it has a mine and wants to get on with the work as soon as possible.

The cost should be about R300-million, but the longer the work is delayed, the greater the final cost because of inflation.

Johnnies would probably like to merge Joel with existing producer Randfontein Estates and so obtain an earlier return on its investment.

Capital expenditure on the new mine could then be offset against the profits being earned by the highly taxed existing gold mine as soon as production started at Joel.

However, it is precisely this kind of deal that Finance Minister Barend du Plessis had in mind when he announced his intention to tighten up tax provisions on mine mergers.

The gold grade at Joel could be better than originally estimated by outside analysts who, basing their predictions on results at the neighbouring Beatrix mine, calculated an in-situ grade of about 8 grams a ton.

It now appears Joel has a grade of between 10g/t and 11g/t in situ.



# End of recession near, says mines chief

NM 20/6/85  
Mercury Correspondent

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**JOHANNESBURG**—The end of the current recession is in sight and there are positive indications of a better year ahead, said Mr George Nisbet in his presidential address at the annual meeting of the Chamber of Mines yesterday.

Mr Nisbet believes that the severe and prolonged economic downturn has bottomed out and that the business community is beginning to regain its confidence.

The recent drop in interest rates and a firming of the rand are seen as a sign that the authorities have at last gained a better control over the country's money supply.

Last year the mining sector achieved revenue of a record R19 000m, boosted by the favourable exchange rate of the rampant US dollar against the near terminal rand.

Although the real gross domestic product increased by 4,5 percent in 1984, almost all the growth occurred in the first quarter of the year and was followed by six negative months accompanied by accelerating inflation and growing unemployment.

Mr Nisbet said that the present economic and political environment of the country has given rise to the widespread domestic unrest and violence in recent months and that the Chamber of Mines, on behalf of South Africa's private enterprise mining industry, continues to advocate reform of the country's racial policies and practices.

Last year the South African gold mining industry employed about 500 000 blacks whose three million dependants — 40 percent of them living in foreign countries — rely on earnings from the mines for their economic survival.

The chamber estimates that mine employment constitutes a R1 000m lifeline for black families in Southern Africa.

Mr Nisbet urged foreign business communities to become more

involved in South Africa and its economy, and by example and encouragement help the process of reform.

The South African gold mines experienced a fall in the average grade of ore treated, from 6,55 grams a ton in 1983 to 6,44 g/t in 1984. This was countered by a record 101m ton of ore milled, resulting in the production of 651 tons of gold by the chamber's member mines.

Production from other sources raised gold output to 631 tons for 1984, a marginal increase compared to the previous year.

South African mineral sales in 1984 experienced a rather mixed reception.

Gold accounted for more than 60 percent of all mining revenue but faced a falling average price in dollar terms, from \$425 in 1983 to \$361 an ounce in 1984.

The widening exchange rate boosted the local price for the metal, producing a record revenue of R11 560m, some 13,6 percent higher than the previous year.

Coal not only maintained its second spot in 1984 but recorded an increase of not less than 30,8 percent in the value of sales to R3 426m.

Mr Nisbet noted that both silver and diamonds had a poor year, with the value of both minerals

declining in spite of the falling value of the rand.

Silver sales for 1984 at R66m were 6,8 percent down on the previous year and diamond sales at R518m were some 3,6 percent below the previous year's figure of R538m.

Sales of metals and minerals other than gold, silver, diamonds and coal in 1984 were valued at R3 438m, some 21 percent more than the previous year's figure of R2 838m, said Mr Nisbet.

Working costs accelerated during 1984 with the cost a ton of ore milled up by 13,2 percent compared to 10,7 percent in 1983.

Mr Nisbet claimed that this caused a squeeze on profits and necessitated slightly lower dividends paid by the industry.

Wages paid by the industry increased on an average of 14 percent and capital expenditure by 17 percent.

Mr Clive Knobbs, chairman of the gold and uranium division of Rand Mines, was elected president of the chamber. He succeeds Mr Nisbet in the position.

The two vice-presidents are Mr E P Gush, executive director of the Anglo American Corporation and chairman of the corporation's gold and uranium division, and Mr T I Steenkamp, director responsible for manpower at Gencor. — (Sapa)



# Miners getting more skilled

THERE WAS an increasing movement of blacks into higher skilled occupations in the South African mining industry, the president of the Chamber of Mines, Mr George Nisbet, said this week.

Delivering his presidential address in Johannesburg, Mr Nisbet said the mining industry's non-discriminatory remuneration policy ensured that blacks moving into higher positions, whether they were trainees or qualified men, received the same pay as their white counterparts.

Mr Nisbet said a survey conducted by the chamber at the end of last year revealed that the number of trained black surveyors, samplers and ventilation control officials had reached almost 300, nearly half the total number of people training for these positions.

The law which barred blacks' entry into these jobs had been repealed following successful negotiations between the chamber and the Under-

ground Officials' Association of reform.

He said while most sectors of the economy faced a severe recession in 1984, the level of employment in the South African gold mining industry reached an all-time high and wages for the black workforce continued to increase in real terms.

### Safety

Referring to safety in the mine industry, he said during the past year South African mining industry achieved the best results ever in its continuing drive to reduce the accident rate.

Mr Nisbet urged foreign business communities to become more involved in the country and its economy and by example and encourage investment here.



BLACK MINERS moving up in job categories

210 SPW Oyeru 27/6/85



# Buttering the bread

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FEATURE

At long last local companies and overseas process organisations are responding to a Council for Mineral Technology (Mintek) move to step up beneficiation of SA's mineral wealth

After years of public and private prevarication on the issue, Mintek says its thrust to find new ways of adding value to raw materials is finally "gaining acceptance"

Mintek president Aidan Edwards says SA could double its current R25 billion/year foreign earnings within 10 years by stepping up production of secondary products from raw materials. This could be vital as gold production could decline over the next 10 years, he adds

The concern is that there's too little connection between SA's apparent wealth and its national achievement, says Edwards. Mintek added its weight to the beneficiation campaign by suggesting schemes to mining houses and establishing "powerful links at home, and, more importantly, with international organisations"

At home, Mintek has built an association with the IDC "which can only be beneficial in the future"

But, adds Edwards, mining houses have to learn more about beneficiation as they have concentrated so far

mainly on exploration. Still, Edwards is not prepared to give much away on Mintek's advances here and abroad.

All he says is "We are winning acceptance for a major programme. However, for strategic reasons, I cannot divulge details yet"

He sees Mintek as ideally placed to stimulate interaction between the private and public sectors. Its pool of metallurgical experts makes Mintek a world leader, he says.

He hopes an added-value programme will be acceptable to foreign buyers of SA raw materials, but "ultimately we must not be put off major added-value ventures by resistance from SA's trading partners."

It's also important to secure the transfer of technology from overseas to as many new ventures as possible. But Edwards warns that present conditions that allow complete foreign ownership in the minerals field provide a powerful disincentive to adding value in SA.

Many countries, aware of the economic dangers of depletion of non-renewable assets, will allow foreign principals a minority stake only in mineral operations

Furthermore, any major venture should involve a marriage between the governmental system and the private sector, suggests Edwards. Projects should offer economies of scale in order to compete with foreign processing and manufacturing plants. "If they don't, we won't win and keep adequate international market share," he says

Government could help attract entrepreneurs and big exporters to added-value by reversing rail tariffs in favour of the transportation of superior products instead of raw materials. Government's beneficiation subsidi-

currently worth R30m/year to SA

Other minerals for added-value growth include manganese, platinum, diamonds, vanadium, fluorspar and even gold

Edwards says gold sales made up 30% of total foreign earnings in 1970, but, as the official fixed price was still R35/ounce under a two-tier system, the mines worked higher grades of ore to get optimum value. It was the only year in which SA gold production exceeded 1 000 t. Today, however, gold makes 50% of foreign earnings and the lower grade seams are mined

He says that if no new mines are developed in the next 10-20 years, and if the dollar price of gold does not show a dramatic gain in value, production could fall to about a

third of the 1970 level. "By then, many mines could be worked out, and it may not pay to open new ones as these would cost up to R1 billion each. We may be forced to replace falling gold earnings with added-value minerals," he says

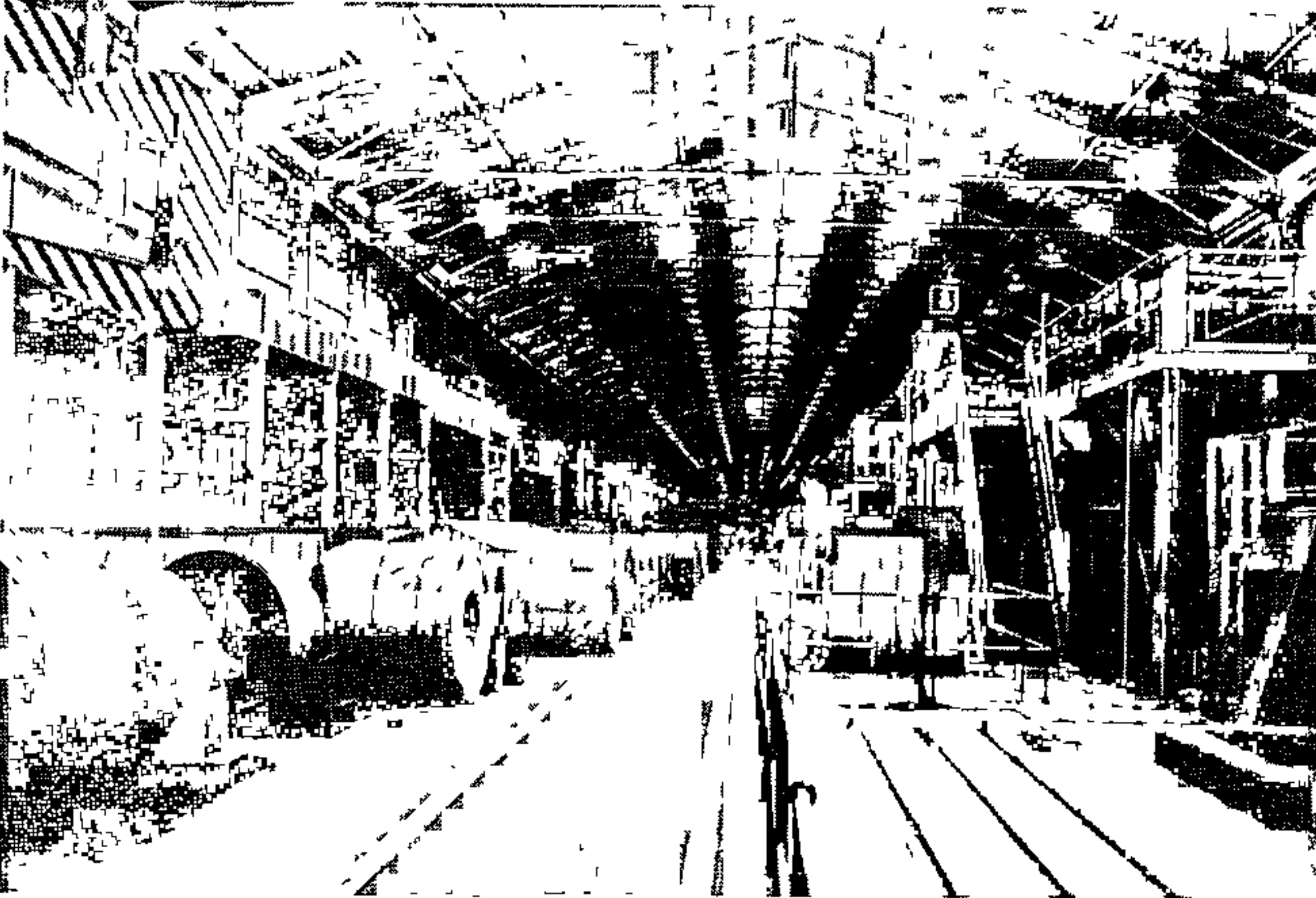
SA Foreign Trade Organisation director Wim Holtes believes that local technology, and the size of plants and subsidies for energy used to produce metals and ores, can support a beneficiation programme. But problems could arise on the location of new plants, high rail tariffs,

inadequate marketing and distribution

Do we, asks Holtes, go for beneficiation, and conflict with those buyers of raw materials who have been able, so far, to freely select what they want from SA? "I say you can't go against the seam. I believe it would be better for us to proceed cautiously, phasing it in over several years, so they have a chance to get rid of their smokestack operations and develop downstream interests and markets"

Holtes cautions that there is a need to develop better marketing skills and "this is where our mining industry has a long way to go". What's more, he says, SA producers are "not very clever" on the distribution side, and the need to control their own overseas warehousing and shipping is most important.

He sees room for joint ventures between mines and shipping companies, particularly on bulk cargoes, pointing out that shipping costs of some minerals equal mining costs. On coal and iron, he notes, they're even higher



Middleburg stainless steel ... prime target

of R82,5m this year excludes rail tariffs and thus "one might consider a tax on raw material exports to reverse the present situation"

But with less reliance expected on gold for foreign earnings, Edwards foresees several areas for improvement.

□ While SA is a leading supplier of ferrochrome for the production of stainless steel, it produces only 1% of the world's stainless steel. "If we converted just half our ferrochrome exports to stainless steel, foreign earnings would leap from R1 billion/year to R6 billion",

□ SA chrome is the preferred raw material for producing chrome chemicals, but only 2% of the world's production of these chemicals takes place locally. There is potential to earn another R200m/year, and

□ There is opportunity to earn an extra R300m/year from titanium pigments. SA is the world's third largest titanium producer but it produces less than 1% of pigments,

## Mines say no to regional levies

30/6/87  
S. Lewis

THE Chamber of Mines has rejected out of hand proposed regional services levies on mining company wage bills. Retiring president George Nisbet said that the chamber had told the Parliamentary Standing Committee on Constitutional affairs that the levies should not be payable by mining companies.

Mr Nisbet said it appeared the levies would be used to finance infrastructure and certain basic services. The mining industry had always provided its own infrastructure.

"If mining companies were required to pay the levies they would in effect be paying twice for the same facilities."

① The chamber has pointed out that the Bill runs directly counter to the principle accepted by the Government that mines should be taxed on their profits and not in a manner which has the effect of increasing costs of production.

② The chamber believes that failure by the Government to recognise the special circumstances of mines would reveal the levies as just another means of increasing the flow of funds from the private sector to the public sector which in the long term will operate to the detriment not only of mines but the economy as a whole.



# The mines are safer — Chamber

By SOWETAN Reporter

THE mining industry had fewer deaths and injuries in 1984 compared with previous years, the president of the Chamber of Mines, Mr George Nisbet, has claimed.

Mr Nisbet was reacting to a report published last week released by the National Union of Mineworkers. The report claimed about 600 miners died in mine accidents annually. It blamed white miners and said they neglected safety precautions.

According to Mr Nisbet the accident rate on mines had been nearly halved over the past 10 years and deaths re-

duced by 20 percent since 1978.

In a statement to The SOWETAN Mr Nisbet said the figures released by the chamber were "highly encouraging", though from the gold mining industry's point of view they were still far from satisfactory.

He said "South African gold mine accident statistics still do not compare with those of some other major mining industries, although as indicated by other mine bosses gold mining in South Africa takes place on a scale and depth not encountered elsewhere — not an excuse but a fact."

In his statement he said the chamber readily accepts that breaches of

regulations inevitably do take place. There were thus many prosecutions by mine managements and inspectors of mines.

The chamber, he said, seriously questions whether such breaches of the law and the fact that blacks are allowed to do the work of whites under exemption have had "any significantly negative effect on mine safety."

## Evidence

"Mr Leger himself produces evidence to demonstrate the impact of these factors on safety performance. However, the statistical evidence available shows that since 1976, when exemptions were introduced, the fatality rate has fallen by 15 percent and the injury rate by no less than 48 percent.

"This would seem to indicate that contrary to Mr Leger's assertions, the delegation of safety responsibilities to black team leaders may well have been a contributing factor to the steadily improving safety performance of the gold mines in recent years.

"If this is so it lends major weight to the chamber's arguments in favour of cancelling the scheduled persons definition in the Mines and Works Act, thus enabling people to be employed on merit and not on colour in any and all occupations," Mr Nisbet said.

## Bonuses

Referring to production bonuses, the chamber said it might at

first seem tempting for a man to take chances in order to boost his income, but logic and experience show that the opposite was the case in mining.

Accidents disrupt mining operations therefore production on which miners' earnings depend.

The chamber also said Mr Leger has titled his report "Towards safer underground gold mining" after a United States report titled "Towards safer underground coal mines." The US report said: "Overall, mines with higher productivity have lower injury rates than do less productive mines."

## Code

The chamber has introduced a code of practice to give guidance to mine management and mineworkers on how to prevent noise induced hearing impairment and this will be updated and revised in the light of scientific and technological advances.

Mr Nisbet said while the statistical basis of Mr Leger's survey on black workers' perceptions was not questioned, he produced no evidence to establish the validity of the conclusions which he drew from respondents.

He added that one "glaring mis-statement" of fact in the NUM report was the claim by Mr Leger that less than two percent of the budget of the chamber's research organisation was directly applied to health and safety matters.



Mr. GEORGE NISBET: President of the Chamber of Mines. Mine accidents decrease



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(210)

The last bastion of job reservation in the mining industry is due to fall away soon. The "scheduled person" definition in the Mines and Works Act — which bars blacks from obtaining certificates of competency to perform skilled work — is soon to be replaced with the non-racial "competent person" category.

mendations, the system will be ratified by the executive committees of the Chamber and the various employee bodies. It must be cleared by the end of the year," Knobbs says. The black National Union of Mineworkers (NUM) is not party to these negotiations. NUM's present wage negotiations with the Chamber have reached dead-

employees who can be housed with their families. There are a number of restrictive regulations, but it does appear that government is becoming more flexible in its approach."

Aside from problems on the vital, and immensely complex, labour front, Knobbs believes the Chamber needs to intensify its campaign to make the mining industry attractive as a career. "Not enough people with potential managerial skills are entering mining. We need careful research to establish the root causes, and to implement programmes to promote mining as a career. On the face of it, the problem is that mining is labelled dangerous and uncomfortable, making people look to an increasing range of other options."

Knobbs's personal intention as president is to work at expanding channels of communication with everyone who has a stake in the industry — Unions, government, mining houses and the individual mines, and the Chamber's own staff. Communication is my hobbyhorse — one can't afford to be complacent about it in any industry. Mutual understanding is essential to containment and resolution of conflict."

Starting as a learner official with Rand Mines in 1960, Knobbs won a bursary to study mining engineering at Wits. Afterwards, he worked his way up through Durban Roodepoort Deep, Harmony, ERPM and Dhuva Open-Cast Services, coming to Rand Mines head office as MD of the chrome division.

He then served as MD of Harmony before moving to the deputy chairmanship of the gold and uranium division. In April last year he became chairman of the division.

Knobbs says he wishes he could have more opportunity to go underground. "I enjoy the camaraderie of the gang, the responsibility and accountability in attaining clear goals and targets. I've never looked beyond the job I've been doing at a given time — I just get my head down and give it everything I've got."

He's come a long way fast. Now he has a still more demanding chance to prove his mettle.



**Knobbs ... a good chance of a unionised majority voting to strike**

To prepare for this, the Chamber is negotiating with "a number of unions and associations," Knobbs explains. "We have to work out ways and means to monitor and enforce the new system, and to guarantee security of employment to affected white employees."

Both sides are investigating the possible adoption of an industrial-council-type system. "Affected white employees need to be assured that any agreement we reach will be legally enforceable, providing them with some built-in measure of security. They have to understand that there won't be wholesale introduction of blacks into skilled posts willy-nilly, that there is no question of a sell-out. This would be both impossible and imprudent," Knobbs emphasises.

The Chamber has been discussing the introduction of such a system in earnest for the past year and a half. "As soon as our negotiating teams have worked out detailed recom-

lock, and it is entitled to hold a strike ballot. Knobbs believes there is a good chance of a unionised majority voting to strike, but that this will not necessarily result in a large-scale, industry-wide work stoppage.

"At present the NUM has 50 000 paid-up members out of a signed-up membership of about 100 000, about a fifth of the industry's labour force. It's still a thin structure, and I don't believe it has really deep-seated support yet. There is still a great deal of confusion about what unions are and are not, what they can and can't do. Large-scale black unionisation is bound to have a significant effect on the industry, but after three years, it's still too early to tell exactly what this will be."

What of Chamber negotiations with government? "We've held a number of discussions with the authorities, among other things about increasing the number of black



5/7/85

CLIVE KNOBBS

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## Chamber change

New Chamber of Mines president Clive Knobbs (43) faces a period of considerable tension and extensive negotiation. This is particularly so with regard to industrial relations — which the Chamber co-ordinates for SA's six major mining houses.

Is there any prospect of a crack in the Chamber's unanimity, as various mining houses come under pressure to work out differing agreements with unions? "The Chamber sets minimum rates, though some groups pay more than others and there are also differences in fringe benefits," Knobbs says.

"But there's no talk of any member of the Chamber breaking away to do their own thing. We'll stay together to form industrial policy — a policy that allows members a certain amount of flexibility. There's no question, we'll stick together."

Knobbs is also chairman of Rand Mines' gold and uranium division. How will he cope with both jobs? "I'll have to stretch myself, lean hard on my staff. I'll spend as much time as I can out of the office, in the field."

TERENCE WILKINSON

# Running with Rowland

The worldwide wheelings and dealings of international conglomerate Lonrho — and its controversial chief Tiny Rowland — have traditionally been shrouded in mystery. Tight-lipped diplomacy and behind-the-scenes manoeuvrings are the mega-group's hallmark. And Lonrho SA's new CE and group MD, Terence Wilkinson, looks set to continue in this long-established tradition.

Wilkinson (39) is far more approachable than his predecessor, Syd Newman, but he does have at least one thing in common with the outgoing chairman — and that's a penchant for saying "I can't comment."

This isn't entirely unexpected. Newman and Wilkinson have had a long and close association dating back to the days when Newman headed Rand Mines' (RM) gold division and Wilkinson worked in coal. When Newman left RM to head up Lonrho SA, his protégé followed. Wilkinson joined Lonrho as chief accountant, later became financial manager, and then financial director. So by now he's had about 12 years' training in Lonrho "no-speak."

What he does say is that "the peculiar group structure of Lonrho makes it difficult to assess the group's worth. Though Lonrho is quoted on the JSE, shareholders are in fact buying directly into the British company. No Lonrho SA company report is available, as it's unlisted."

"Lonrho SA," Wilkinson goes on, "is simply a holding company with four quoted subsidiaries (Coronation Syndicate, Tweefontein, Witbank Collieries and Duiker) and a number of other unlisted mining and non-mining activities — such as Western Platinum Mines and Lonrho Industrial with its motor and aviation interests, including the agencies for Beechcraft and Lear jets."

"We believe in getting companies to stand alone in their own right, with self-contained management in all the subsidiaries. It's a well put-together structure with good management. No radical shake-up is intended, nor is it necessary."

After all, as financial director, Wilkinson has played a central role in group operations — in the establishment of Western Platinum Mines and the development of Duiker in its present form. "I've been intimately involved in building up the region, so I'm not going to make it stand on its head. But Syd's departure will open up numerous senior opportunities within the group," he says.

With 10 000 employees, one of Wilkinson's first priorities will be the appointment of a senior executive to monitor developments in the labour arena. In fact, he expects to be devoting an increasing amount of time to labour problems himself. In the light of

allegations last year by the British Labour Party that Lonrho SA was paying below "starvation level wages" to its employees, this is probably a wise move.

Wilkinson dismisses the allegation as "absolute rubbish." He says Lonrho SA subscribes to the EEC Code (on employment practices) and adheres to its stipulations. "The problem is that definitions of minimum wage levels vary," he comments.



Wilkinson ... difficult to assess Lonrho's worth

"We aim to pay wages in line with the Household Supplementary Level as defined by Pretoria University — and this isn't consistent with the minimum wage level stipulated by the EEC Code. The allegations were aimed at our non-mining companies, as all our mining operations pay wages laid down by the Chamber. Anyway, we haven't had any labour problems yet."

But what of rumours in the marketplace that Lonrho UK is contemplating selling off

its SA interests? Wilkinson pauses a long time before answering "There's talk about a lot of things," is all he's prepared to say.

And exactly how close is he to Tiny Rowland? "Who is close to him?" he laughs. "The way the group is run, obviously one reports to head office, and I have a lot to do with a lot of people there. Lonrho has about 800 companies worldwide and I wouldn't really say Rowland has any day-to-day involvement in the running of the SA operation. We have an agm and meet in London once a year. Sometimes it's more often, sometimes less."

Yet, in other parts of Africa, Rowland has reputedly been closely involved with group activities, as well as with the political problems of the country in which the subsidiary operates. Zimbabwe is a case in point and Lonrho Mozambique currently looks set to play an active political role there.

Wilkinson, however, sees his new position as having "zero to do with politics. My job is simply to run the business, to be a good businessman — not a diplomat. My single greatest worry is maintaining profitability in the light of inflation."

He chainsmokes. And that, he says, is a function of the pressures of his job. There's little time for anything outside Lonrho — except his family, a bit of golf and swimming.



'Voters must decide on work reservation laws'

# Back white jobs or resign, mine union boss tells MPs

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Members of Parliament representing mining constituencies should either oppose moves to scrap job reservation in the mining industry or resign, so that voters can express their feelings on the matter, says Mr Arrie Paulus of the white Mineworkers' Union.

In a recent edition of the union's mouthpiece, *The Mineworker*, Mr Paulus, the union's general secretary, stressed that the granting of blasting certificates to blacks was a sensitive issue for white mineworkers.

"In this connection we need only draw the attention to the 1922 strike and other successive strikes," he said.

Mr Paulus said the "honourable way out" would be for MPs representing mining constituencies to resign.

#### COMMITTED

The Chamber of Mines has committed itself in principle to doing away with job reservation. The National Union of Mineworkers (NUM) is growing increasingly impatient with job reservation on the mines.

The Government has set December 31 as a possible date for employers and employees to reach agreement on the words "scheduled person" in the Mines and Works Act.

Mr Paulus said "there is no question of agreement between the Chamber of Mines and the Mineworkers' Union on this matter."

The recommendations of the Wiehahn Commission on the mining industry had not been released before the last general elections.

As a result, he said, voters never had the chance to express their views on the granting of blasting certificates to blacks, which was recommended by the commission.



# Anglo American Corporation

Abridgement of the annual statement by the Chairman, Mr G W H Relly

## Significant changes in South Africa's economic and political affairs now talking place

### Economic reform

Our ability to meet these challenges will be primarily a function of the government's determination to pursue economic reform resolutely and on a wide front — always provided that political reform moves forward at a broadly comparable pace. The Budget gave us further encouragement in this regard. In particular, the Minister looked to the progressive dissolution of the structural rigidities still remaining in the labour market and to the improvement of productivity through education and training, he accepted the fact of urbanisation, the need to allow the informal sector of the economy to develop its full potential, and came close to saying that the new realism had to extend to the manner and degree of financial support to agriculture as well. Certainly no other Budget has so sharply emphasised the need to accept short-term constraints in order to build a firm foundation for pursuing the long-run goals — encouragement of free enterprise, of risk-taking and growth.

Of all the constraints imposed, control over government spending is the key. This year's Budget accommodates the substantial real increases in expenditure on education and — more contentiously — on decentralisation and homeland development, by real declines in defence and other major activities of the State. Sensibly, capital projects have fared relatively better than current spending. Nevertheless, the conservative approach to the public sector salary and wage bill, which made control over total expenditure possible, is partly a 'one-off' phenomenon, and there is a danger that defence spending could fall into this category too. It is obvious that a radical revision of the pattern as well as the size of State spending is needed if the limitations to our growth potential are ever to be overcome.

A study of South Africa's relative growth performance in recent years — compared with

has promised to tackle the vexed problem of influx control. Publication of the White Paper on industrial development strategy has also provided confirmation and clarification of policies in some specific areas, as well as an important restatement of the commitment to a market-orientated approach to economic policy generally. This has recently been followed by the final report of the De Kock Commission which emphasises the crucial importance of a flexible and broadly operated monetary policy in reaching the goals of non-inflationary growth and balance of payments stability. One must hope that the discipline inherent in the Commission's recommendations will be accepted by government.

There is now a fairly widespread, if belated, recognition by both the public and private sectors that we will have to accept lower standards of housing for whites and more realistic ways of handling the urbanisation process, and indeed of living standards generally. Maintenance of the current mix of monetary and fiscal policies will force the private

the sensible colour-blind industrial relations legislation which was introduced in 1979. I am glad to say that this vital element in our affairs is moving forward to a more mature relationship, notwithstanding stresses and strains on both sides of the negotiating table. It is still a tender plant, however, and as long as political and social development, particularly for black people, lags behind the needs of the time, the machinery of collective bargaining will have to bear a burden of political pressure which may jeopardise its growth.

In the socio-political area nonetheless considerable changes have taken place. Cumberstone thought it is, the tricameral parliament has operated now for a full session with surprising success and has involved the Indian and Coloured communities in some of the realities of national politics. At the same time, the abolition of the Political Interference Act, which prevented membership of political parties across colour lines, opens up interesting speculations about new alignments and trends in our political affairs. Constitutional progress has been supported by the removal of laws against marriage across colour lines and laws forbidding sexual relations between white and black. Those laws represented a crucial element in the apartheid philosophy, and it can be said, therefore, that another fundamental tenet of apartheid has been abandoned.

However welcome, these developments do not in themselves go to the heart of the country's problem, which is to produce a coherent society operating through credible constitutional arrangements for all its people, and places beyond doubt the citizenship of people living within the borders of the old Union of South Africa. Some progress has been made. Black people dwelling in urban areas have been promised property freehold, the influx control laws have been modified to enable qualified

commensurate with the challenge to every one of us.

### Industrial relations

In recent months one of the major events symptomatic of the problems inherent in the gradual unionisation of the industry and amongst employees themselves was the dismissals at Vaal Reef. In April the mine had to deal with an extremely difficult industrial relations situation which culminated in the employment of 13 337 workers being terminated. The details of this are given in the director's report. In the event 10 519 signed on again and production at the mine returned to normal after a period. Naturally, this action caused considerable concern, not least because those who left were about 30 per cent of the mine's workforce of 43 000. The action, though drastic, represented an unavoidable response by management during a very difficult period of transition from what might be called a paternalistic system to one of conventional bargaining. The actual issues of dispute, which with one exception had already been resolved, became obscured in the minds of many of the workers who resorted to illegal industrial action over a period of six weeks including go-slows, intimidation and outright refusal to work. These actions were not acceptable from a management point of view and moreover the union itself was unable to control or direct its members.

Ultimately, it became necessary to resort to dismissals in order to re-establish the position of both management and the union. No doubt, of course, from a management point of view, strong union leadership is greatly to be desired. Unhappily, the negotiations between the mining industry and the National Union of Mineworkers (NUM) this year were not satisfactory. It is concluded by July 1, the traditional date for the implementation of wage awards, in



Equity accounted earnings again increased in the year to March 31 1985, by 8.7 per cent, to a record R880 million, or 386 cents a share. Excluding the group's share of the relations of associated companies, attributable profit was 8.1 per cent higher at R601 million, or 263.6 cents a share, also a record. These satisfactory results, in a year of considerably difficulty and uncertainty, reflect the benefit of the group's broad spread of interests. The dividend was increased by 15 cents, or 12.5 per cent, to 135 cents a share.

Taxation increased by 45.3 per cent to R160 million, because of an outstanding improvement in earnings of our coal-mining subsidiary, Amco. Over 60 per cent of the Corporation's profit before tax is in the form of dividends from

### Financial Summary

(Figures in R million unless otherwise specified)

Year to March 31  
1985 1984

**EARNINGS AND DIVIDENDS**  
Earnings attributable to ordinary shareholders including share of retained profit of associated companies

880.4 810.1  
386.0 356.4

Excluding share of retained profit of associated companies

601.2 556.1  
263.6 244.6  
135.0 120.0

**CONSOLIDATED BALANCE SHEET**  
Dividends — cents per share  
Capital and reserves

At March 31  
1985 1984  
4 923.7 3 972.8



and is not, therefore, taxable again in our hands. Owing mainly to higher earnings by the export-oriented mining interests, particularly coal, platinum and manganese, income from investments rose by R34 million to R545 million and trading profits by R67 million to R319 million. The gold mining companies generally maintained their level of annual dividend distributions. The group's share of the profit retention of associates rose by R25 million to R279 million, the improved earnings principally of De Beers and the platinum and manganese interests more than offsetting the lower retentions and in some cases losses among the industrial companies.

### The Budget

The 1985 Budget, introduced after three successive years of high inflation and little or no real growth, may prove to mark a turning point in our economic affairs. It demonstrated a determination to address the kernel of our difficulties – the composition and seemingly unstoppable expansion of State spending. The credibility of the Budget depends in the first instance of course on the achievement of its short-term goals, particularly in terms of government expenditure. At this juncture, all that can be said with certainty is that the budgetary measures, taken in conjunction with the present stance of monetary policy, are disinflationary. Indeed, as the preceding measures had already begun to exert that effect – as evidenced by the recovery in the balance of payments on current account – there is now a risk that the downturn may turn out to be steeper than required. Had the Minister not erred on that side, his Budget would have carried little conviction. Either way, the private sector should be able to look forward to further relief by way of falling interest rates.

No one should be in any doubt; however, that the next few years will be painful for all of us, if a secure foundation for future prosperity is to be laid. The escalation of political unrest since late last year and the changes that have taken place in the international economic environment have been so far-reaching as to require fundamental adjustments in the way we handle and shape the South African economy. World markets do not offer the same opportunities for our traditional exports, and for rising commodity and gold prices, as they did in the sixties and seventies. The rate of inflation in South Africa, and therefore its competitive position, is dangerously out of line with that of our main trading partners. The relationship between consumption and investment, and the willingness to save, deteriorated last year as never before. The net reserves are severely depleted, and the external value of the rand is historically low. As if this were not trouble enough, we also have to take serious note of the disinvestment campaign being waged by those who sincerely think that it will improve our society, and by those who are indifferent to its destruction.

depressing reading and shows that South Africa's growth in investment has fallen well below that of consumption, our exports as a percentage of GDP have continued to decline from 35% in 1970 to only 25% in 1982. In the subsequent two years the ratio remained static notwithstanding the recent increase in our export trade.

All this is not to suggest that the poor relationship of investment to consumption in South Africa is entirely or solely to blame for the low productivity that lies at the heart of our export performance. As important as the quantity is the quality of investment and current government spending on services that bear on the productive deployment of resources. In South Africa's case one cannot escape the conclusion that a great deal of the resources absorbed by investment and current government spending has been misdirected

Loan capital	225,1	230,8
Loans	1 634,3	1 133,2
Shareholders for dividends	230,9	196,9
	7 931,5	6 308,9
Investments	4 924,8	4 018,0
Fixed assets	1 476,6	1 238,1
Loans	32,9	41,8
Cash	1 410,1	906,1
Other assets less other liabilities	87,1	104,9
	7 931,5	6 308,9

sector to allocate resources more rationally, and a flexible and probably undervalued rand could stimulate exports and, in the right circumstances, capital inflows as well. There must be no attempt to shield the economy from realities. We in the private sector must be far-sighted enough to maintain



*Isidingo Technical College and the adjoining Dinoto Technical Centre in Daveyton on the East Rand were officially opened by Mr. Felly on May 20, 1985. Both institutions are major projects of the Anglo American and De Beers Chairman's Fund Educational Trust at a cost of more than R14 million to build and equip. During the year under review the Chairman's Fund and its Educational Trust, with a combined revenue of over R30 million continued to support a wide range of projects which the Corporation regards as an essential investment in the future of the country. Almost three quarters of the expenditure was for black educational establishments at the secondary and tertiary levels.*

Leaving defence aside, much of our remaining investment would seem to have done little to assist, indeed in many cases may have inhibited, our export performance and has to that extent been wasted.

To be fair, government has gone a long way toward recognising many basic faults in our economic system. For example, it has abandoned interest rate and other controls, it has recognised the imperative need to raise the quality as well as the quantity of education, and

sight. Government has rathought its attitude to urbanisation, recognising that this is a trend which is irreversible and in terms of economic growth desirable.

South Africa has recently been buffeted by a great deal of social unrest, culminating all too often in loss of life. Some of the unrest is attributable to unemployment and other economic factors, some of it – probably the greater part – to a mixture of frustration, expectation and incitement. Efforts to create a significant administration and liaison structure for blacks at municipal level have met with furious resistance in certain areas, and dissidents have attacked other people of colour who in their eyes have sided with the system. It has not always been possible for the police to give adequate protection and they, themselves, have come under attack. In a society undergoing radical change some violence, however regrettable, is no doubt inevitable. What should not be regarded as inevitable is the number of casualties that results.

In a society where we are, insofar as blacks are concerned, in a process of transition from a rural tribal community into an urban industrialised society, experience in the processes and institutions of government is crucial to political progress and cannot be acquired overnight. The comparative failure at present of institutions of local government among the black community is, therefore, a serious blow to our political development and stability.

Essentially, the problem is one of credibility. The government has made important statements in principle which appear to amount to a willingness to negotiate on an open basis and has set up a cabinet committee to provide a forum for this purpose. It has also given the assurance that it does not see local government as a substitute for decision-making at a national level, unfortunately that is precisely how these structures are perceived by blacks. What needs to be provided is not only expressions of intent but concrete evidence, if suspicion is to be diminished and a new basis of trust established. Negotiations must be seen as a coming together for the purpose of creating a new dispensation, not as a process of whites making concessions to blacks as a result of pressure or, worse still, of whites, however well-meaning, unilaterally making further decisions for blacks. I believe that the changes now taking place, and in prospect, represent a significant and effective move away from apartheid both in principle and in practice. That we have a long way to travel before we arrive at a society which will satisfy the majority of South Africans – and an even greater distance, no doubt, to satisfy radical elements overseas – does not detract from the fact that we are embarked on a course from which there can be no retreat. From it may flow, ultimately, some notable achievements in the field of human relationships in a country whose unique mix of races and cultures provides opportunities, and rewards,

of 19 per cent for surface workers and 17 per cent for underground workers, the highest level



*Mr. Relly and Deputy Chairman, Mr. Graham Boussted, undertook an extensive tour of group investments in South America during March 1985 and visited operations in Brazil, Argentina and Chile. In Brazil Mr. Relly (third from left), Mr. Boussted (centre) and Dr. Mario Ferreira, an executive director of the Corporation (extreme left) visited the shaft of the Morro Velho gold mine.*

of increase offered by any employer body in South Africa during the present recessionary period. In spite of the union's rejection, it is hoped that this offer will meet the reasonable expectations of our black employees and accordingly these increases have been briefed to the workforce and implemented. At the time of writing we understand that the union is organising a strike ballot.

### International interests

Accompanied by Mr. Graham Boussted, I undertook an extensive tour of our investments in Brazil, Argentina and Chile during March 1985 and we were able to meet many of the senior executives and operating managers. We visited operations in all three countries and in Chile were able to inspect some of the prospecting work which Minera Anglo American de Chile is conducting high in the Andes. We were impressed by the state of the plants and the management competence of our associates and pleased that the standards of the various entities fulfil the important requirements of good corporate citizenship which, I believe, foreign investors should carefully observe in their host countries.

*The full text of Mr. Relly's statement and the Corporation's annual report are obtainable from Consolidated Share Registrars, First Floor, Ecuria, 40 Commissioner Street, Johannesburg 2001.*

**ANGLO**



# 'Ballot riddled with irregularities'

Anglo American Corporation said last night that any call for strike action by the National Union of Mineworkers (NUM) would not have the broad support of the mining house's more than 150 000 black workers because this week's strike ballot was riddled with irregularities.

The NUM has rejected Anglo's allegations and said the company was reacting the way it did because it was aware that workers would respond positively to a strike call.

The union claimed when it noticed that many workers were in favour of a strike, Anglo had reduced balloting days from three to two.

The NUM held the strike ballot this week after declaring a wage dispute last month with the Chamber of Mines, of which Anglo is a member. A Conciliation Board has failed to resolve the dispute.

In a statement, Anglo claimed that the ballot would not provide the union with a clear mandate because voting on all Anglo mines, both gold and coal, had been characterised by a low turnout of 20 percent.

Anglo claimed that the following irregularities took place:

- No secrecy was observed, with separate ballot boxes being indicated for "yes" and "no" votes.
- Already completed ballots were handed to voters.
- In some cases no record of those who had voted was kept so as to prevent those who had voted from voting again.



**GROWING** discontent among members of two major employer organisations, Seifsa and the Chamber of Mines, over wages and working conditions could lead to national industrial actions — within weeks.

Disagreement among metal unions over bargaining, which precludes plant-level negotiations, could cause strike actions, union sources disclosed to The SOWETAN yesterday.

The National Union of Mineworkers, which held strike ballots at 18 goldmines and 11 collieries, is dissatisfied about centralised bargaining with the Chamber of Mines which it claims is "deeply divided."

However, the Chamber has rejected claims that it is divided and asserted that the results of the ballots will not bring any change in wage negotiations.

The 55 000-strong Metal and Allied Union (Mawu) has threatened to stage a national strike because of escalating dissatisfaction over employers' opposition to negotiations outside the Industrial Council.

Mawu has refused to sign a wage agreement

# Industrial action imminent

with employers at the council — the second time in two years. The union maintains that it will seek plant-level bargaining and if employers refused them "we shall be forced to take strike action," a spokesman said.

A NUM spokesman yesterday said the results of the strike ballot have not been released yet. They will probably be known late in the week.

It has emerged that some mine companies were prepared to offer its black mine workers more than the chamber was offering, but because of centralised bargaining it ended up proposing less.

The chamber's spokesman said it will

not alter its final offer even if workers strike. However, there are rumours that some companies hold different views.

The spokesman was certain that the mining industry's unity will be preserved.

Seifsa has indicated that it will not change its offer to suit Mawu's demands, although some members have shown willingness to negotiate with Mawu at plant-level.

Mawu has argued that the policy of centralised bargaining, which precludes plant-level negotiations, was aimed at protecting highly profitable companies from meeting workers' demands.

MIT allays strategic fears

# Scientists say SA minerals not vital

210 B Day

Joel

25/7/85

CAMBRIDGE — The United States is concerned needlessly about losing strategic minerals if it imposed economic sanctions against South Africa, a team of scientists has reported

Writing in the August-September issue of the Massachusetts Institute of Technology's *Technology Review*, the researchers said the US already had sufficient reserves of rare metals, such as chromium and manganese, to protect national security

Metals for commercial uses could be obtained elsewhere at a higher cost or replaced with other materials, said the scientists, all of whom are affiliated to MIT's department of materials science and engineering.

"Thus it is neither necessary nor economically sound for the US government to increase its stockpiles or to invest heavily in untapped resources," they wrote

The researchers said Washington should not be concerned that South Africa — a major US supplier of chromium, cobalt, manganese and platinum used in weapons systems and electronics — would stop selling the minerals if the US took economic steps to protest against apartheid.

"The US can obtain these critical materials elsewhere — albeit at a somewhat higher cost," the article said, adding that "South Africa must continue selling these metals to someone if it wants to preserve the health of its economy"

The article was written by Dr Joel Clark, director of the material systems laboratory at MIT, and Dr Frank Field, a researcher in the same laboratory

Four other MIT scientists assisted in the article

The writers agreed with the US Office of Technology assessment that the United States, which has little domestic production of the materials, should increase exploration and development of mineral deposits outside South Africa and the Soviet Union

But the scientists said the agency's recommendation that the US should build up its stockpiles of the materials and develop new manufacturing processes was unnecessary.

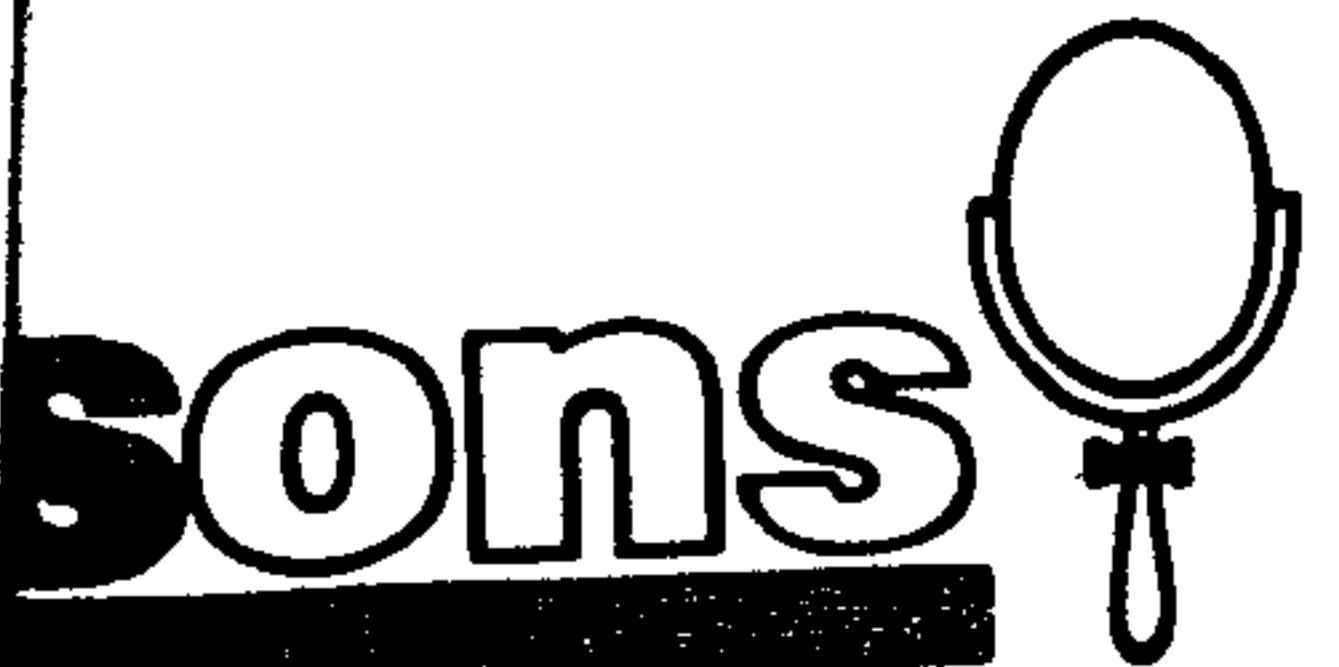
"We believe the existing stockpile, managed by the Federal Emergency Management Agency, is adequate to deal with the threat of disruptions to national security," they said

In civilian industries, the MIT team noted, a halt in exports of strategic materials by South Africa would "automatically lead to conservation and recycling, and to a much expanded effort to develop alternative materials".

The scientists said chromium was essentially irreplaceable as a key ingredient in stainless steel and other super-alloys, but that less of it could be used in the production process. In many cases, they added, stainless steel could be substituted by other materials

Cobalt, used for high-temperature parts of jet engines and industrial gas turbines, can often be replaced with nickel, although at somewhat higher prices and with slight changes in performance, they said

Manganese, used to make super-hard steel alloys and dry-cell batteries, can also be substituted by other materials. Ceramics and plastics offer promise as substitutes for the rare metals, the MIT team said — Sapa-AP



arket streets, at Sandton Cit  
osebank Mall.





A MAJOR confrontation between black miners and the Chamber of Mines is looming. The chamber does not believe that it will come to anything because, they say, only a minority voted for a strike that the National Union of Mineworkers (Num) is threatening to support a demand for bigger pay increases.

The chamber offered and in the end unilaterally gave increases of between 14,1 and 19,6 percent NUM — which has a membership of 110 000 — is demanding 40 percent

In the current recession, the chamber's offer looks impressive — very few companies are offering these percentage increases

**Simple**

NUM's response is very simple "Nineteen percent of what?"

Before the July increases the minimum pay for surface workers on the mines was R136 and for underground workers it was R166 a month. The minimum pay in the highest category, Category 8, was R455 for surface workers and R526 for underground ones

A spokesman for the chamber estimates that the companies spend another R110 a month on each worker for accommodation, food, transport from the miner's home to the mine and back, medical care and recreational facilities

NUM says this is peanuts when considering the profits that the mines are making

The SOWETAN spoke to miners at the weekend

Mr X is a matriculant from the Transkei and is

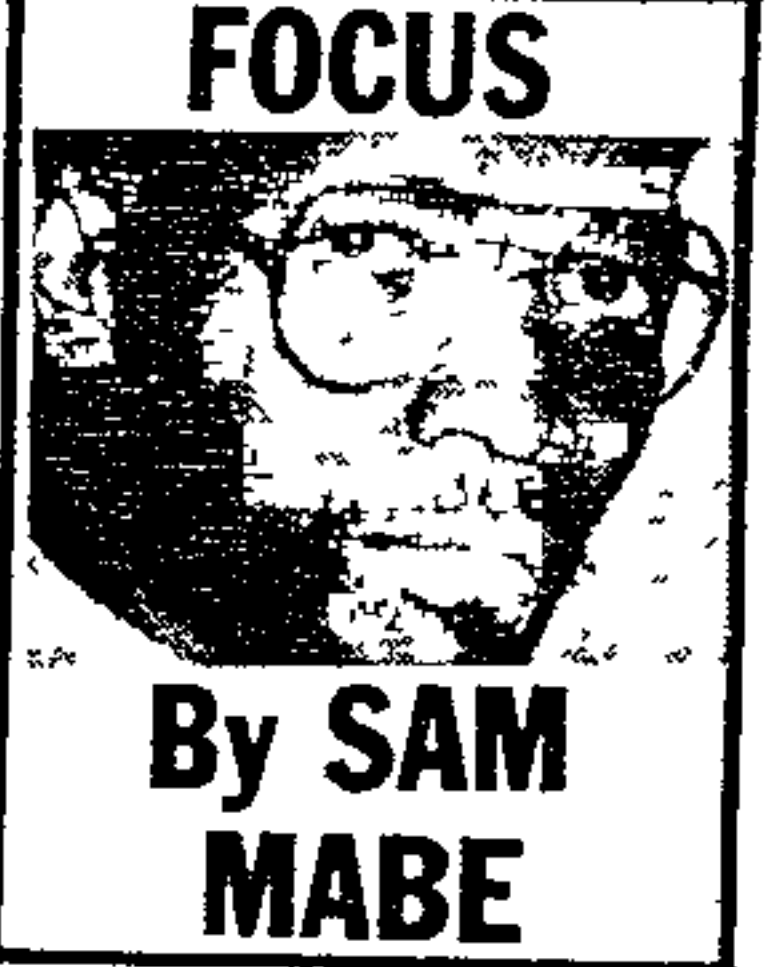


MINERS "NUM has brought us hope."

# Confrontation looms on mines

SOWETAN

210 5/8/85



a clerk on a mine. He has been working for the same mine since 1977 and now earns R386 a month. Before the July increases he was getting R341 a month.

He has a wife and four children, two at high school.

His salary scale does not entitle him to a house in the married quarters of the mine, so he has been allocated a bed in the single men's compound.

His wife and children are still with his in-laws in Khutsong Township, Carletonville, and every night he risks arrest by going to join them there. The trips from the mine to Khutsong every

working day cost him R30 a month.

Whatever food, accommodation or recreation the mine might provide, he still has to provide for his family. He still has to pay for the family's accommodation, food, transport, medical care and recreational facilities.

"The National Union of Mineworkers has brought us hope because we are now able to talk about our pay and our working conditions," he says.

**Wife**

"Management tries very hard to discredit the union, but we shall overcome. I am sure of that."

Mr Y is from Mafeking in Lesotho. He started working for the mine in the transport section in 1972 and was later promoted to locomotive driver. He is now a team leader and earns R520 a month.

He has a wife and five children back home in Lesotho.

"Life is not easy with the pay we get here. Our wives have to buy things like mealie meal on credit and some of my colleagues have had to be called back home urgently to settle their families' debts."

"And anybody who absents himself from work for two days is dismissed summarily."

"We know that letters are being circulated to some people here warning them that they will be fired if they go on strike."

"This is because management knows very well that many workers support the union and they will agree to go on strike after the meeting in Welkom," said Mr Y.

Mr S M is a driver and earns R350 a month. He has been working at the mine since 1980.

He has a wife and three children and says that having to maintain a family in Lesotho while in Carletonville was difficult for him.

He does not know yet if he has been given an

increase.

He said "I joined the union because I was told that it would help me get higher wages than I get now. I am very anxious about the strike we will be having here soon because it might get our bosses to pay us better."

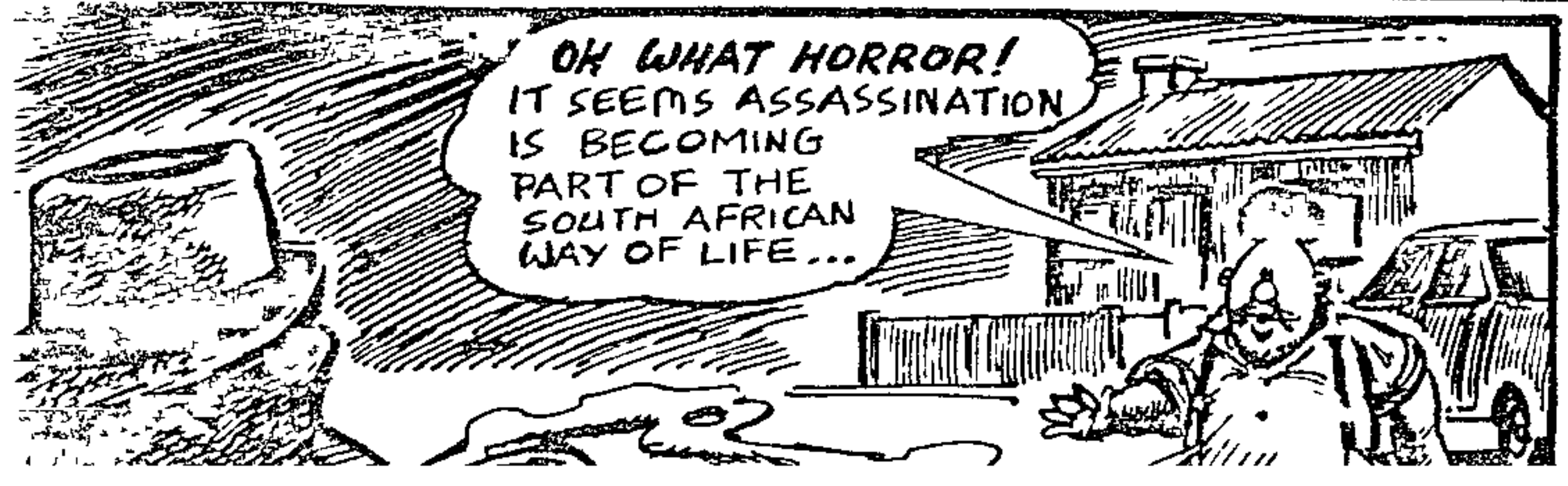
"I send my wife R80 every month with the rest I pay accounts for the furniture I bought for her. It costs a lot to transport it from here to Lestoho, but I need to show my wife that I am working," said Mr S M.

A spokesman for the chamber, Mr Johann Liebenberg, said an average minworker's wages before the July increases was R370 a month and that it has now gone up by about 16 percent to R429.

He confirmed that the minimum wages were between R136 a month and R455, depending on the worker's category.

He said the lowest paid workers get 19,6 percent increases and the highest paid were given 14,1 percent.

Here are the minimum wage scales set by the chamber before the July increases.



Political comment in this issue by J Latakgomo and A Klaaste. Sub-editing, headlines and posters by S Matlhaku. All of 61 Commando Road, Industria West, Johannesburg.



age increases

### Simple

NUM's response is very simple "Nineteen percent of what?"

Before the July increases the minimum pay for surface workers on the mines was R136 and for underground workers it was R166 a month. The minimum pay in the highest category, Category 8, was R455 for surface workers and R526 for underground ones.

A spokesman for the chamber estimates that the companies spend another R110 a month on each worker for accommodation, food, transport from the miner's home to the mine and back, medical care and recreational facilities

NUM says this is peanuts when considering the profits that the mines are making

The **SOWETAN** spoke to miners at the weekend.

Mr X is a matriculant from the Transkei and is



a clerk on a mine He has been working for the same mine since 1977 and now earns R386 a month. Before the July increases he was getting R341 a month

He has a wife and four children, two at high school.

His salary scale does not entitle him to a house in the married quarters of the mine, so he has been allocated a bed in the single men's compound

His wife and children are still with his in-laws in Khutsong Township, Carletonville, and every night he risks arrest by going to join them there The trips from the mine to Khutsong every

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among them Dolly Niaka, among new caps, day including

1985

# Anglo taking strike threat seriously

Mercury Correspondent

JOHANNESBURG—Anglo American, the mining house most in the firing line if the National Union of Mineworkers' strike goes ahead on August 25, is viewing the threat with grave concern

The decision to proceed with a strike on at least 28 gold and coal mines was taken at a special NUM conference in Welkom at the weekend

The NUM says at least 200 000 and possibly 400 000 workers would back the strike, disrupting up to 70 percent of the country's gold production and 20 percent of the coal production

Mr Bobby Godsell, Anglo's industrial-relations adviser, said yesterday the corporation took the strike

threat very seriously but did not believe the NUM had an emphatic mandate from its members

This was echoed by Mr Clive Knobbs, the president of the Chamber of Mines, who said the NUM had no clear mandate and only a small minority was trying to push the majority into a stoppage

'The union has not obtained a mandate for a strike and with few exceptions the wage increases granted from July 1, 1985, were well received on the mines,' he said

But Mr Cyril Ramaphosa, general secretary of the NUM, said the union had expected this reaction, and the mining houses were in for a 'rude shock'

Mr Godsell said Anglo would not want a strike and would prefer to see the dispute settled, though not at any price

'We think the award already made of between 14 percent and 19.6 percent is fair and reasonable, but the chamber has stated that it is willing to listen to any realistic proposal from the union'

The NUM is demanding 22 percent across the board, improvements in other fringe benefits and inclusion in the talks between the chamber and white miners aimed at an agreement to replace job reservation

Mr Godsell said a separate deal between Anglo and the NUM was not on the cards as the Anglo group had committed itself to industry-wide bargaining

A chamber statement yesterday said the employers accepted there was no possibility agreement could be reached with the union and 'nothing has occurred to change this view'

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# 'Get rid of apartheid fictions and go forward

210

~~211~~ 214

STAR 6/8/85

Attacking the "dangerous fictions" that are often used to justify apartheid, a leading figure of commerce, Mr Clive Menell (below), warns that these must be got rid of before real reform can begin. SOL MAKGABUTLANE reports ...

A prominent South African businessman has slammed what he called "dangerous fictions" pervading the South African society, attitudes which he said must be changed before real reform can begin.

Mr Clive S Menell, deputy chairman of AngloVaal, strongly underlined this point yesterday in a keynote address to a conference of the National African Federated Chamber of Commerce (Nafcoc), in Bophuthatswana, at which the black business group is celebrating its 21st anniversary.

He pointed out that it was widely assumed "particularly by supporters of apartheid" that if different races mixed, friction inevitably resulted.

"This pernicious proposition has been disproved more often than it has been proved. I think of the extraordinary gathering in size and diversity in Ellis Park a short time ago of music lovers, an occasion of great joy. Anyone can observe the fallacy of this idea every day in our factories, mines, shops and offices.

"Another fiction that endures to this day is that a State can provide separate but equal facilities for its peoples. In spite of the De Lange committee's carefully considered judgments, in spite of the weight of experience throughout the world, our whole educational system as well as our political system remain rooted to this questionable premise."

Criticising separate development, Mr Menell quoted economist Barbara Ward Jackson as saying that "where there is separation there is no development, and where there is development there is no separation."

He called for everyone's involvement in the present reform path being taken by the Government, to ensure that blacks did not just become mere beneficiaries in the process of

change, but took part in the "genuine negotiation and joint decision-making"

Mr Menell added "Major reforms involve all parts of a society. They do not just involve the passing of certain laws or the promulgation of regulations, but action by the private and public sectors, change institutions and, even more importantly, change attitudes."

"This process implies far greater sensitivity by the whites, many well-meaning ones trapped in patterns of paternalism, many not such well-meaning ones, who are slaves to their prejudices. This also implies great tolerance by blacks who have for so long suffered inequities in all our structures."

He said changes made "in response to specific and irresistible pressures with no particular end goal in view" did not constitute reform.

"They may improve the climate in which reform can take place, but equally they may dangerously rouse expectations that cannot be met. They may lead us into dead ends from which it is difficult to retreat."

He also cautioned against the introduction of reforms that threaten to destroy the "worth while wealth-creating mechanisms that are vital to the nation's health", no matter what political structure a country has.

"Thus, any reforms which lead to a mass emigration of white South Africans could lead to economic decay and could be self-defeating."

He listed areas in which reform action was most pressing and most likely to produce accelerated development. These were:

- Participation by all South Africans in the political decision-making process that governs their lives

- An all-embracing strategy on urban and rural development involving the abolition of influx control and the repeal of pass laws

- A unified education policy in order to make possible a greatly improved quality of education for all

- Ready access to business opportunities

- Freedom to own property

- An increase in the pace of advancement in employment, and

- A re-emphasis of the concept of the rule of law

Dwelling on the last point, Mr Menell observed that the rule of law must apply equally to authorities and to every citizen.

"In turbulent times such as these it is particularly important that this even-handedness is seen to be operating. No person or institution should be perceived as outside or above the law."

The deputy chairman stated "Today our country is in a deeply worrying state, with a sick economy, serious and continued social and political unrest in many areas of the land, and mounting pressures from abroad."

"Such a state of affairs can lead all too easily to a polarisation of opinion and a reinforcement of past prejudices. But it could also lead to concern, out of which can emerge the necessary commitment to essential change."

"The events of the past year must shock us out of our past ways. We need to move away — swiftly and conclusively — from the body of laws and the weight of customs and conventions which have restricted — no, cursed — our society. Reinforcing ignorance and prejudice, concentrating always on that which divides man rather than that which unites him and his fellow man in our country."

He added that he envisaged the "potential riches that could be unleashed, great talents that would appear" if we would truly accept the errors of the past and recognise one nation — South Africa.

"With its many people, rich in its

diversity of race, religion and background, the stage can be set for genuine negotiation towards a peaceful, prosperous and shared South Africa."

To Nafcoc's members, Mr Menell had a word of advice "In the present difficult situation the act of silently going about one's business can be seen as supporting the *status quo* of discrimination and injustice."

Black businessmen were particularly vulnerable to being misconstrued in that way, he said.

He informed them that "business as a whole must identify itself unequivocally with the important changes that are needed to move South Africa away from apartheid."

"The black business community needs to be seen to be actively involved in wanting to change South Africa."

Discussion, debate, analysis, commissions and research projects were fine and even necessary to a point, he said.

"But surely our present situation demands, above all else, a sense of urgency, a sense of purpose."

Nafcoc's conference — held at Sun City and whose theme is "Social and Economic Reforms Necessary for Accelerating Black Advancement in Southern Africa" — ends on Thursday.



# Mine dispute 'not linked to emergency'

STAR 6/8/85

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The pay dispute between the Chamber of Mines and the National Union of Mineworkers had no connection with the state of emergency, nor the State President's recent statement concerning foreign labourers in South Africa, although "there were those trying to create this impression", the Minister of Manpower, Mr Piet du Plessis, said last night

He said in a statement in Pretoria that the emergency applied to only 36 of South Africa's 265 magisterial districts, and that none of the mines involved in the pay dispute was situated in the 36 affected districts

SABC-TV news quoted him as saying the Government had taken note of the wage dispute, but would not "get involved"

The Government's standpoint was to encour-

age the parties to make full use of existing machinery to settle disputes

"Experience has shown that when both sides negotiate in a spirit of reconciliation and reasonableness, and communications channels are kept open, differences are always settled"

Mr du Plessis said he regretted the "misuse" made of the President's warning to the UN Security Council that sanctions would not only affect South Africa's economic stability and development, but that of Southern Africa as well

Sanctions would reduce job opportunities for both local and foreign labour, so Mr P W Botha's warning that 1,5 million foreign workers' jobs would be in jeopardy in the event of sanctions was "well timed" — Sapa

## Strike row

SOWETAN  
6/8/85

THE CHAMBER of Mines has disputed the legality of possible strikes called by the National Union of Mine-workers on August 25 at all mines where it has a presence. ~~210~~ 210

In a statement yesterday the chamber said the mining companies it represented did not believe that most of their black employees supported strike action.

The chamber was reacting to a resolution taken by the NUM at its special congress held in Thabong, Welkom, at the weekend. The union has voted to strike at all mines where it is recognised and not recognised.



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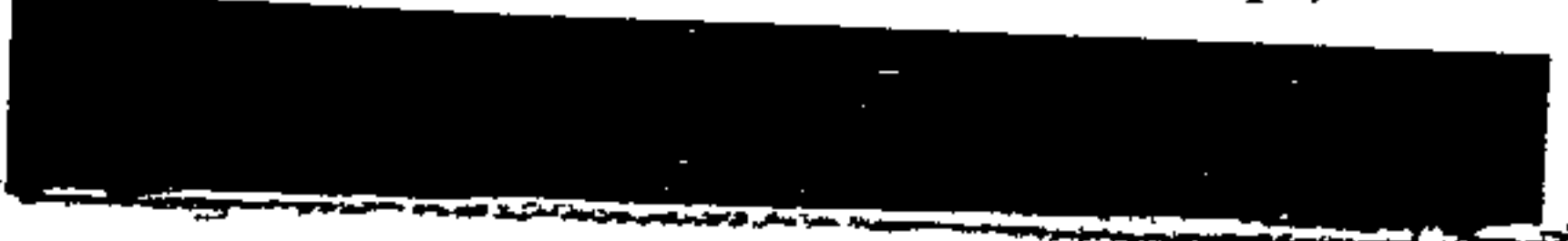
# Chamber of Mines ~~will~~ 'won't raise pay offer'

213

210

JOHANNESBURG—The president of the Chamber of Mines, Mr Clive Knobbs, says the chamber does not intend increasing the wage offer it made six weeks ago. Commenting on claims that the chamber intended revising its offer to the National Union of Mineworkers (NUM), he described the offer made to gold mine and colliery workers as an 'extremely good one'. The offer was implemented on July 1 10/8/85. The chamber saw no reason why another offer should be made — especially as the workers had accepted the wage increases, he said. At a mass meeting at Welkom last weekend, the NUM voted to strike from August 25 at the 18 gold mines and 11 collieries where the union is recognised. It expects at least 240 000 workers to take part. — (Sapa)

MERCURY



# Mine union fears strike violence

210

STAR

13/8/85

The National Union of Mineworkers (NUM) has claimed it has had to face intimidation of "alarming proportions" from management and the South African Police as the August 25 strike date draws near

campaign of blatant intimidation and harassment against mineworkers Managements and the police seem bent on turning a peaceful strike into a bloodbath," the NUM spokesman added.

A union spokesman said that its vice-president, Mr Elijah Barayi, had received death threats in connection with the proposed strike from unknown people

The union said it noted with concern statements by the Chamber of Mines that it was not prepared to improve its wage offer, and reaffirmed its willingness to consider realistic offers from employers

## QUESTIONED

Two other union officials, Mr Kenny Mosime and Mr Paul Nkuna, had been questioned about the strike for four hours last week by Security Police, said the spokesman.

The union spokesman said the strike was gaining momentum among workers and that strike committees had been elected at branch and regional level

The union alleged that several unspecified mine managements had threatened workers with dismissal if they participated in the strike and that at other mines, managements had bought guns and armoured vehicles for use against strikers

She said it was hoped the boycott of white shops in mining towns in response to the declaration of the state of emergency would be "in full swing" in a few days

"It is clear that mine managements and the South African Police are embarking on a cam-

Repeated attempts to reach Chamber spokesmen for comment early today were fruitless. Comment from the police was not available at the time of going to press.



14/8/85 210 STAR

# Chamber 'will not repatriate miners'

In an apparent attempt to allay employees' fears, the Chamber of Mines has given an undertaking to miners from neighbouring states that they will not be sent home or lose their jobs.

An article in the chamber's publication, *Mining Sun*, assures miners that "so long as employees continue to work in terms of their contracts they will retain their jobs and need not fear dismissal and subsequent repatriation"

Neither workers from neighbouring states such as Botswana and Mozambique nor those from territories such as Bophuthatswana and Transkei "need fear being dismissed as mine managements have not been asked to consider sending peo-

ple home or to plan for such a move", the article said.

The chamber's assurance follows a threat by President Botha to repatriate foreign black workers if international sanctions were imposed against South Africa.

## THREAT

Mr Botha's threat caused concern and anger among mineworkers.

At its recent congress at Thabong, Welkom, the National Union of Mineworkers warned it would immediately call a national strike by its members if the State President carried out his threat.

It called on the State President to withdraw the threat.

Workers from neighbouring states account for about 40 percent of the union's membership.

# Bid to avert miners ~~strike~~ strike fails

210  
A meeting yesterday between the Chamber of Mines and the National Union of Mineworkers (NUM) in a bid to avert a proposed strike ended "inconclusively". STAR

A spokesman for the Chamber said last night "The Chamber of Mines has, at its invitation, met representatives of the NUM to discuss the union's intended strike and means of averting it. "The parties restated their known positions and the meeting ended inconclusively" 11/4/85

The meeting was held six days before the August 19 deadline set by the union for the Chamber to make a new pay offer

Failure to reach agreement could result in thousands of miners downing tools on August 25



## S' DIARY — By JOSHUA RABOROKO



SOUTH AFRICA's mining industry is heading for a major strike by black mine workers on August 25

# 'SUPER FED' MAY FLOP

• Two unions, the Black Allied Mining and Construction Workers Union and the United Mining, Metal and Allied Workers Union, have deadlocked with Samancor over wages and other conditions of employment. The unions are considering declaring a dispute and going on strike if management does not meet their demands.

14/8/85  
• It may be that South Africa is heading for the most effective strike by black workers. Relations between the Chamber of Mines and the National Union of Mineworkers have reached an all-time low. **SWETAN**  
Neither side seems prepared to shift posi-

tion, although it is clear that some room for change exists on both sides comparing the lead time given for the commencement of the strike ~~14/8/85~~ 210

However the union has reiterated that it was prepared to continue the strike which might be worse than the 1922 mine labour unrest. Mine managements have said they are not prepared to make another offer. All that is left is for the mine bomb to explode ~~14/8/85~~

• A GROUP of trade unions representing thousands of workers has issued a hard-hitting statement threatening nation wide action if the state of emergency is not lifted.

Economy vulnerable, says report

# US warned on supply of key SA minerals

210 B. Day  
23/8/85

WASHINGTON — Any disruption in the supply of key minerals from South Africa could cause severe problems for the economy and military preparedness, a US government report warns

The study, prompted by the civil unrest in South Africa, was carried out by the Commerce Department's office of strategic resources. It showed the US as heavily dependent on South Africa for supplies of platinum, chromium, manganese, cobalt and vanadium.

"Without those metals, you don't have a steel, aerospace or electronics industry," and platinum is needed to distil petrol, Robert Wilson, director of the strategic resources office, said in an interview.

The report noted the South African government had said it wouldn't cut off the flow of any such minerals to the US in response to economic sanctions against Pretoria being considered

by Washington

But if any US action were taken to "pull the prop" from the South African economy, it could cause more unrest in South Africa and result in price or supply disruption, Wilson said.

The study was a joint undertaking by the Commerce Department office and a research fellow at the National Defence University, run by the army. But a Pentagon spokesman said the Defence Department considered its stockpile of the minerals to be ample, adding it had no serious concerns about disruption of supplies from South Africa.

A National Security Council spokesman said recently the Reagan administration was not reviewing the supply of strategic materials from South Africa and believed that an early July report on stockpiles of such materials covered the matter.

At that time, President Ronald Reagan proposed a \$9bn cut in targets for the national defence stock-

pile. But the new Commerce Department study said a decline in US mining and recent moves to trim the stockpile of critical minerals and other materials meant growing potential leverage by South Africa over the US economy. More study was needed to determine the precise US vulnerability to any cut-off of south African supplies, the report said.

From 1980-1983, the US had depended on South Africa to supply 49% of its platinum, 55% of its chromium, 39% of its manganese and 44% of its vanadium, while relying on rail shipments of cobalt from Zambia through South Africa for 61% of the US usage of that metal, the report said.

The US and its allies in Europe and Japan must co-ordinate strategies and policies to maintain open access and free markets for manganese, vanadium, chromium, platinum, manganese, gold, ferroalloys and cobalt, the report said.

— AP-DJ



# Anglo American chief calls for faster political reform

~~30/8/85~~ 210  
A further call for acceleration of the political reform programme in South Africa was made yesterday by Mr Gavin Relly, chairman of the Anglo American Corporation

Commenting on the temporary closure of the foreign exchange and stock markets, he expressed the hope that the financial authorities would be successful in restoring normality and in resuming their move to freer financial markets.

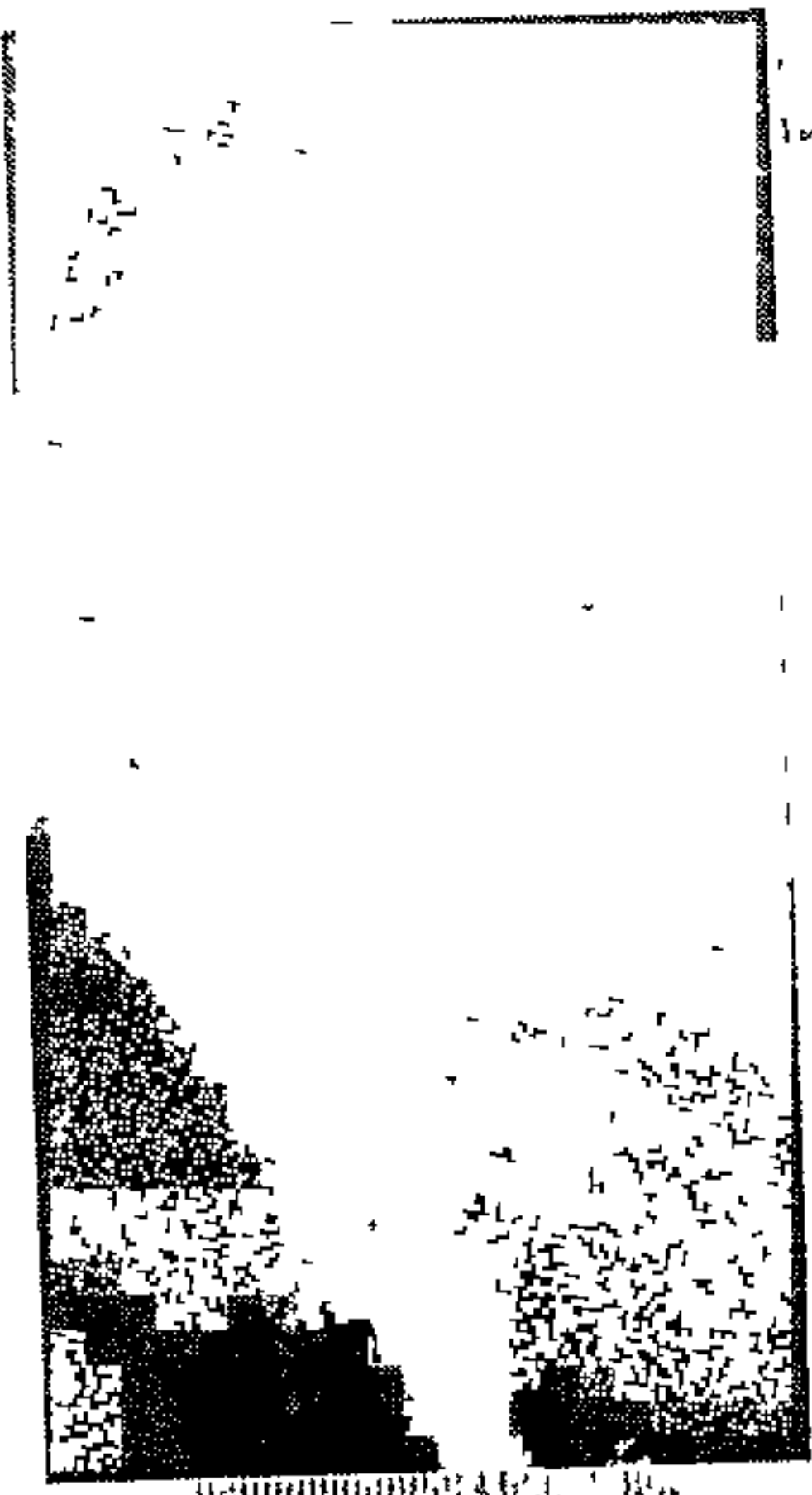
"However, as the causes for the run on the currency were not economic but political any economic measures that the authorities may introduce will have no more than a short to medium-term effect unless they are also accompanied by

30/8/85  
a new political dispensation," he said. STAR

"What is needed for the short, medium and long-term health of the country is an acceleration of the reform programme, in particular in regard to citizenship, influx control, a positive urbanisation policy and the development of a unitary education system.

"Above all, it is necessary for the Government to enter into genuine negotiations with representatives of all groups in South Africa for a new political system of genuine power sharing.

"If the Government's present basis of support precludes such action it will have to secure a wider and different basis of support." — Sapa



Mr Gavin Relly... economic measures not enough.

# New mine cage can carry 400 men a time

A cage for hoisting men — 400 in a single deck and materials, and believed to be the largest of its kind in South Africa and even the world, is being made locally by Shaft Sinkers' W J Engineering division

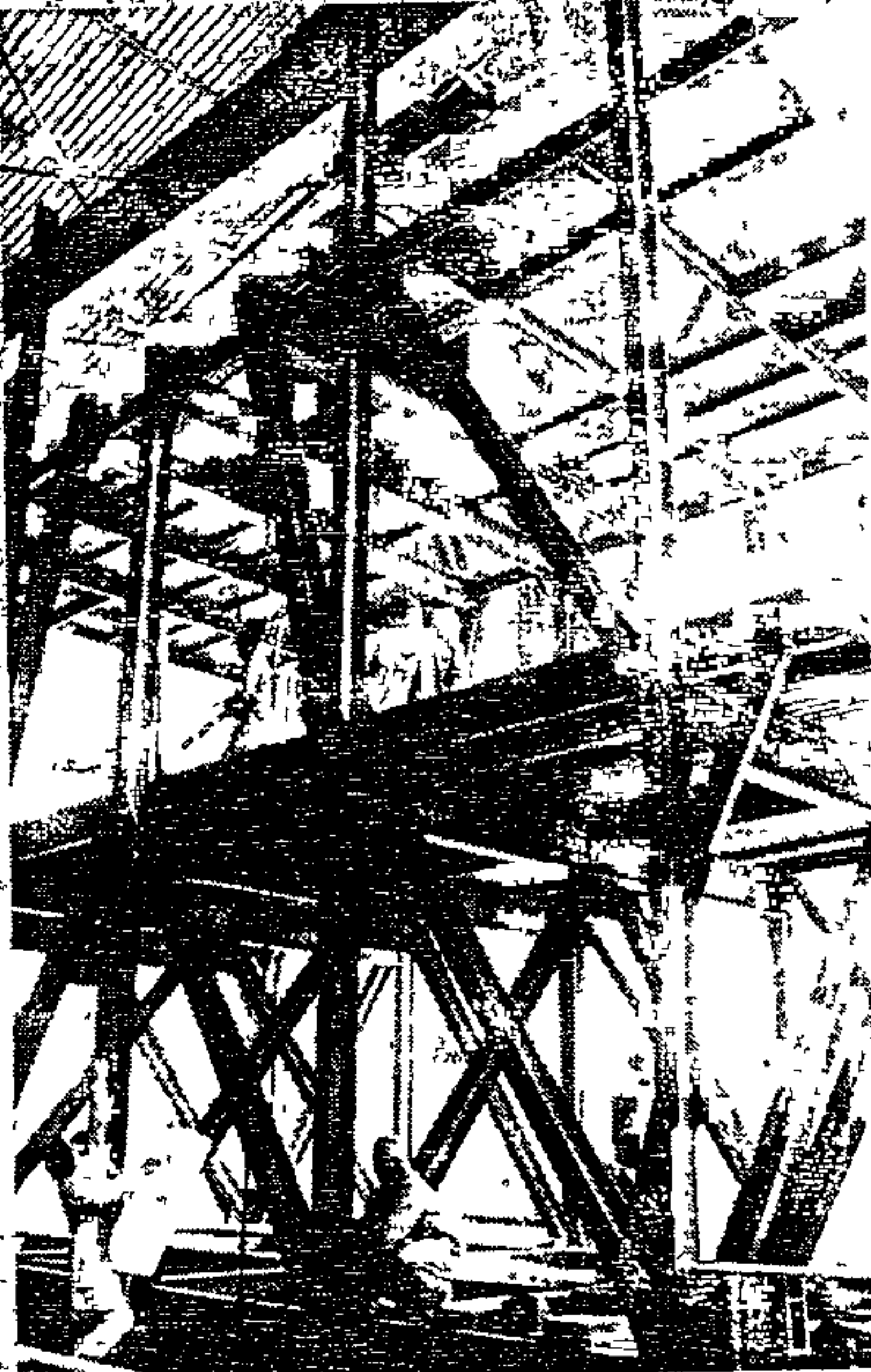
The cage will carry more miners than a Jumbo jet and its weight will be equivalent to a Jumbo without its fuel

It has been designed by the Mining & Engineering Technical Services division of Shaft Sinkers and will be installed in the service shaft at Rand Mines' Khutala Colliery in the Eastern Transvaal by Asea

With a height of 10 m, a weight of 60 tons and a maximum payload of 60 tons, it has been designed on a "drive-on drive-off" basis and will be particularly valuable in handling heavy and bulky equipment such as continuous miners, locos, dumpers and shuttle cars

An example of the size of equipment that will be handled is a continuous miner, weighing 59 tons, that is 3,3 m wide by 10,4 m long

The cage will incorpo-



rate two shaft inspection decks and two curved motor-driven vertical lift doors that have been designed to accommodate the shape of the shaft

The jumbo-sized cage to be used at the Khutala colliery can carry 400 men at a time. It is thought to be the biggest in the world

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# Minerals multinationals must relocate plant in SA

FOREIGN multinationals dependent on South Africa's mineral deposits must be put under pressure to relocate their operations here.

Such a move would create employment and stave off further attempts at disinvestment, says a document being studied by government officials.

The document — "Marketing Plan for the SA Economy" — was prepared by businessmen from some of South Africa's biggest corporations, and is offered as an alternative to the government's White Paper on industrial development.

It warns manufacturing industries that the local market is too small to justify heavy investment in local manufacture.

"Future investments in SA, where such investments, because of economies of scale, necessitate plant with capacity that is well in excess of the local market, should only be permitted where strong supporting evidence is submitted to show that the capacity which is in excess of the local market requirement will be exported. This will ensure that the plant operates efficiently and does not distort the economy with excessively high costs."

It says the major application should be to convert or process raw materials into added-value products. "We should exploit the benefits of our unique position with respect to metals and minerals."

The government is studying a document on the future of the SA economy. The document — entitled "Marketing Plan for the SA Economy" — was prepared by some of the country's leading

The document concludes that SA's best short-term plan is to make greater use of the multi-national corporations that use South African minerals. "South Africa has for many years been a market for multi-national companies but, with very few exceptions, these companies have not perceived SA to be a source supply for components or other inputs to their operations elsewhere in the world.

This attitude prevails despite the fact that we have effective control of a huge proportion of strategic world minerals and metals. We also have some of the best technology in the world to extract and process many of these minerals and metals.

"If the multi-national companies had substantial investments in SA, and SA was a major supplier of components to their operations in other countries of the world, the current disinvestment call would never have got to first base.

"We recommend SA should use its economic power to persuade multi-

marketers and will be presented next week at the International Marketing and Strategy Congress in Johannesburg. Industrial Editor DAVID FURLONGER reports some of its findings

nationals who are currently adding value to SA raw materials in countries elsewhere in the world to relocate certain secondary processes to this country.

"The invitation should be extended to all those persons interested around the world currently buying raw materials from SA, to relocate or establish new facilities in SA to process and add value to raw materials."

The document points out that businessmen must be prepared for major, fundamental changes to the South African consumer market.

"We have an ageing white market with a low birth rate and a growing black market with a high birth rate. Assuming economic growth, future markets will be predominantly black and thus the single most inviting prospect for international investors in SA."

It calls for the establishment of a central committee to oversee the development of markets, establish privatisation programmes and set money supply targets.

"A national steering committee should be established, whose goal

would be to lower input costs and thus provide opportunities for more employment through positive profit possibilities.

"Markets and products should be viewed with the purpose of encouraging the production of high export potential products with added value.

"The country should also move fast in terms of being totally self-sufficient in respect of liquid fuel through the establishment of more fuel capacity.

"The water supply situation should be reviewed and a positive programme put together to establish an effectively-gearred organisation.

Controls on development should be loosened in principle and regulations reviewed so as to allow more competition and competitors, which has to be the solution to lower prices.

"There should also be more participation in corporate decision-making so as to reduce industrialisation.

The document says SA is ill-prepared to exist in a competitive world.

"There is inadequate competition in SA, although it operates in an intensely competitive national trade environment. We need to recognise the increasing need to accept international competition and to adjust tariffs or protectionist policies accordingly."



210 (210) FM 13/9/85

### Czar's Crown

Archer took seven years to pay off his debts and is now worth an estimated £5m. Today, he divides his time between a Thames-side penthouse flat overlooking the Houses of Parliament and a large country house near Cambridge — where his wife, Mary, a don at the university lives with their two sons.

Archer says of himself "I've never cared much about money itself, fame has always interested me much more."

Yet while he spends much of his time in London where his talent for self-promotion led one newspaper columnist to call him "bumptious," he is always anxious to protect his wife and children from the glare of publicity. She only rarely attends the glittering occasions where her husband hobnobs with the powerful, the rich and famous.

Archer's motivation hasn't been simply to promote his books. For the last three or four years he has assiduously courted the top CP echelons. He and Cabinet Minister Norman Tebbit, the new party chairman, were close allies as junior backbenchers in the early Seventies — seeking a way back into politics. Finally, last week, some 12 months after lunching with Margaret Thatcher, he got the call from Downing Street. The job carries no salary but Archer instantly said "yes" to Thatcher's proposals.

Rich political prizes could await Archer if, in tandem with Tebbit, the Conservatives are re-elected for an unprecedented third term in 1988.

Archer does not rule out the start of a new political career though he has no immediate intention of seeking election to parliament. And if Thatcher loses, as the current opinion polls suggest, Archer will have garnered some first-class material for his next political novel. ■

### NAAS STEENKAMP

## Heat and light

To the National Union of Mineworkers (NUM), Gencor Mining represents "the enemy of SA's mineworkers." However, its Manpower Director Naas Steenkamp (52) is unruffled. He writes off the comment as "one of many ludicrous claims" made by the NUM during this year's wage dispute.

Gencor took the brunt of last week's strike called by the union. Two of its gold mines and three collieries were affected, and strikers who failed to return to work on the second day were dismissed. These dismissals are soon to be the subject of an Industrial Court case.

The company was also ordered by the Supreme Court to re-accommodate a number of employees whom the NUM alleged had been illegally evicted from their hostel accommodation.

Asked to explain his company's seemingly harsh action, Steenkamp says consistency is vital in dealings with employees and unions.



Steenkamp ... a major influence on labour trends

"Gencor certainly gets no pleasure from dismissing employees. But if we have succeeded in showing that 'yes' means 'yes' and 'no' means 'no,' then we have done our long-term industrial relations prospects a power of good," he says.

Steenkamp began his working life in 1952, at the Chamber of Mines, as a translator. But, after three years, he left the industry and was to return only in 1966. In between, he took a law degree and then became a career diplomat serving in SA and London until 1962. He subsequently worked with the SA Foundation until he began his career with Gencor.

Steenkamp has had a major influence on labour trends in SA. He was a member of the Wiehahn Commission, chairing its industrial relations sub-committee and has been Gencor's representative at the Chamber of Mines since 1979.

He questions the accuracy of those who label his company's labour practices as rightwing. "One has to watch it with such epithets as 'rightwing' — move from one issue to another and your rightwinger becomes a leftwinger."

"Gencor's wage philosophy aims to keep its mines going, to reward effort and advancement, and to provide employment." He stresses "It is in keeping with free-market or liberal economic principles."

Steenkamp recognises trade unionism as "a useful, if not indispensable, social institution." And he perceives unions as a manifestation of imperfectly conceived, planned and managed employer-employee relations.

"Japanese practices have shown me that management can successfully handle the hu-

man dimension of production," Steenkamp says. In order to do so, management must see the worker as a "whole man," as a person rather than as a commodity. And the Japanese, as well as some employers in countries like Norway, Germany and the US, do it mostly by "dealing with their workers directly," even where there is a union performing an ancillary role.

Asked how the advent of the NUM has changed his life, Steenkamp believes it has merely served to highlight this need.

Steenkamp, a vice-president of the Chamber of Mines and leader of its negotiating team, is clearly fascinated by his work. "If you are not single-minded enough to know what interests you most, labour relations does it for you. It satisfies a catholic range of interests, embracing questions of politics, the economy, sociology, ideology — the lot, and, in fact, probing the very structure of society," he says. ■

### TIMO BEZUIDENHOUD

## Concern's the thing

Timo Bezuidenhoud is a man with a mission — he wants to see western Cape's thousands of black squatters settled, stable and employed.

As Chief Commissioner (western Cape) for what was the Department of Co-operation and Development and is now the Department of Education and Development Aid, Bezuidenhoud (56) adopts a distinctly unorthodox and somewhat outspoken approach. But his style has had some success.



# Large increase in Gencor profits

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JOHANNESBURG — General Mining Union Corporation (Gencor) achieved a 21 percent increase in attributable earnings in the six months to June compared with the same period last year.

The improvement is largely due to increased rand earnings due to the depreciation of the rand. Consequently the contribution of the group's mining division increased by 58 percent compared with the 1984 half-year. Its contribution on a cents per share basis jumped from 78c to 136c.

The industries section on the other hand declined from 56c per share to minus 9c, representing a 65 percent decline.

The higher interest rates resulted in a 25 percent improvement in the contribution by the financial sector, from 15c per share previously to 40c in the review period.

For the group as a whole attributable earnings totalled R152m, compared with R126m in the comparable period. Earnings per share were up 14 percent at 160c (140c).

The difference between the percentage improvement in attributable income and earnings per share was due to the calculation of shares in issue in 1984 on a weighted average basis.

The interim dividend has been maintained at 55c per share and the chairman, Mr Ted Pavitt, said when presenting the interim report that even if profits for the full year were better than last year the final dividend would also be maintained at the previous level in order to increase the dividend cover as it was inadequate at present.

Turnover, at R2 787m is marginally higher than the R2 604m of the previous period.

Source income increased by 36 percent from R367m to R499m.

Higher interest rates and exchange rate differences caused financing costs to double from

R156m to R314m. Mr Pavitt said the industries' share of the increase in financing costs amounted to R85m. Efforts to maintain the market share of the industrial companies and to keep cost structures under control to protect operating profits had to a large extent been successful.

He said the industrial division's turnover for the review period increased marginally and overall the decrease in operating profits was within reasonable limits under the circumstances.

The R200m rights issue by Sappi and the planned rights issues of

Tedetex and Kanvum of R123m and R74m respectively would ease the pressure on the capital structures of these companies and counter high financing costs.

"The rights issues of these industrial companies are underwritten by Gencor. Gencor's existing and available cash resources as well as its strong cash flow from export-orientated interests are more than adequate to fund its responsibilities in this regard which including Sappi will be no more than R320m. A rights issue by Gencor in the near future is therefore not envisaged," Mr Pavitt said — Sapa.



government — not just those agencies directly involved with implementing apartheid. The legislation also would have immediately prohibited the sale of Krugerrands in the US, while the president's order buys the White House time to first discuss a coin embargo with the US's other trading partners.

Last, but certainly not least, the president's order contains no provisions for future action, whereas the congressional version laid the framework for potentially significant sanctions in two years' time if SA had not made great strides toward easing racial barriers by then.

In reality, while the president's emergency order does not differ greatly from Congress's sanctions, both included *de facto* measures that will not have a great economic impact on US-SA trade. Krugerrand sales have already come to a standstill, US computer and nuclear technology sales have been controlled for some time, and all American banks stopped lending to South African apartheid agencies long ago.

The president's "end-run" around the congressional sanctions legislation did not come easy. Even though he had lined up the support of Senate majority leader Robert Dole and Foreign Affairs committee chairman Richard Lugar, Reagan only managed to forestall final passage of the sanctions Bill by a slim margin.

To take final action on the legislation, the Senate needed 60 votes out of a hundred. But, even with Dole and Lugar urging a "no" vote, last Monday's tally on the move to begin final action on Congress's Anti-apartheid Act was 53-34, just seven votes short of the necessary vote.

And Senate Democrats have not given up their efforts to see the harsher congressional Bill passed. Massachusetts' Edward Kennedy immediately filed to have the South African sanctions Bill come up for reconsideration on Wednesday. Although it is not likely the outcome will be any different later this week than it was during Monday's vote, the president does not have the kind of backing needed to be certain the Senate will not at

some time take up the stronger sanctions Act.

Not surprisingly, House members reacted sharply and angrily to the president's executive order. "The president's executive actions were an ill-disguised and ill-advised attempt to circumvent an overwhelming bipartisan consensus in the Congress," claimed William Gray, chairman of the House Budget Committee.

The move may have worked in the short run, but, as the sensitive Senate vote showed, the battle may not yet be completely over. ■

## REFUGEES

### A question of status

The SA Council for Churches (SACC) has taken up the legal status of the Mozambicans fleeing into SA with the United Nations High Commission for Refugees (UNHCR).

While the SA authorities insist the Mozambicans crossing the border are prohibited

JOHAN FRITZ

# Beating the strike



Johan Fritz is executive director (mining) of Gencor. He discusses the recent wage dispute and subsequent strikes.

**FM.** The wage increases granted by Gencor to black miners this year were the lowest in the industry. Why?

**Fritz:** The wage increases granted in July were more than appropriate in the circumstances, and were generally well received. We also have to ensure that we do not overlook our long-term competitiveness. Excessive wage increases mean there will come a time when we have to turn to high levels of mechanisation.

Because of this we believe the National Union of Mineworkers (NUM) has not acted in the best interests of its members. Other companies do perceive the situation differently, but I do not want to argue with them here. Our wage structures — whereby there is a larger gap between skilled and unskilled wages — are designed to encourage advancement up the ladder.

**Are legal obstacles to black job advancement — particularly the scheduled person definition — not preventing the very advancement you wish to encourage?**

It does inhibit progress. We are working on abolishing discrimination, but we must take sufficient white workers — who want guarantees of job security — with us, so as to

retain their loyalties.

**How do you view the strike generally?**

The strike was unjustified. The NUM did not represent the wishes of its members, as borne out by the fact that only 8% of our workforce struck and it petered out so quickly that by Wednesday all mines were fully operational. In our opinion the strike collapsed through lack of support. It disappoints and concerns us that the union saw fit to go public with a range of malicious and far-fetched allegations.

**How did you process the dismissal of strikers?**

No-one was summarily dismissed. Miners who refused to return to work on the second day after being warned to do so were interviewed so as to isolate those who were merely drawn along by events. In total about 1 100 were dismissed, most of them at Marievale. The eviction of dismissed workers from mine premises and the legality of some dismissals are currently subject to litigation so we cannot comment further.

**Was any mine property damaged during the strike?**

We are very pleased that damage to mine property was absolutely minimal. There were relatively few injuries, although 34 people were hurt. This was a result of assaults by striking workers, by mine security staff in the process of protecting employees who wanted to work against assault and intimidation, and the process of protecting property and maintaining order. Overall though, there was much co-operation from management and employees, including strikers. The fact that strikers behaved in a more disci-

plined way is a welcome development. **Was the dismissal of strikers not hasty and harsh?**

We consistently maintained a clearly stated position. It is important to remain consistent with black employees and not vacillate. Blacks have a different cultural approach. They want to know exactly where you stand otherwise they lose confidence in you. **Your general approach to labour matters seems to be very authoritarian and out of step with general trends.**

It is a consequence of the industry's historical background. Mining operations are conducted more in a military manner than other industrial activities. This is due to the relatively unsafe natural environment. Unless you maintain a structured approach toward mining methods and discipline, the work would be more dangerous.

**Do you believe workers have the right to strike?**

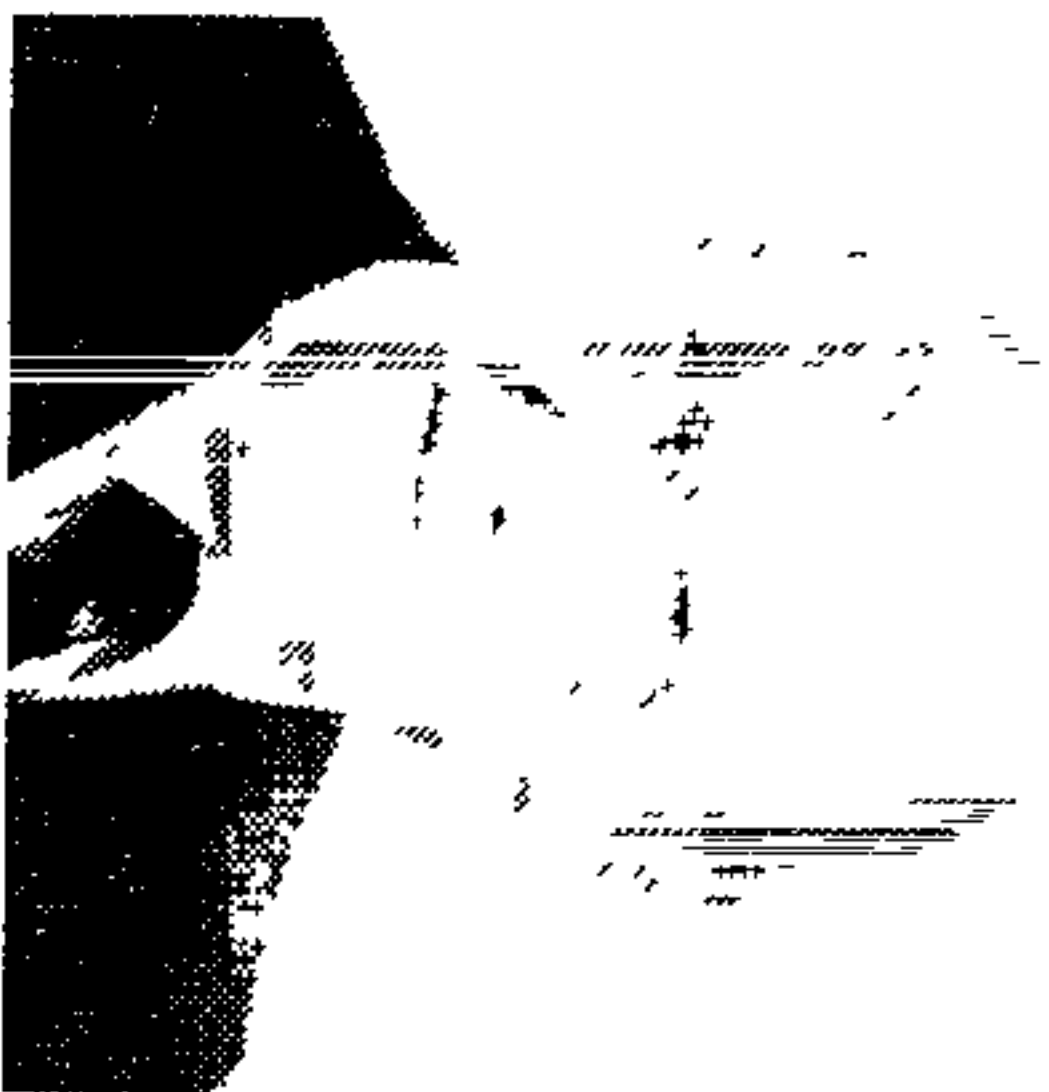
I do not dispute that workers have the right to withdraw their labour. But they do not have the right to disrupt production. If working conditions on our mines do not suit them they must find work elsewhere. We must keep our operations going.

**Do you accept that dismissing migrant workers is a particularly harsh step because once they lose their jobs they may no longer remain in the area?**

Yes. But before striking, a worker must weigh up potential gains against potential losses. We have a shield against their irresponsible action — a large reserve of unemployed.

FACE  
TO FACE





# GOLD FIELDS OF SOUTH AFRICA LIMITED

(210)

B. Day  
18/9/85

## Chairman's Review

### TAXATION POLICY

It has been apparent for some years that South Africa's taxation policy has been in need of a thorough review. This fact was recognised by the Government when the Margo Commission of Inquiry was appointed last November. Notwithstanding official comments to the contrary, it must be expected that this Commission will not report for some considerable time if it is to produce a meaningful and well-researched package of taxation reform proposals. The subject of taxation and its interplay on any economy is complex. As has been found in a number of countries recently, precipitate recommendations, no matter how well intended, are likely to prove abortive. While in-depth investigations are essential, the authorities must realise that basic inequities and inefficiencies in the tax system need to be removed on an on-going basis.

In this regard the Minister of Finance's 1985 Budget was the cause of concern. While admirable steps were taken to endeavour to start to bring State expenditure under control and place the financing of such expenditure on a sound basis, the method adopted to increase the revenue of the fiscus contained many serious deficiencies. Both bad taxation practice and fundamental inequities were part of the proposals for gathering revenue. In particular, the mining industry was singled out for a further increase in its already exceptionally high level of taxation. The perception in some quarters that the South African mining industry is under-taxed is simply not true. By comparison with its major competitors in the industrialised world it is exceptionally highly taxed. The total take of the fiscus from the operating companies in the Gold Fields group during the past year was R1 005 million. During the same period the equity shareholders in the operating companies received dividends of R557 million. Quite clearly the apportionment of the profits made by these companies between the fiscus and the risk-taking shareholders is unrealistic. At the present time tax payments of these companies represent 63% of profit after deducting allowances in respect of current capital expenditure only. If one ignores these allowances, the tax payment represents 52% of the profits. After making due allowance for the tax-free nature of dividend income in the hands of companies, I do not believe that anyone can fail to recognise that this latter figure is substantially in excess of the corresponding figure for all sectors of the economy which are not subject to mining taxation.

Mines. The Chamber has, however, been working towards persuading the Government to eliminate racial discrimination for some years now and so in reality the Union and the Chamber have the same objective. Relations with this Union have been strained during the past year. There have been numerous strikes which have been stimulated by Union members, and have featured a number of undesirable aspects. It has become obvious that Union members are harassing their colleagues on the mines and that this harassment extends to intimidation and, in particular, threats to the physical well-being of non-members and their families. This development is untenable and has been discussed at length with employees of the mines of the group. We believe that we have a responsibility to protect the threatened workers to enable them to proceed about their normal business. Firm action has been, and will continue to be taken against anybody who can be shown to be threatening his fellow workers with physical violence. The right of employees to associate in any trade union is undeniable but equally the unions have no right whatsoever to employ or permit their members to employ intimidatory tactics.

The group's remuneration practices are based on the circumstances prevailing in the Southern African region. Because of their dualistic nature, the economies of the region cannot be compared with those of the industrialised world. It has to be recognised that unemployment is endemic throughout Africa and particularly in sub-Saharan Africa. In South Africa itself there has been a serious increase in unemployment amongst the people who have little or no skills. These are irrefutable facts, unpalatable as they may be. The mining industry is one of the few industries remaining in South Africa which provides substantial employment to the less-skilled members of our population and, therefore, it has a responsibility in these difficult times to increase employment opportunities and not to erode them further by increasing minimum wages at a rate which will oblige good management increasingly to mechanize jobs which are currently undertaken by unskilled people. Those who would dwell on the academically determined minimum wage levels should devote more of their time to considering the moral issues revolving around the degradation which arises from the resulting unemployment. It is the group's policy to pay competitive wages which will attract new employees to the group and to provide an efficient training structure which is dedicated to the development of its employees. We

which was not expected to make profits until it began mining in the richer, deeper areas of the Carolusberg mine, has been operating profitably.

### NEW BUSINESS

A feature of the past year has been the delineation of a major gold resource in the Bank Break area to the south and west of the mining lease of Kloof Gold Mining Company Limited. Proposals were made to incorporate the area into the existing Kloof lease area and for that company to mine the enlarged lease area with two operating divisions. These proposals have been approved by the shareholders of the Kloof company and await the formal approval of the Minister of Mineral and Energy Affairs. In the meantime, sinking of the first shaft in the Leeudoorn Division of the Kloof company is proceeding.

The group's geologists and metallurgists continue their active investigations into the finding of new mineral resources and the beneficiation of both existing and potential products.

The geological investigations in the Northam platinum area are nearing completion and attention is being directed to determining whether the mineralised area can be turned to account profitably.

### OUTLOOK

The outlook for the group for the current year is inextricably linked to the behaviour of the world economy, international prices of metals and minerals, the South African economy and, probably most critically, the parity of the rand.

While one must be cautious when assessing the future behaviour of the world economy and metal prices, there are good reasons to believe that the South African economy will enter a growth phase once confidence in the country returns. The return of confidence should also lead to the strengthening of the rand against the currencies of its major trading partners, although it must realistically be expected that the rate of improvement will be moderated by the controlled repayment of short-term foreign indebtedness. At this time the key issues is confidence. For my own part, I am confident that the peoples of South Africa have the ability to bring about adjustment, which will restore

The continuing growth in the world economy and the sharp decline in the parity of the rand created a favourable climate for the South African mining industry. All the group's operating companies which are involved in exporting their products or selling them on the local market on the basis of world market prices, have improved their profitability. As a consequence, and notwithstanding the higher tax imposed on mining companies, the attributable earnings of Gold Fields of South Africa Limited increased to R201 million, which is 14% higher than the previous record level of earnings. At 30 June 1985, the net asset value of the company was R3 958 million, an increase of 12% over the previous record figure.

### WORLD ECONOMY

Although there has been a marked slow down in the rate of growth of the United States economy during the past year, the relative strength of the dollar against the currencies of its major trading partners has provided a strong stimulus to the export industries of those nations. Accordingly economic activity in the Far East, Europe and Latin America improved significantly while major segments of the United States' industry have found it increasingly difficult to compete with imported products. The dollar peaked against most major currencies in February 1985 and its parity has declined in recent months. The impact of this decline is beginning to be felt by those who had previously benefited from the strong dollar.

Despite a growing awareness of the imbalances and disequilibria which exist in the United States economy, no serious attempts are being made to address these important issues. The main burden of trying to sustain economic growth is being borne by the Federal Reserve Board which has allowed the money supply to increase significantly in an attempt to forestall a downturn in the United States economy. While this policy, with its potential inflationary consequences, may lead to a modest upturn in growth rates in the coming months, there is growing evidence to indicate that the economy could move into the recessionary phase of the business cycle. Should this happen it will have a serious impact on the world economy as a whole and particularly on the demand for and prices of primary commodities.



## **SOUTH AFRICAN ECONOMY**

During the past year the South African economy has turned sharply downwards with a restrictive monetary policy and a growing degree of fiscal discipline. The overall position has been exacerbated by the progressive fall from its February 1983 peak in the dollar price of gold which initially created serious balance of payments problems with the result that there was a sharp decline in the parity of the rand. The natural adjustment process set in motion by the declining rand has led to a major improvement in the trade account as exports have been stimulated and imports have fallen sharply.

Immediately prior to the recent socio-political uncertainty the rand had started to strengthen and, at the same time, the process of reducing short-term foreign indebtedness had accelerated. The crisis of confidence resulting from recent events in South Africa has been reflected in a renewed decline in the parity of the rand. This has provided a major set-back for the recovery of the South African economy which would, in normal circumstances, have started to become apparent. Nonetheless the economic fundamentals have improved markedly as a result of the current mix of monetary and fiscal policies. Interest rates are declining, the export sector of the economy is performing well and it can be expected that these two factors will start to stimulate the internal economy and this, in turn, should have a positive effect on the serious level of unemployment in the less skilled sector of the population. In these circumstances it is to be hoped that arrangements can be made to persuade foreign bankers to roll-over their existing facilities to South African borrowers. Such action will help to relieve the acute short-term pressure on the rand and create an economic environment in which the important socio-political issues can be addressed.

## **INDUSTRIAL RELATIONS**

The elimination of discrimination in the mining industry remains the most important industrial relations issue. It is inconceivable that the present regulations, which restrict certain categories of work to whites and coloureds, can continue to operate in this day and age. It is essential that the Government takes steps to remove the racial discrimination which is involved. The only criteria which should apply is the competence of the people concerned which will be related to the education and training which they have received. Existing employees in the categories concerned should not fear elimination of racial discrimination. As far as Gold Fields is concerned, all the mining companies of the group are prepared to give an undertaking, subject to the normal right of management to exercise its discretion on disciplinary matters, that no existing employee who is employed in an occupation covered by the "scheduled person" definition will lose his job or suffer a reduction in remuneration, as a result of the necessary change in the regulations. As far as the trade unions, whose membership encompasses scheduled persons, are concerned, we are quite prepared for them to extend their influences on a non-racial basis if they so wish. Our concern regarding the elimination of discrimination extends beyond the realms of racial discrimination and includes discrimination against women. There is no place for such discrimination in the modern era and it is to be hoped that the Minister of Mineral and Energy Affairs will act decisively on both issues during the next parliamentary session.

The National Union of Mineworkers continues to present the question of the elimination of racial discrimination as a conflict issue with the Chamber of

development. We will continue to develop each and every employee to the limit of his or her own abilities. A corollary to this approach is that there should be significant financial rewards for those who hold positions requiring higher skills. Such higher rewards are justified by an increase in the productive performance which can be expected from the individuals concerned. We would like to see more rapid progress being made in the elimination of pay differentials between people of different colours and genders doing the same work. These differentials cannot be defended and must give way to salary structures based on common wage curves where the wages are determined according to supply and demand in the market place.

I am pleased to record that discrimination on the basis of race or gender was eliminated in our head office many years ago and all employees are remunerated on the basis of a common wage curve which provides competitive salaries for those living and working in Johannesburg.

## **GROUP OPERATIONS**

As previously mentioned, the decline in the parity of the rand had a major impact on the group's operating companies. As a result the turnover of these companies increased sharply to R3 363 million and pre-tax profits to R1 944 million. While the fortunes of individual companies fluctuated, the gold, coal and base metal sectors of our business prospered during the year. In particular, certain of the base metal companies which do not have the financial strength of the gold mining companies of the group, have been able to improve their positions. Notably Black Mountain has made further reductions in its indebtedness while O'okiep,

confidence. I am also confident that Gold Fields with its inherent financial strength will play an important role in the further development of South Africa's major export industry for the benefit of our shareholders, employees and all the peoples of our country.

Unless there are any major unforeseen circumstances, shareholders may expect the group to increase its earnings in the current year and, if this is achieved, it should be possible to increase the total dividend above the past year's record level of 120 cents per share.

## **ACKNOWLEDGEMENTS**

During the year the second phase of the redevelopment of the group's head office complex was completed. Our staff is once more located within a single modern building which is elegant and functional. The third phase of the redevelopment scheme is proceeding and is due to be completed by the end of the calendar year 1986. This phase will provide a lung for future expansion and will be occupied by suitable tenants in the first instance. I would like to place on record my sincere appreciation of the work done by all those concerned with the redevelopment programme.

The past year has made exceptional demands on the management of the group and their staffs. Accordingly it gives me great pleasure to place on record my appreciation of the contributions made by all the members of the group in their various capacities.

**ROBIN A. PLUMBRIDGE**

*Chairman*

30 August 1985



Mercury 24/9/85

# Coal mine near game

Nongoma

Black Mfolozi

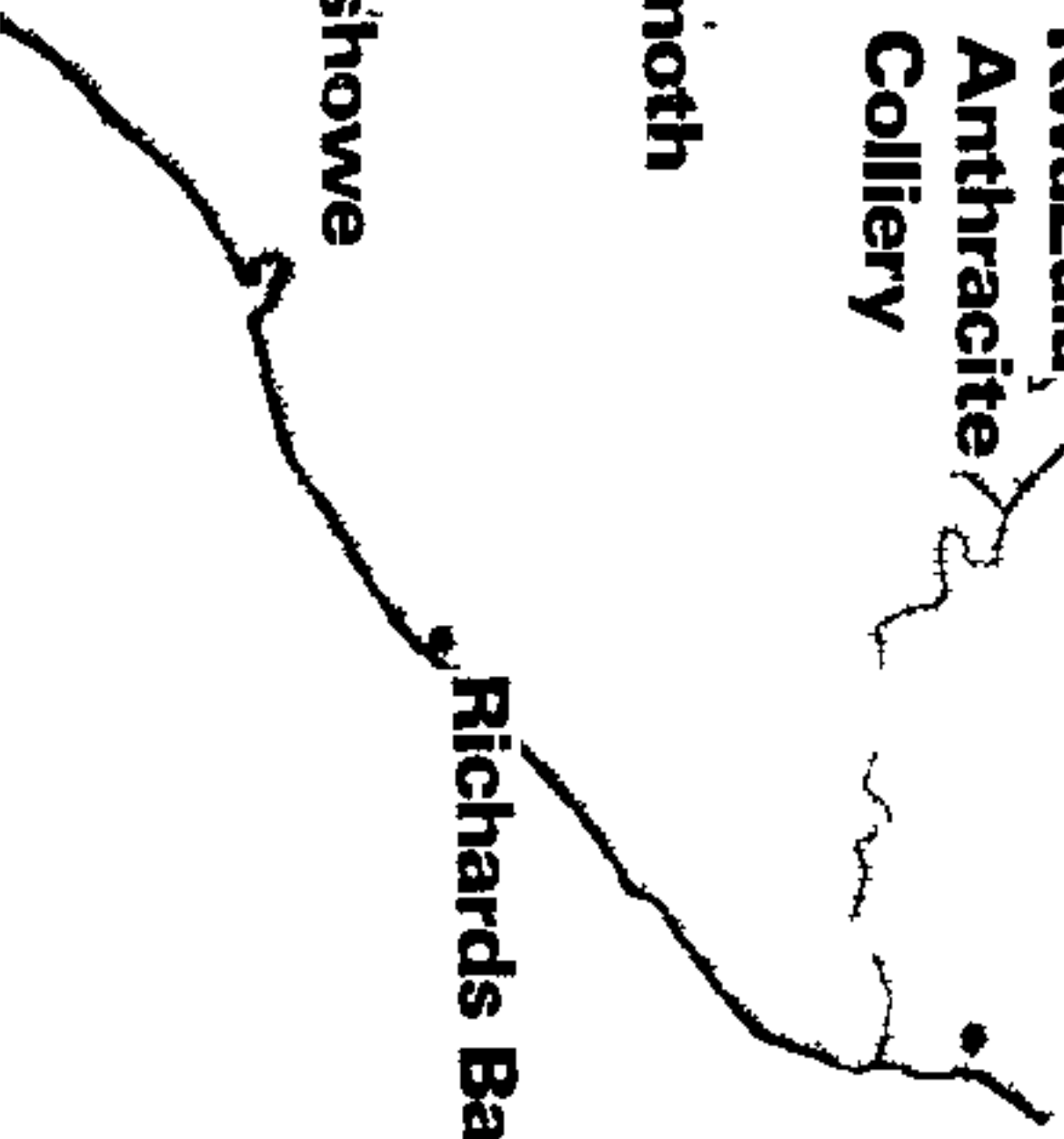
Ulundi

Kwazulu  
Anthracite  
Colliery

Melmoth

Eshowe

Richards Bay



The colliery which lies north of Ulundi is on the upper reaches of the Black Umfolozi River and above the Hluhluwe game reserve. Coal has been discovered nearer the reserve by geological prospecting teams.

## Rodney Hayter visits the Okuku mine

IT'S less than a year since Gencor's subsidiary Trans Natal Coal placed its first brick on the site of their R80m Kwazulu Anthracite Colliery at Okuku in the heart of Kwazulu, but during those ten months there has been a mushroomed into a small town.

Looking west across the valley from a high crest that houses the north shaft below, the colliery, currently at half production of its intended 875 000 tons annual output, looks a little incongruous against the backdrop of mobile homes, reticulation works, airstrip, dam and administration buildings, but seems to have come to terms with the brown thornbush surrounding it.

Surprisingly, the lack of noise and dust, gives the scene of intense activity and mechanised movement an almost ethereal quality, but noise control and pollution according to Gencor Projects Manager, Mr Jim Bigham, has been a primary consideration costing over R250 000.

## Output

Present output of the mine is about 60 000 tons and the speed of which it has been achieved by Gencor suggests the whole project is profitable as it was evaluated when the land was at 87 US cents.

A further fillip, according to Mr Bigham, is the dwindling supply of good quality anthracite on world markets which has been further aggravated by over-pricing of the European suppliers.

When at full production 700 000 tons will be exported to Europe and the

Far East (headed by Japan). Coal with an eight percent ash content will be destined for Europe while that with a 15 percent content will go to the Far East.

## Inclined

The mine has two inclined adit shafts. At the north shaft mining has already reached 600m from the surface into the five degree sloping seam which varies in thickness from 1,8m to 3,1m and lies at an average depth of 94m.

Work on the south shaft, some three kms away from the colliery has only just begun. Mining is on the same seam which is expected to link up with its northern counterpart in eight years.

Anthracite from the north shaft is conveyed to a surface by belt, while from the south it is transported to the colliery by heavy transport. After washing and processing it goes to a railway siding on the main Richards Bay railway line 26 kms away.

## River

The colliery is 600m from the banks of the Black Umfolozi river which continues its passage eastward through the Umfolozi Game Reserve 7 km from the mine. It operates a two-shift five-day week with most of the families living in Empanjeni, 160 kms away. It shuts down every Friday at 4 pm and buses staff to Empanjeni where they are collected on Monday for start up again at 8 am.

It has estimated reserves for 22 years, but according to Mr Bigham the reserves eight and 45 kms further north could be extended pending further geological exploration.

Mr Bigham is keen to emphasise that no mining or prospecting is being carried out in the 22 800 ha corridor between the Umfolozi and

## Hluhluwe Game Reserves

The development has been given full support by the Kwazulu Government in Ulundi and already spinoffs by local entrepreneurs into secondary industry include a brick factory.

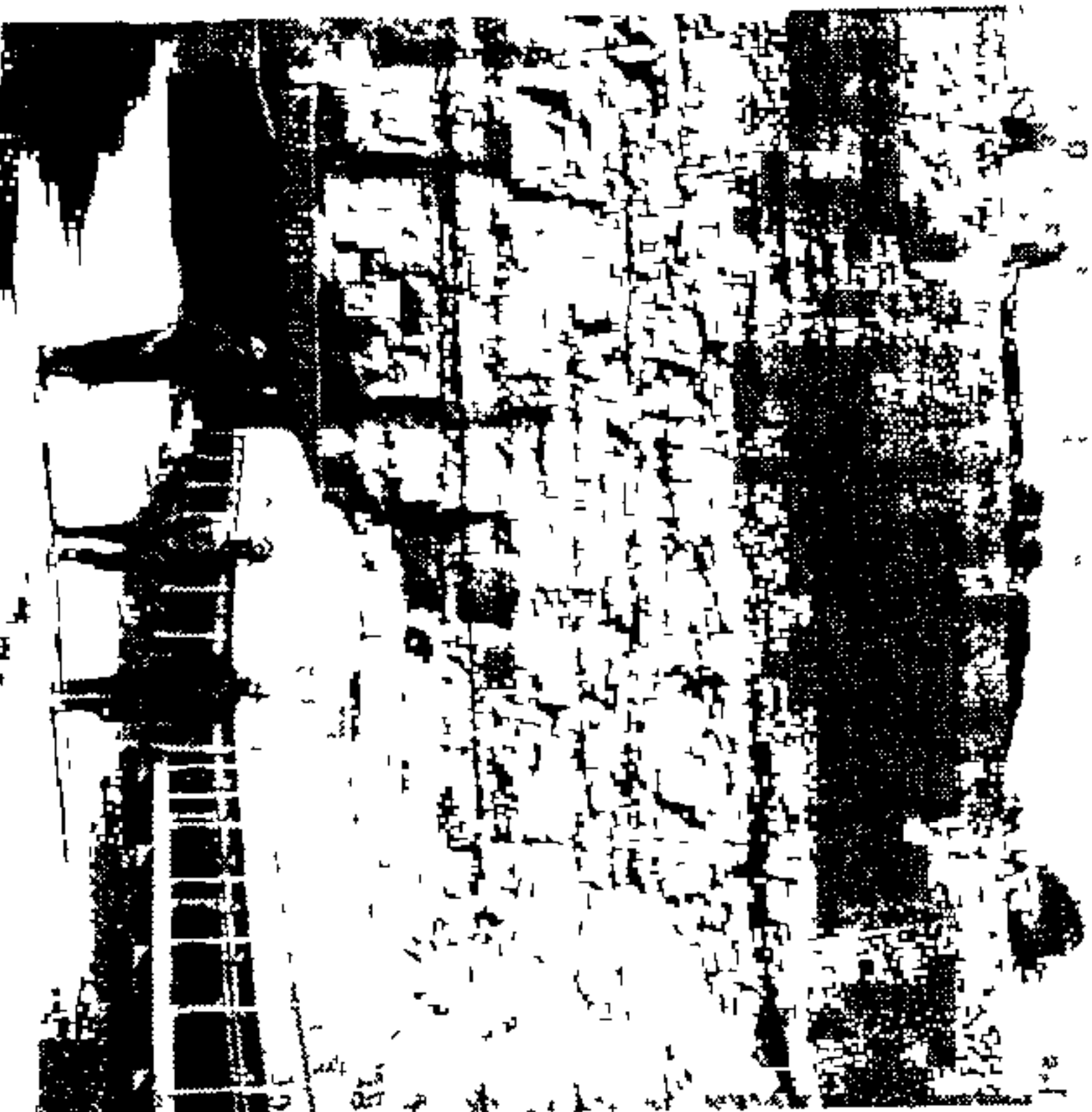
## Employs

Gencor estimate the project employs about 540 locally recruited Zulus and will make a favourable social impact on their lives.

Mr Bigham said the 300 000 cubic metre dam built by Gencor which holds enough water for seven months operation at the colliery, was considered for wind surfing and other water sports, but this was discouraged when the Natal Parks Board pointed out that crocodiles could eventu-

ally make their way from the Black Umfolozi where the water is obtained. As insurance against polluting the river Gencor has built a dam for waste water in a natural basin where the water is re-circulated to the mine.

Mr John Daley (above), manager technical services, looking across Gencor's R80m Kwazulu Anthracite Colliery in Okuku. In the distance, on the right is the accommodation. In the picture - right - are three Zulu miners leaving the north shaft entrance. The conveyor belt brings coal out of the mine.





# Poison saved the Reef's precious gold mines

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24/9/85

With Johannesburg's Centenary only a few months away it is interesting to recall that in 1880 panic gripped the young mining camp. There was a general outcry that the gold mines of the Witwatersrand were destined for oblivion.

The depression that settled over Johannesburg, after only a few years of great buoyancy, was caused when it was discovered that reefs in the deeper levels of the mines would not give up their golden treasure as easily as they had done on the outcrops.

At depth the character of the ore changed, no longer did most of the gold particles break free from the surrounding quartz and settle either in the riffles of corduroy blankets, or amalgamate on the mercury plates. Instead they were now associated to an increasing extent with iron pyrites and in this form the gold was lost to tailings.

One historian described the financial disaster that ensued as "the worst ever sustained by the South African gold mining industry".

Many pioneers were ruined as they were forced to sell their holdings for a pittance. Then, lacking the means to buy in the shares again, they had to watch prices soar to unprecedented levels once the panic was over.

Many of them decided to shake the dust of the Rand from their heels and got out while the going was good.

However, the solution to the problem came, not from the chemists, but from far-off Scotland and what saved the mines was the deadly poison — cyanide!

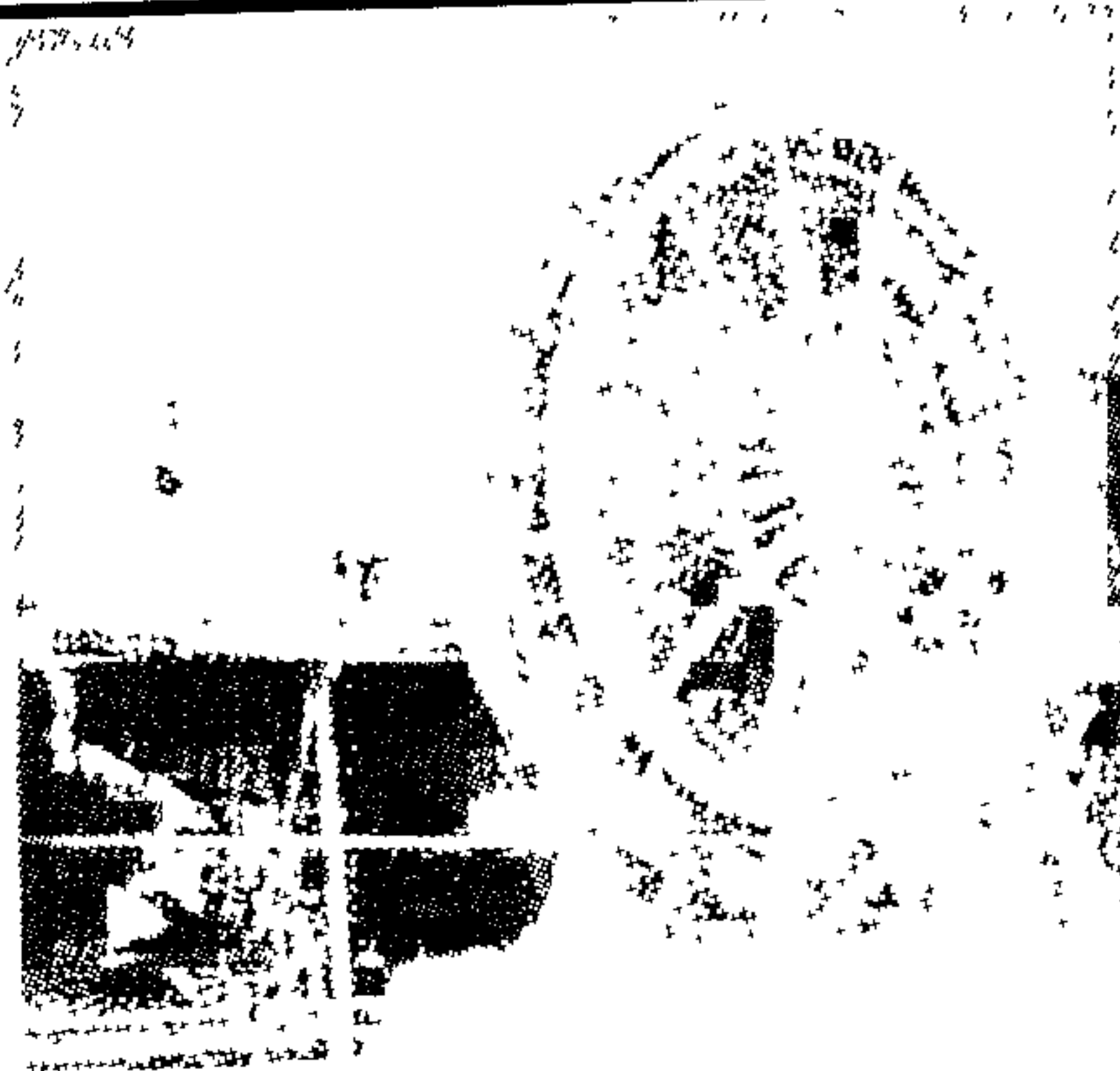
Ironically enough, three years earlier, John Stewart MacArthur, a chemist, and two medical practitioners, the brothers Forrest of Glasgow, had conducted experiments proving that a solution of potassium cyanide could dissolve gold particles contained in auriferous ores. Consequently, corduroy tailings could be leached in such a solution. They were then precipitated on zinc shaving and almost all the residual gold that had escaped the corduroy tables was recovered.

The cyanide process was introduced to the Witwatersrand by a group of Barberton men who formed a syndicate called the African Gold Syndicate and negotiated the right to use the patent.

However, it has also been recorded that John Jack of Simmer and Jack fame played a big part in having the process introduced on the gold mines. While he was on

Johannesburg is soon to celebrate its golden jubilee. Just over 100 years ago, it was feared that the dreams of great wealth from gold on the Witwatersrand were already over. The gold was becoming increasingly difficult to mine. E. L. SMITH, a former editor of *The Reef* magazine, a Chamber of Mines journal, has carefully researched this story of how help finally came from far-off Scotland — and how those responsible faded into almost total obscurity.

STAR



The City and Suburban, formed in 1887, was one of the first mines on the Witwatersrand to use the cyanide process. This giant tailings wheel was then an essential part of the mine's reduction works. It elevated the concentrates, sand and slimes to a height that enabled easy flow to the cyanide tanks for treatment. These ferris-like wheels were a common sight on early gold mines but later gave way to sand pumps.

leave in Scotland he showed samples of gold ore to the Glasgow partners and they told him of their experiments. Jack then hurried back to South Africa to spread the good news.

MacArthur, who is acknowledged as the true founder of the MacArthur-Forrest cyanide process, started as an apprentice with the Tharsis Sulphur and Copper Company. A few years later, while working on the recovery of traces of precious metals from sulphur liquors, his attention was drawn to the extraction of gold from its ores.

He had been interested in photography and had made a close study of toning solutions, which consisted mainly of a solution of gold salt.

By then the Forrest brothers had become associated with him and together they carried out various scientific investigations including the chemistry of explosives and the preservation of foodstuffs.

The South African Republic granted a patent to MacArthur and his partners who, with the consent

of the Cassell Gold Extracting Company and in return for payments on a "no-results-no-pay" basis, ceded the patent to the African Gold Recovery Company.

When the cyanide process was introduced to the mines of the Witwatersrand towards the end of 1880 its success was immediate. By December the following year it was responsible for the recovery of 36 240 ounces of gold and by 1884 this figure had been increased to nearly 550 000.

Thus the future of the gold mines was secure and in January 1885 the president of the Chamber of Mines, Lionel Phillips, announced at a meeting that "the average value of the tailings now treated is 5.1 dwts and it is reasonable to suppose that we have by no means reached the climax of this project."

MacArthur, who died in 1920, and the Forrest brothers did not enjoy the wealth and fame that should have come their way. After long and bitter litigation with other syndicates they lost their patent and the saviours of Johannesburg and its gold slipped into obscurity.



management literature but when it

# SA minerals may provide lever over US economy

210 B. Day 30/9/85

PRESIDENT Ronald Reagan's pruning of American national defence stockpiles has allowed South Africa a growing potential leverage over the US economy. More to the point, it could signal an increase in US imports from South Africa — especially if uncertainty about this country's stability prompts a new stockpiling programme.

The Office of Strategic Resources (OSR) has issued a report that says the reduction of stockpiles and a decline in the American mining industry leaves the US vulnerable to any cut-off of South African supplies.

The SA government, says the report, has promised not to take deliberate retaliatory action with mineral supplies in response to economic sanctions, but there are growing fears that a sharp fall in the South African economy could lead to further unrest in the country.

ROY BENNETTS

This, in turn, could lead to a disruption of strategic mineral supplies and a possible price escalation.

The report states that between 1980 and 1983 SA supplied 49% of the US purchases of platinum, 55% of its chromium, 39% of its manganese and 44% of its vanadium.

South Africa also acts as a transport intermediary for the Zambian cobalt deliveries that make up 61% of US demand.

The London-based *Mining Journal* reports that Reagan has begun a drastic pruning of the US national defence stockpile, throwing out a study carried out by the Carter administration that proposed 62 materials worth \$16.3bn were needed to meet national requirements in the event of a three-year conventional global war.

Reagan is believed to have based his

requirements on purely military uses, with the result that the number of essential materials has been trimmed to 42, worth \$6.7bn.

This has released supplies of excess material worth an estimated \$3.2bn, with future sales of surplus material worth an estimated \$2.5bn spread over five years.

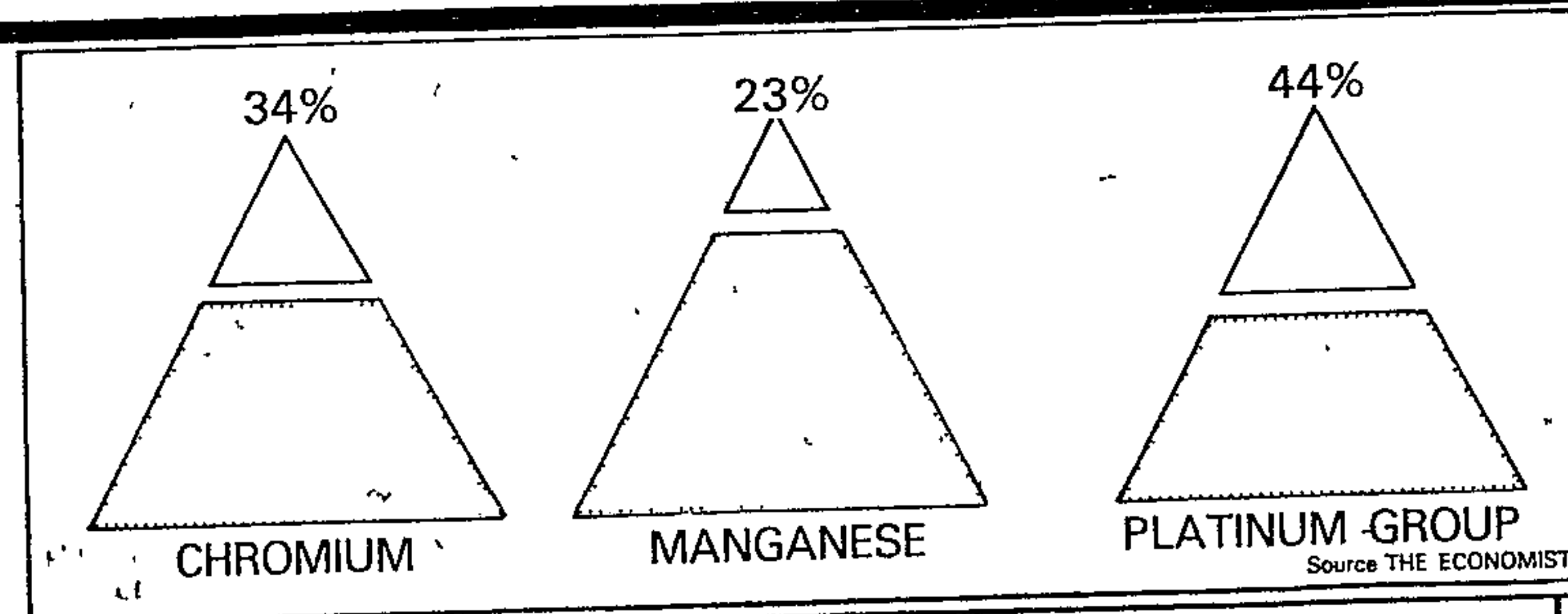
The Carter administration had previously estimated a surplus of \$3.5bn, mainly in silver and tin.

Charges have already been made by the chairman of the White House armed services subcommittee on critical materials that the sole purpose of selling surplus stockpiled material was to help reduce the budget deficit.

It has been pointed out, by the subcommittee, that there is a legal obligation that such stockpile receipts be fed back into the stockpile transaction fund.

WORLD MINE PRODUCTION 1981

SOUTH AFRICA  
 OTHER PRODUCERS





# Strategy for success

By Peter Farley  
Investment Editor

At Anglovaal decentralisation is almost a religion. And that, combined with disciplined planning, tight asset control and top quality management, has seen its listed industrial operations surge further ahead this year leaving a trail of competition in its wake.

Industrial division chief executive Mr Jan Robbertze points out that the group has been mildly criticised in the past for its conservative policies, "but now it is seen as our strength".

Even though earnings in the top company, AVI, were mildly depressed for the second consecutive year, investors have been more than happy with the results and pushed the share price up another rand to 1 450c.

The key to the success of companies like Irvin & Johnson, Globe, Claude Neon, Consol and Grinaker has been a strong aversion to debt. When other companies geared up for expansion the Anglovaal operations opted to rather grow more slowly than take on borrowed funds.

The result is a group gearing of less than 20 percent. However, Mr Robbertze points out that a conservative debt:equity ratio has not been the main target in corporate sights. Looking solely at that indicator, he believes, has been the downfall of many operations.

A 50 percent gearing he contends, is probably fine at single figure interest rates, but potentially disastrous in the past couple of years. Interest cover, and the consequent ability to service the debt, is therefore the capability that should be noted.

## Short-term strategy

The other factor working in their favour was an early move, several years ago, to adopt a more tightly focussed short-term strategy. Five-year plans were abandoned in favour of a maximum three-year forward view, with all management time concentrated on what was happening in the first year.

So many companies got tied in to five-year plans that a sudden short-term reversal, or unexpected extension of the depressed economy, caught them flat-footed.

With this in mind the group was segmented into six major categories, covering construction/electronics (the Racal operations were historically held by Grinaker), dry food, frozen food, packaging, textiles and diversified businesses.

This latter division is one of the most important areas of the group. Mr Robbertze treats it almost as a nursery for the whole division.

Companies in this group, headed by Mr David Royston, are those not big enough to stand on their own in a separate division and include Globe, Claude Neon and Steelmetals. And all have

proven extremely successful.

The main problem area in the past year has been the textile division and, more specifically the Risa trading operation. This company lost around R6 million in the past 12 months. While the whole textile sector is pretty depressed, Risa specialises in knitted garments which have met strong competition from both a host of small competitors and cheap imports.

Management is exploring ways of resolving the issue, which may result in it being either merged, sold or closed. As Mr Robbertze points out, the low entry barrier makes it exceptionally easy for competition to start up next door and make severe dents in the business.

Another problem child was consumer electronics operation Sintronics. Bought last year for R2,5 million, the company principally handles the Sansui and Alpine franchises here. But Mr Robbertze is confident that after losing money in its first year the company is on a more even keel and should be contributing to the bottom line in future trading periods.

Mr Robbertze says that AVI has tried to keep the six legs fairly evenly balanced, as it is felt wrong to have a heavier weighting in one area that would absorb a disproportionate amount of management time.

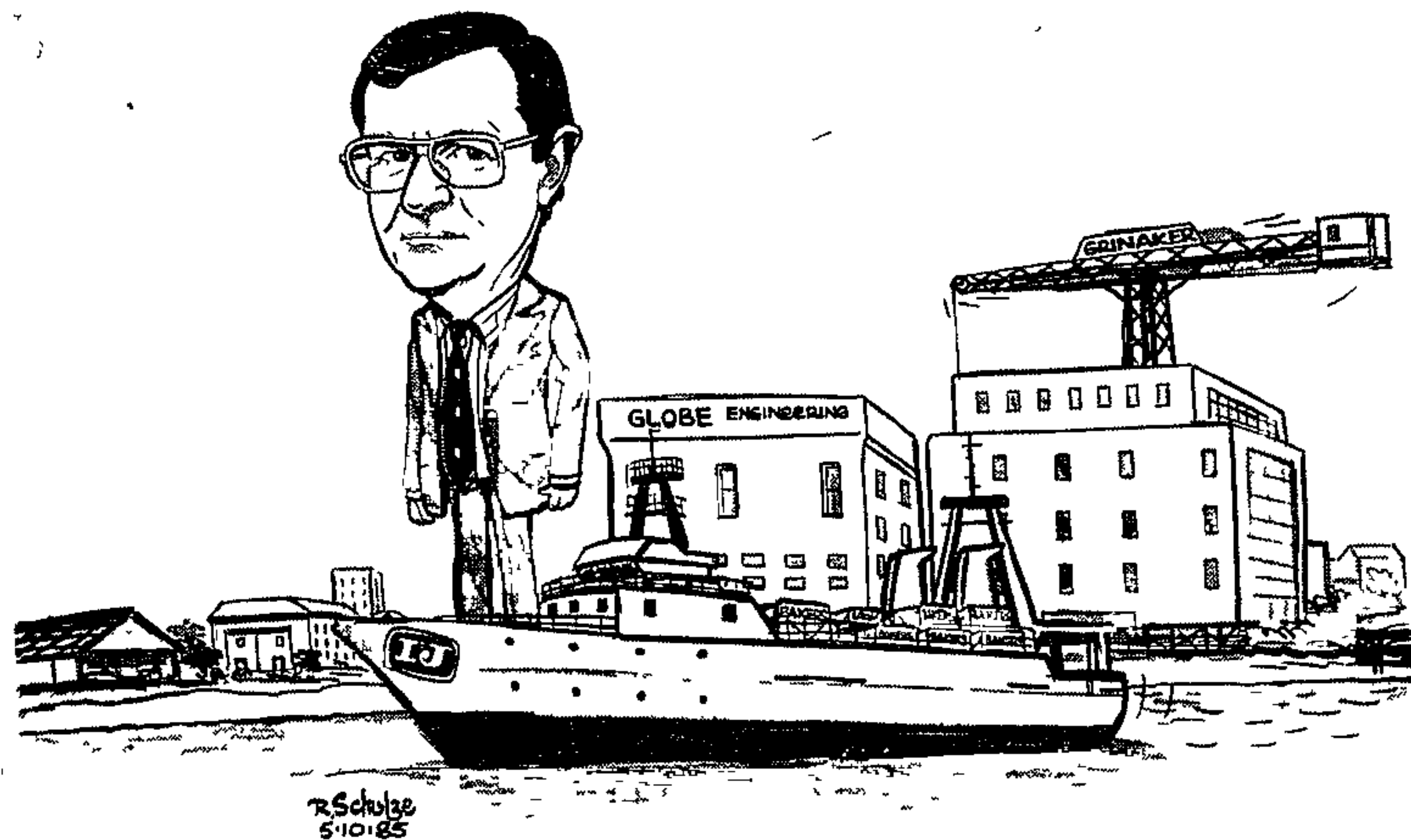
## Successful

The frozen food area has probably been the greatest success. I & J pushed earnings up by some 30 percent last year in a period when many expected it to suffer because of its exposure in the luxury, value-added end of the convenience food market.

But as Mr Robbertze points out, some remarkable product innovations and a massive investment in marketing and advertising has been reflected in both increased sales and increased market share.

That trend is probably most evident in I & J; but it has happened in virtually all group companies. And, apart from seeing them through the recession, it provides a massive platform for earnings growth once the economy takes off again.

The two major outside criticisms of AVI have been its tight-fisted dividend policy — covering payments to shareholders four or five times — and the tight hold it has on group companies' shares. This makes them difficult to obtain and consequently pushes ratings even higher.



Anglovaal Industries' J C Robbertze — riding the crest of a wave.

Mr Robbertze says, however, that neither of these policies are set to change and, in fact, he has bad news for investors. When the annual report is released it will show that both AVI and South Atlantic have increased their stakes in certain group operating companies.

But as he quite candidly points out, what better investment is there for the top company. And based on the performances seen so far, who can disagree.



# Organised mining today celebrates its 300th birthday

As open-air smelters in the Magaliesberg, Namaqualand and even atop Melville Koppes have well illustrated, the first South Africans, both negroid and Khoi, mined copper and iron for eons. But today marks the start of organised cash mining in South Africa 300 years ago.

"At daybreak the miners began work at two points," wrote Commander Simon van der Stel in the journal of his great Namaqualand expedition, "and found themselves on an unusually wide vein."

That was on October 23, 1685, and the rich vein was one of copper at Copper Mountain which is near today's Springbok, and right in the heart of South Africa's greatest flower kingdom. The hole in the mountain from where South Africa's first cash mineral was dug and assayed is now a national monument.

The opening of the Cape settlement's first mine by the Vereenigde Oost Indische Compagnie (VOC), the Dutch East India Company, was an affair much more festive than the launch of a new super gold mine today. More than a hundred people in 15 wagons, 200 oxen, two cannons and two boats

Three hundred years ago today two white miners hacked into a Namaqualand mountain and bagged South Africa's first mineral. It was a small step for the mining man, reports Science Writer JAAP BOEKKOOI (above), but a giant step for commercial mining in this country.

left the Castle-in Cape Town Among the procession were a band playing Renaissance music on pipes, shawns, fiddles and drums (music for peacemaking was policy in the VOC), a good supply of arak. The start of cash mining in South

Africa had a good many ironies. The Dutch wanted copper for trinkets to exchange for Khoi cattle, yet copper had long been mined for trinket-making by the small Namias themselves. It was only after a long time that the settlers had evidence of the presence of copper towards the great Gariep, later known as the Orange River.

And Van der Stel missed a much greater treasure when trekking down Spektakel Pass, the spectacular mountain gap that today accommodates the road to Port Nolloth and the Richtersveld with its offshore diamonds. On the bed of the Buffels River the party must literally have walked on diamonds in big quantities just below the sand.

Despite Van der Stel's significant discovery, South Africa was not to become a mining country for more than a century and a half remaining in agricultural slumberland. Where today copper is profitably mined from rock yielding only 1 per cent, the VOC directors found the Copper Mountains

samples of over 10 percent too risky to start a mine and the venture was abandoned.

Only 1852 saw the opening of the first copper mine capitalising on Van der Stel's discovery, and from then on the mining age rushed forth headlong, with the first diamonds at Hopetown 14 years later, gold at Lydenburg in 1870, atEersteling in 1871, the kimberlite pipe of the same year after which Kimberley was named, the Barberton and Pilgrims Rest goldfields, and finally the great Midas hoard of the Witwatersrand.

It's mere speculation to think what South Africa, now famed for its mineral riches and the world's 12th copper producer, would be like today if the VOC had said "yes" to the Copper Mountain venture, or if one of Van der Stel's wagons had returned loaded with Buffels River diamonds.

In that case Johannesburg would probably stretch from the Vaal to the Apies, and boast a dozen Carlton Centres, each scraping the sky at dizzy heights.

STAR  
210  
23/10/85

# Search on for alternative to SA's mineral supplies

The Star Bureau  
LONDON — With the spectre of economic sanctions against South Africa looming, nations that import that country's minerals are casting about for possible alternative supplies.

One of the countries being actively looked at is Brazil.

For several reasons, Brazil has lagged far behind other leading minerals exporters such as the United States, Canada, Australia and South Africa. Only in very recent years has it ceased being an importer of most non-ferrous metals, and even steel.

But minerals output, including oil, grew by 27 percent last year, and a similar rise is expected this year.

Of the list of 15 minerals of which South Africa is an important or dominant supplier, Brazil has 11. It lacks only diamonds, minerals in the platinum group, cobalt and vanadium.

Brazil has deposits of chrome, antimony, titanium, and zirconium. The country is already an important producer of bauxite and aluminium, manganese, nickel and tin, and it has now overtaken Australia to be the world's largest producers of iron ore.

Attracted by significant new finds, such as the immensely rich Garajas complex, in the Amazon region (which has almost unlimited reserves of high

grade iron ore and copper, tin, bauxite, manganese, nickel and gold) mining companies have been quietly expanding prospecting programmes in the past few years. Entrants include companies such as Anglo American.

Among companies which have increased their presence in Brazil are British Petroleum, which has been spending up to R50 million a year on prospecting; Shell's Billiton Metals subsidiary; Rio Tinto-Zinc; and the Belgian Union Miniere.

Brazil has already become dominant in iron ore. But in recent years, several aluminium companies have decided to take advantage of the vast reserves of high grade bauxite, and particularly important, of abundant and cheap hydro-electric power. Cheap power is crucial to the smelting process.

The US Alcoa company, in conjunction with Shell, recently started with a big smelter near the Amazonian city of Sao Luis, where 500 000 tons of aluminium will eventually be produced.

A consortium involving Brazil's state-owned Vale do Rio Doce mining company, and 20 Japanese aluminium companies convinced of the need to refine where costs of production are far lower than in energy-short Japan, is about to start a plant near Belem, at the mouth of the Amazon, where 300 000 tons will

eventually be produced.

Increased production of some metals has responded sharply to price changes. Until six years ago, Brazil's output of gold was only about five tons a year. Now it is 10 times that, and if the price remains high, it could reach between 70 and 100 tons, making Brazil the world's second largest gold producer. Most of the new production has come from the tens of thousands of small-scale gold panners searching the river beds and hills in the Amazon region.

However, the Anglo American Corporation is spending heavily to expand production at its deep mine Morro Velho, while several of Brazil's tin mining companies have switched their resources, as the tin price falls.

The search for uranium is typical of what can happen when geologists start prospecting seriously. Twenty years ago Brazil's proven reserves of the mineral were negligible.

Then plans for a big nuclear power programme were made formulated and after intensive prospecting proven reserves have now risen to 300 000 tons, among the world's largest. The search has been temporarily suspended, as there is plenty to go on with.

The prospects are so good that for several mining companies Brazil has at last become their number one priority.



PROFILE

Oppenheimer favours  
contact with ANC

25/10/85  
6 Day

ANGLO AMERICAN former chairman Harry Oppenheimer says he would like to talk to the ANC

The 76-year-old doyen of industry also backs the release of Nelson Mandela

Oppenheimer, in an interview in a leading US and international business magazine, *Fortune*, says "I think the (SA) government is very ill-advised not to release him"

In a wide-ranging question-and-answer feature, he says he is against foreign disinvestment, but is adamant that SA will survive sanctions

"All the change for the good that has come about in South Africa has really been due to the growing economy. Growth depends on having the foreign investment in South Africa go on"

*Fortune* describes Oppenheimer as a lifelong foe of apartheid, a "system he calls immoral and impractical"

Asked if disinvestment could be headed off by releasing ANC leader Mandela, Oppenheimer says "I think the release of Mandela certainly has a very great symbolic importance. Of course, I think their (the SA government's) position on the ANC is an understandable one, so long as the ANC says that their only way of handling the situation now is by increased violence. But the ANC might be willing to think again about the use of violence if the government thinks again about its attitude, first of all to Mandela but also about the rate of change"

Oppenheimer says "Government ought to talk to the ANC. In fact, it's the only hope"

Oppenheimer reveals in the interview that he met Mandela before he was jailed more than 21 years ago

"I met Mandela twice. He came to see me once in my office. He was an impres-

BILL CAIN

sive fellow, a tall, powerful-looking man with a strong voice, a good speaker. But that's a long time ago. I haven't met with ANC people, but I would like to"

Oppenheimer warns the US business community, as well as international commerce, that disinvestment will cause only more misery and bloodshed

"It is going to result in even greater unemployment, a major factor in the disturbances that are taking place. The rhetoric behind the disinvestment campaign adds to the disposition of unemployed people to go for violence. It also forces government to take steps to insulate the South African economy from the rest of the world"

"South Africa will certainly end up suffering a great deal but, if it is forced to cut itself off financially and economically, it lessens the ability of foreigners to influence what is going on"

*Fortune*, in an in-depth survey of US companies operating in SA, asked Oppenheimer if SA could survive disinvestment

"Of course, what is more, I am sure change will come. There is a major consensus among business people in South Africa that influx control and the pass laws associated with it must go. But change by violence and change by peaceful negotiation are not the same"

"When you make changes in Africa by violence, you get one-party states. There are many people who don't only want to get rid of racial discrimination, they also want to get rid of the private enterprise system," Oppenheimer says

He cuts short any suggestion that Anglo American is moving money out of South Africa

"No, that is not so. We are very willing to diversify outside the country, but only if we see good business"

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1 001	The disclosure of accounting policies	(July 1974)
1 002	Taxation in the financial statements of companies	(July 1975)
1 003	Extraordinary items and prior year adjustments	(September 1976)
1 004	Earnings per share	(September 1976)
1 005	Disclosure of leases in the financial statements of lessees	(April 1982)
1 006	Depreciation Accounting	(July 1982)

W/E NEWS 30/11/82

# Mining exports 'almost licence to print money'

**TOM HOOD**

THE export of raw materials has almost become a licence to print money for South African mining companies which are reaping a windfall profit.

A strong performance from its various mining interests enabled Anglo American to lift net earnings by 30 percent to R320 million from R246 million in the six months to end-September — more than compensating for weak performances and losses by its industrial investments.

Anglo's interim dividend has been raised by more than 40 percent to 50c from last year's 35c.

Gold and coal were the star performers and the mining sector's contribution to the group's income from investments — up to R304 million from R235 million — is moving closer to 75 percent from two-thirds in the last full year.

With the average rand gold price received in the six months only R622 an ounce higher profits can be expected by the year-end with that price now well established above R80.

The coal bonanza brought a 45 percent jump in trading profits to R224 million.

While the mineral/foreign exchange bonanza offers share-

holders the potential for a substantial earnings boost, a very big attention away from some problematic industrial investment.

South African Motor Corporation (Samcor) is still showing losses which could reach R100 million in the half-year.

Paper producer Mondi is also running in the red and recent outbursts in the United States over South African paper exports could affect a project which hinges almost entirely on exports.

Construction giant LTA had negligible profits last time and could also post losses.

Though shares of diamond mine De Beers have been pushed up by more than 50 percent in recent months to well over R15 its stockpile and debt mountain mean it is not likely to share the high earnings of its gold and coal cousins.

● All companies in the Anglovaal group declared higher dividends.

Anglovaal Holdings raised its interim 21 percent from 9,5c to 11,5c a share.

The dividend from Anglovaal Limited amounts to 120c against the 100c last year.

The group's gold mines also declared improved interim dividends due largely to the higher rand gold prices the mines received.

Gold producer Harties raised its interim payout from 32,5c to 45c, an increase of 38 percent.

The dividend from Zandpan which derives its income from its investment in Harties climbed 2c from the 55c paid at the interim stage last year.

At 100c the ET Cons interim is 33 percent ahead of the 75c paid a year ago.

Although Village Main has declared an interim dividend of 10c for the first time in four years this does not necessarily mean that interim dividends will be declared in future as a matter of policy.

Mining exploration and investment company Middlewits increased its interim dividend to 10c from the 45c declared the time last year to 55c.

● Turnover of the Shoprite supermarket group jumped by 25 percent for the half-year to August from its existing branch network.

Profit at pretax level, a record R1,6 million, was up 6 percent after a freeze on food prices and strategic promotions of about R600 000 which management passed on to consumers.

The influence of new branches at Mitchells Plain, Oudshoorn and De Aar which all opened after August will lead to an even higher turnover.

growth in the second half of the year the company forecasts.

● Industrial giant Federale Volksbeleggings trimmed its losses in the half-year to September to R7,4 million after a loss of R65 million in the previous 12 months.

A year ago Fed Volks earned a R7 million profit in the first half.

● Barlow Rand Properties reports 89,5 percent of the R210 million loan stock and 21,5 percent of the ordinary shares are now held by loan stockholders and shareholders other than companies in the Barlow Rand Group.

Net profit for the year to September 30 of R1 million was in line with the forecast given in the pre-announcement of August 26 1982.

● The Crown Mines sand treatment operator of Rand Mines Properties offset a plunge in property earnings in the year ended September, leaving after-tax profit marginally lower at R21,5 million.

● Rand London Corporation staged a big recovery in the half-year to September, turnover rising to R46,7 million from R27 million.

Net profit after foreign exchange provision and minorities share of profit jumped to R3,2 million from R28 000 a year ago. Earnings a share were 36c against nil last time.



BUS DAY BUS DAY  
**Gencor fraud probe**

2/12/85

Business Day Reporter

210

GENCOR chairman Ted Pavitt has confirmed that an alleged multimillion-rand fraud within the company is being investigated

But he said it was impossible to estimate how much was involved until the probe had been completed. However, he said a weekend newspaper report that R42m was involved was exaggerated.

According to the report, it has been alleged that officials received farms, luxury vehicles and overseas trips to grant tenders

# Policeman hit in shoot-out

Staff Reporter

TWO police vehicles were destroyed and a policeman was lightly injured in incidents on the Cape Flats at the weekend.

A policeman was hit in the ankle during a shoot-out with a group of men after the patrol van in which he and another policeman were travelling was fired on in Lansdowne Road near New Crossroads.

The incident, which happened close to the spot where police shot dead one man and wounded another after being fired upon during a joint security forces "crime prevention" operation on Friday, occurred just before 3am on Saturday.

A police liaison officer for the Western Province, Lieutenant Atthe Laubscher, said shots were fired at the patrolling policeman from among the houses when they tried to drive off a shot, apparently from a semi-automatic rifle, punctured one of their tyres and another smashed the windscreen.

The policemen radioed for assistance, drew their firearms and fired several shots over the heads of a group of about 50 people who suddenly rushed at them from the dark.

The two policemen then abandoned their vehicle and ran down the road.

A bullet grazed the ankle of one of the policemen during the shooting.

Police reinforcements later picked up the two policemen and drove to the van, which had been set alight.

Yesterday the Acting Divisional Commissioner for the Western Province, Brigadier C A Swart, turned down a request by the Cape Times to photograph the damaged police van.

In another incident, a police car parked at the Langa home of a police detective was petrol-bombed and gutted yesterday shortly before 1pm

# R42m fraud at Gencor?

JOHANNESBURG

One of the country's biggest mining houses is investigating allegations of a possible R42-million fraud in the company, the Sunday Times reported.

This would make it South Africa's biggest commercial swindle.

The company is Gencor, one of the "big five" mining and industrial conglomerates.

As many as eight senior officials may be involved.

Gencor chairman Mr Red Pavitt has confirmed that the investigation concerns staff still employed by his corporation, but he thought the amount involved might be exaggerated.

He said the probe began after Gencor received a letter from a former female employee who had been dismissed.

She made allegations about certain Gencor officials.

The investigation was

To page 2



Mr Ken Andrew

By PETER DENNEHY

MEMBERS of Parliament, MPs and attorneys have been refused entry into Zweletemba township outside Worcester to investigate sworn allegations of police brutality.

Mr Ken Andrew, PFP spokesman for black affairs in the Western Cape, said on Friday that permission had been sought for the unrest-monitoring committee to visit specific places in Zweletemba to investigate sworn allegations of police assaults.

It had been pointed out to Brigadier P C Fourie, Divisional Commissioner of Police in the Boland, that "as public representatives we had a right and a duty to find out what was going on", he said.

"After considering the matter Brigadier Fourie has given a point-blank refusal to allow any of us into Zweletemba."

"He has even gone so far as to say that he will not allow any attorney into Zweletemba to assist a township resident to investigate or formulate a claim for damages," Mr Andrew said. "I consider these decisions to be disgraceful, contrary to the basic principles of justice and an unwarranted interference in the rights of

# Attorneys barred from Zweletemba

members of Parliament and the provincial council.

PFP public representatives had been asked to visit Zweletemba last month, but police refused permission, Mr Andrew said. Members of the unrest-monitoring committee went to Worcester instead, where they took affidavits.

"What we were told horrified us and convinced me that a reign of terror had been conducted by the authorities in an attempt to bully the residents into meek submission."

Mr Jan van Eck, MPC for Grootes-Schuur, said police were indemnified against legal action as long as police behaviour had been in good faith.

"Affidavits taken in Worcester indicate a serious need for investigating cases where the police are alleged to have used excessive force and therefore allegedly did not act in good faith."

Yesterday, Brigadier Fourie said he had no comment to make because it was "unrest-related" and referred the matter to police headquarters in Pretoria.

A spokesman for the SA Police public relations division later said he had nothing to add to what Brigadier Fourie said to the PFP.

as well From page 1

started by Gencor's internal organization under Colonel A J C de Beer, a retired Commercial Branch officer.

After initial internal inquiries, Gencor called in the Commercial Branch. Its investigation is being conducted by Major L J Esterhuizen.

The head of the Commercial Branch on the Witwatersrand, Colonel C M Saayman, confirmed yesterday that his staff were investigating allegations against certain Gencor officials in connection with the award of tenders.

The allegations are that officials received farms, luxury vehicles and trips overseas to grant tenders.

Colonel De Beer declined to comment on his investigation, saying the matter was "big and very delicate".

However, a source close to him said the alleged fraud had been uncovered during checks on Gencor's internal engineering management and accounting systems — Sapa



## MINERALS

BU > DAY  
September  
4/2/85 210  
sales hit

### new high

Investment Staff

MINERAL sales in September rose to a record R2 470m, with exports of R2 172m constituting 86% of the total.

Gold production in the month fell marginally to 56,2 tons compared with just under 57 tons in August.

However, revenue from the sale of the metal jumped dramatically, from R1,26bn to R1,42bn, in the same period.

The picture is somewhat clouded, as gold figures released by the Minerals Bureau do not reveal the exact amount of export sales, and this figure could — because of stockpiling — be higher than the production figure.

Diamond production in the month was also down at 863 136 carats (931 339 carats), while the weight of the stones sold to the export market soared to 1,6-million carats (244 267 carats).

Revenue from sales more than tripled to R109,9m (R29,8m), while the unit value fell from R122 to R71.

Coal production in September was only fractionally lower at 14,96-million tons, with the local tonnage sold unchanged at 10,6-million tons. This produced slightly increased revenue of R172,2m (R165,3m).

Coal tonnage sold abroad increased from 2,9-million tons in August to 3,9-million tons, with revenue — boosted by the weak rand — climbing to R294,4m (R204,9m).

Copper continued on the crest of its current international high-price demand, with export revenue rising by 33% at R32,3m (R24,3m) and physical sales improving by 21% to 10 407 tons.

Local sales revenue matched this trend with an 11% gain to R22,9m.

Tin recovery remained constant in September at 179 tons, with local and export demand for the metal at 81 tons (96 tons) and 82,8 tons (83 tons) respectively.

Revenue from the local market was marginally higher at R2,6m, while the value of exports rose 22% to R2,1m.

Total revenue from mineral production in the month, including quarry material and miscellaneous minerals, rose 19% to R2 470m (R2 075,2m).

(210)  
BUS DAY  
4/12/85  
**Reports on Gencor  
are 'exaggerated'**

Business Day Reporter  
**REPORTS** that irregularities involving the mining division of Gencor involve R42m are grossly exaggerated, says chief of the Witwatersrand Commercial Squad, Lieutenant-Colonel CM Saayman.

He says the amount involved is "probably less than R1m".

Gencor has bought space in *Business Day* to clarify to shareholders the alleged fraud.

A spokesman for the mining house says in the advertisement that, contrary to the impression which may have been created by recent media reports, there have been no noteworthy developments in the matter.



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# Ferro-alloys boom for SA

THE greatest profit boom in the history of SA's ferro-alloys sector still has some way to run.

But John Gomersall, MD of Middelburg Steel's ferro-alloys division, and Dr John Muller, Samancor's GM manganese, both agree that 1986 will mark a fall in export prices and volumes of ferro-chromium and ferro-manganese — by far the major exports of SA's ferro-alloys industry — as growth in the world's steel industry slackens and over-supply develops.

The Chamber of Mines forecasts that the volume of ferro-alloys exports will fall by 6% in 1986, with ferro-chromium and ferro-silicon the worst affected. Export income, it says, will drop 11% on 1985's projected R1,322bn to R1,177bn.

The rand's collapse has also made SA the most price-competitive ferro-alloys exporter in the world.

Samancor, SA's largest integrated ferro-alloys producer, reported a 295% advance in net profit to R113,2m at its end-August interim. Barlow Rand's unlisted ferro-alloys and steel producer Middelburg Steel notched up an attributable profit rise from R100 000 to R52m in the year to end-September. In 1983, Middelburg posted an R18m loss. Anglovaal's Associated Manganese (which is diversifying into ferro-chrome) lifted interim profit at end-June 256% to R24,4m.

But longer-term storm clouds are gathering. Relentless cost advances, no-

CHRISTOPHER MARCHAND

tably in electricity prices, are eroding SA competitiveness.

And while Muller and Gomersall deny that SA ferro-alloys exports have been hit by politically-inspired boycotts, they agree that the future growth of such exports could be impaired.

This of course holds implications for the longer-term growth of the ferro-alloys industry, only about 4% of whose output is consumed in SA.

Since the current boom got under way in 1983, ferro-alloys exports have risen from roughly 3,5% to 5,5% of the total value of SA's mineral exports, and SA's mineral planners, such as Mintek president Dr Aidan Edwards, espouse ambitious plans for continued growth.

Gomersall and Muller see as bullish the prospect that ferro-alloys markets in future may avoid the boom-and-bust cycles which characterised their fortunes in the past 10 years. The world's carbon steel industry, which accounts for 95% of demand for ferro-manganese, is likely to grow at a stable 1% a year in the rest of the 80s.

As SA possesses the world's largest reserves of chrome ore, about 55%, it could be well placed, if it got its political house in order, to supply a growing ferro-chromium market.

Samancor, Muller says, will not extend capacity until the industry has been further restructured.

# Barayi: 'When blacks rule, mines will be nationalised'

Bus. Day Dec 1985

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CLOSE confidantes of "super unionist" Elijah Barayi — president of the new Congress of South African Trade Unions (Cosatu) — see him as one of the most powerful men in South Africa right now.

But the man himself said yesterday in an interview that he was a "mere cog" in a very big wheel. "Perhaps an important cog," he said with a wry smile.

Barayi, 53-year-old personnel assistant at the Blyvooruitzicht gold mine at Carltonville in the Transvaal (who now heads Cosatu with more than 450 000 paid-up members in 34 affiliated unions) said he regarded himself as a moderate, had no particular communistic leanings, but was committed to attaining one-man-one-vote in a unitary SA.

## 'Peanuts'

The existing tricameral Parliament must go, because it was initiated by "a minority white government with the help of two minority groups, coloureds and Indians," he said.

As a black leader he would be willing to talk to State President P W Botha on the country's future only when Botha made a public commitment to dismantle apartheid, he said.



□ ELIJAH BARAYI ... "mere cog" in a very big wheel

A Xhosa by birth, Barayi said he had no particular desire to talk to KwaZulu leader Chief Mangosuthu Buthelezi, because of the Chief's stat-

ed willingness to settle for a federal system for SA.

With 25 years experience on the mines, Barayi said he felt deeply for mineworkers who were receiving "peanuts" in return for the gold they were digging out — which made mining companies and the country wealthy.

"That is why I strongly believe that when blacks rule the country the mines will be immediately nationalised," he said.

## Pressure

Asked how his employers would react to his publicly-stated aim, he replied: "This is the will of the people ... black people."

He supported international pressure on the SA government — including disinvestment — as an effective way to bring changes.

"If the government remains intransigent, then this pressure will have to be increased," he said, adding that Cosatu was actively involving itself in politics, in addition to looking after mundane worker interests.

Barayi lives with his wife, Nontobeko, and their five children at Blyvooruitzicht's Ekuphakemni Village. — Sapa





# Mining told to seek market base

24/12/85 BUS DA 210  
ROY BENNETTS

MINING and metallurgical industries should move from the traditional approach of a resource base to a market base, says Henry James, president of the Institute of Mining and Metallurgy.

A move away from production orientation to market orientation, with less reliance on exploration and economies of scale, should reap a reward by further advances in process innovation and product development, he says.

His comment comes in the wake of a report claiming that research and development in mineral sciences and technology have been neglected in most countries in favour of mineral exploration.

James says that the conservatism of the minerals industry, with its emphasis on proven processes, does not permit process innovations to emerge until the signals of market decline have become clear and indisputable.

According to the recently published annual review of the Minerals Bureau, South Africa produced more than 60 different mineral and metal commodities in 1984.

It exported these resources to 87 countries, with the largest demand coming from North America, Europe and the Far East.

SA gold mines alone have produced almost one-third of all the gold mined since the beginning of history.

They lay claim to a cumulative output of about 39 544 tons of gold since mining started in the early 1870s to the end of 1984, says James.

Although annual production peaked in 1970 at 1 000 tons and has since dropped by a third, SA's dependence on gold has steadily increased over the past 25 years.

He says this is evident from the fact that gold, as a percentage of SA's total export revenue, increased from less than 30% in 1950 to about 50% last year.

The increase in the price of gold has taken up the slack caused by the drop in production.

Much has been said and written about SA's need to reduce its dependence on gold.

James suggests that this can be achieved if more attention is paid to the mining, beneficiation and export of the 59 other mineral commodities produced in SA.

A favourable area of development is the further processing of commodities to yield added-value, mineral-based products.

James uses the example of stainless steel.

This, he says, could be exported in place of ferrochromium.

Chromium could be processed to chromium chemicals, and titanium oxide could be exported in the form of titanium pigments.

What SA urgently needs, he says, is to unlock the latent potential that exists for the conversion of minerals and metals to added-value products before they are exported.



<sup>1805 DAY</sup>  
**Mermin's**  
<sup>20/12/85</sup>  
**profits soar**

<sup>210</sup> ROY BENNETTS

MERTRU Mining & Manufacturing's (Mermin) reports taxed profits of R71 000, compared with R16 000 in the previous year, for the six months to August.

Earnings a share doubled from 0,1c to 0,2c.

Unfortunately the picture is a little obscure, as the latest results contain the contribution from the newly acquired subsidiary of Ferris Instrumentation.

Mermin issued an additional 18-million shares to the vendors of Ferris, which increased the issued capital to 40,8-million shares.

Following a change of name, from Trumcor, Mermin moved to the capital development sector of the market (CDM).

Since its entry to the CDM, Mermin shares have risen from 10c to a high of 16c, but declined to the current price of 13c.